

By William  
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# We Don't Need Blockchain: R3 Consortium After \$59 Million Research

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R3 Consortium's decision to seemingly abandon Blockchain technology altogether has garnered ridicule from cryptocurrