

Why IBM Is Betting Big on Blockchain

The technology that powers digital currencies is finding applications in a broad set of industries. The potential is enormous.



Timothy Green ([TMFBargainBin](#))
Nov 10, 2016 at 9:40AM

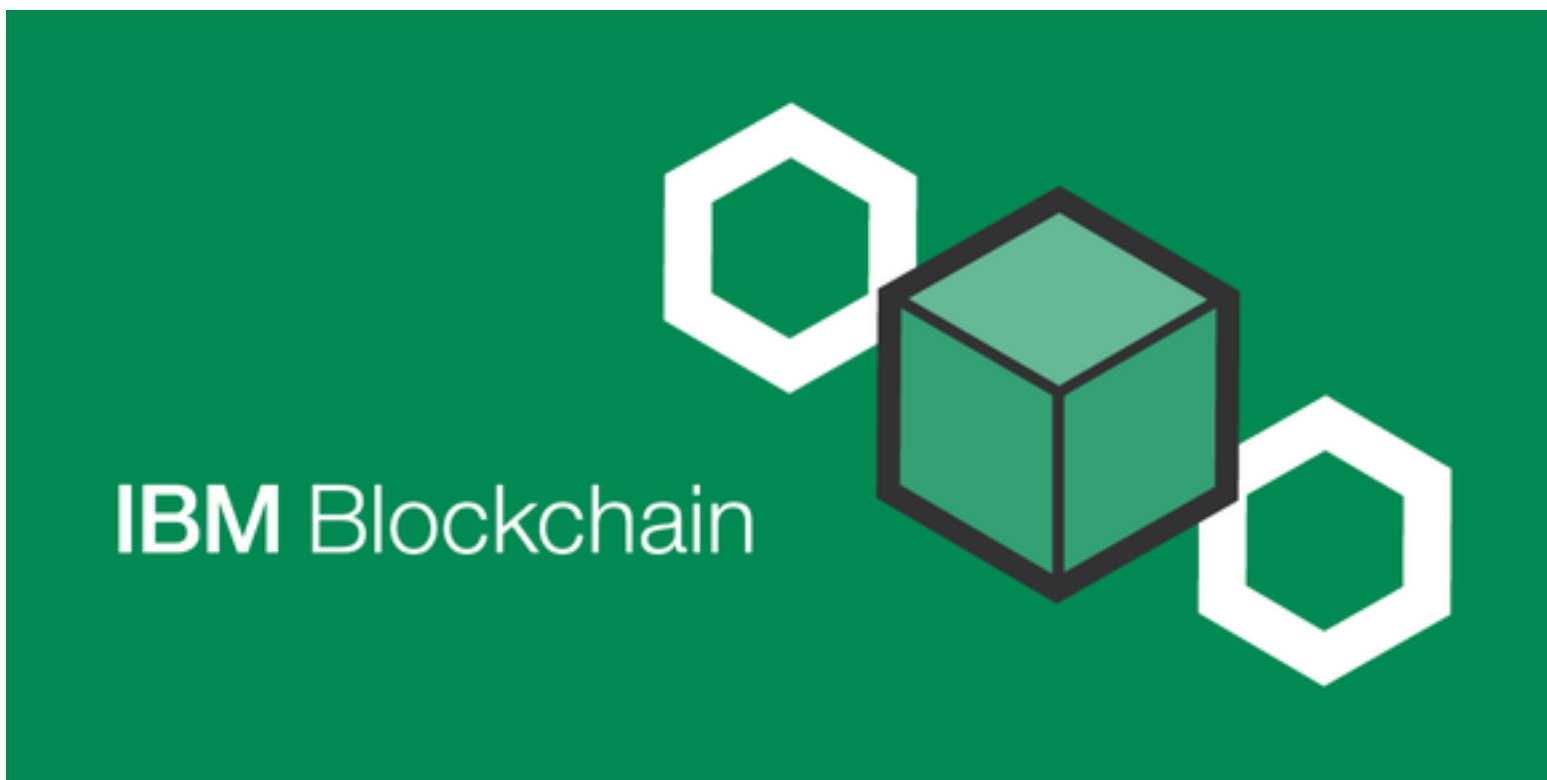


IMAGE SOURCE: IBM.

While bitcoin and other digital currencies have so far failed to live up to their promise, the underlying blockchain technology has the potential to transform countless industries. A distributed, decentralized database that records transactions in a way that can't be altered, blockchain is being touted as a way to remove inefficiencies, saving time and money.

IBM goes all-in on blockchain

There is perhaps no company making a bigger blockchain push than **International Business Machines** ([NYSE:IBM](#)). Finance is one area where blockchain has found early adopters, so it should be no surprise that IBM is leading the charge. The company counts as clients more than 90 of the top 100 banks worldwide. Any significant technological change in the banking industry not being spearheaded by IBM risks the company losing that valuable customer base.

IBM has announced a flurry of partnerships and initiatives related to blockchain in recent weeks. The company is working with the Bank of Tokyo-Mitsubishi UFJ to use blockchain for contracts between business partners. IBM is teaming with China UnionPay to develop a blockchain-based system for sharing loyalty points between multiple banks. A partnership with SBI Securities to test blockchain technology for a new bond trading system was announced in late October.

According to an IBM study, 15% of banks surveyed plan to have blockchains in commercial production by 2017, and 91% of banks are investing in blockchain for deposit-taking. The World Economic Forum estimates that 80% of banks are actively working on blockchain projects. This rapid adoption has forced IBM to be aggressive in order to maintain its position as a major supplier of IT to the banking industry.

Finance isn't the only opportunity IBM sees with blockchain. CEO Virginia Rometty recently penned an op-ed for [The Wall Street Journal](#), laying out the case that blockchain could be just as transformative as the internet. If that ends up being the case, IBM's intense focus on the technology could pay dividends down the road.

One example put forth by Rometty of where blockchain can increase efficiency is the process of buying a house:

Consider the process of buying a house, a complex transaction involving banks, attorneys, title companies, insurers, regulators, tax agencies and inspectors. They all maintain separate records, and it's costly to verify and record each step. That's why the average closing takes roughly 50 days. Blockchain offers a solution: a trusted, immutable digital ledger, visible to all participants, that shows every element of the transaction.

Another example is a project involving **Visa** and DocuSign that would allow car buyers to configure a lease and drive away with a new car immediately, without the time-consuming process of filling out mountains of paperwork. La'Zooz, a start-up in Israel, is using

blockchain in a ride-sharing app that allows drivers and customers to connect directly, without the need for a middleman ride-sharing company.

Making supply chains more efficient is another area where blockchain could potentially shine. IBM estimates that blockchain could generate more than \$100 billion of efficiencies annually if applied to global supply chains -- a staggering number. Both **Toyota** and the U.S. Postal Service are currently looking into using blockchain for exactly that purpose.

IBM's core aim is to solve problems for its clients. Blockchain has the potential to solve myriad problems in a variety of industries, making the technology a natural fit for Big Blue. At this point, given how new the technology is, it's impossible to say whether it will live up to its potential. But if blockchain delivers on its promises, IBM could be at the center of a major technological revolution.

Forget the 2016 Election: 10 stocks we like better than IBM

Donald Trump was just elected president, and volatility is up. But here's why you should ignore the election:

Investing geniuses Tom and David Gardner have spent a long time beating the market no matter who's in the White House. In fact, the newsletter they have run for over a decade, *Motley Fool Stock Advisor*, has tripled the market.*

David and Tom just revealed what they believe are the [ten best stocks](#) for investors to buy right now... and IBM wasn't one of them! That's right -- they think these 10 stocks are even better buys.

[Click here](#) to learn about these picks!

**Stock Advisor returns as of November 7, 2016*

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Tim writes about technology and consumer goods stocks for The Motley Fool. He's a value investor at heart, doing his best to avoid hyped-up nonsense. Follow him on Twitter:

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STOCKS

 **IBM**
NYSE:IBM
\$160.22  \$5.41 (3.49%)

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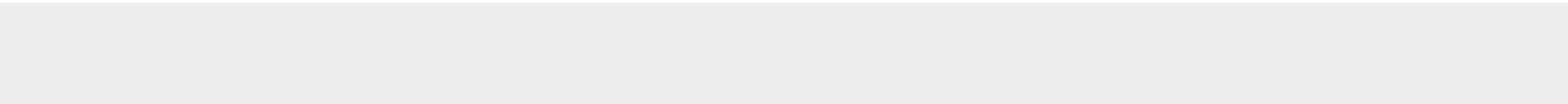
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What a Trump Presidency Means for the Market

No matter who occupies the White House, we still believe in capitalism and the compounding power of the stock market.



Andy Cross ([TMFOpie](#))
Nov 9, 2016 at 7:01AM

Below is a message from The Motley Fool's Chief Investing Officer, Andy Cross, which is being sent to all Motley Fool members. This is how we approach volatile markets.



IMAGE SOURCE: GETTY IMAGES.

Dear Fools,

In one of the greatest upsets in U.S. politics, Donald Trump has won the 2016 presidential election.

What's that mean for investors? Well, ahead of the opening bell, U.S. market futures are down about 2% — but we don't pretend to know where stocks will go from there.

We all have questions about what a Trump presidency might bring and which laws Congress might pass in the coming years.

And we'll bet that many of you are also wondering what this election means for your stocks — not just tomorrow or next month, but for the next four years. Although we have no predictions that the market will snap back with the same velocity we saw after the U.K.'s surprising Brexit vote, we believe in American capitalism regardless of who goes to work in the Oval Office or the Capitol.

What we're doing (the same thing we've always done)

Today and the days ahead, we'll probably see movements in stock prices. Don't let your emotions get the better of you. Don't overreact. Markets will always swing during times of uncertainty, but remember: You're a true investor in businesses that create value for customers, employees, partners, and shareholders, and you're looking out years, not days or months.

Here at Fool HQ, your advisor teams will be studying and analyzing our Foolish companies to understand how a Trump presidency might affect their long-term prospects. To say there are a lot of moving parts is an understatement. But we're analysts, and we'll be doing what any good analyst does: take in new information and revise opinions accordingly. If our opinions change on any of our companies, you'll be the first to know.

Our love of investing in stocks is as steady as ever, and your own faith in the market shouldn't waver now, Fool.

Finally, remember that today is just one day in the market. We Fools will keep investing for the future, with optimism, as we always have, in the way we always have. We're honored that you're doing the same.

Fool on,

Andy Cross, Chief Investment Officer

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Forget Netflix! We Think These 3 Companies Are Ready to Take Off

Let's face it... cable television is on its way out and the "death of TV" means the \$2.2 trillion entertainment industry is ripe for the picking. Right now, there's a golden opportunity to hijack cable's profits as Americans continue ditching cable. Because we think three stocks are poised to surge now that cable TV's days are numbered. And you'd be surprised... Netflix and Amazon.com aren't even on the list! [Click here to learn more.](#)

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Andy Cross
([TMFOpie](#))

Analyst and advisor

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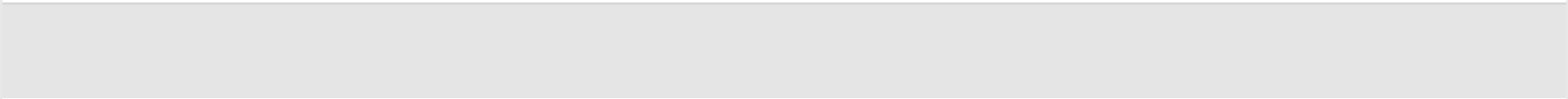
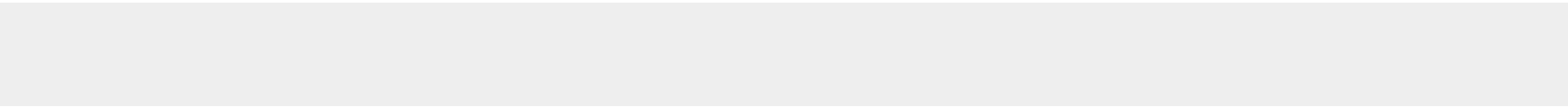
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Why Shares of Harmonic Inc. Tumbled Today

Revenue and earnings were below expectations, and guidance proved to be disappointing as well.



IMAGE SOURCE: HARMONIC.

What happened

Shares of video delivery infrastructure provider **Harmonic Inc.** ([NASDAQ:HLIT](https://www.nasdaq.com/markets/stocks/HLIT)) slumped on Thursday following the release of the company's third-quarter report. Harmonic missed analyst estimates across the board and provided guidance that was well below expectations, leading the stock to drop 16% by 2:45 p.m. EST.

So what

Harmonic reported third-quarter non-GAAP revenue of \$101.7 million, up 22% year over year but about \$5.5 million below the average analyst estimate. Bookings rose 30.4% year over year to \$97.3 million, but were down about \$20 million compared to the second quarter.

Harmonic CEO Patrick Harshman blamed soft legacy cable edge demand and a mix-shift toward video software and services for the revenue shortfall: "Turning to our Video segment, our transformational VOS offering drove a stronger-than-forecasted mix of software- and services-related orders, impacting third quarter revenue recognition while maintaining near-record backlog and deferred revenue."

Non-GAAP EPS came in at a loss of \$0.01, down from essentially breakeven during the prior-year period and \$0.04 below analyst expectations. The earnings shortfall occurred despite annualized cost savings from the company's acquisition of Thomson Video

Networks are now expected to exceed the company's previous target.

Now what

Harmonic expects to produce fourth-quarter non-GAAP revenue between \$106 million and \$111 million, below analyst expectations of \$116.1 million. Non-GAAP EPS is expected in the range of \$0.05 to \$0.07, far short of analyst expectations of \$0.13.

While Harmonic performed worse than expected during the third quarter, leading to the steep drop in the stock price, Harshman is looking to the future: "We are encouraged by the competitive momentum of our transformational initiatives, and remain focused on revenue growth, improving profitability and enhancing shareholder value."

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Nov 10, 2016 at 3:48PM

Technology and Telecom

STOCKS



Harmonic
[NASDAQ:HLIT](#)
\$4.50 ↓ \$0.85 (-15.89%)

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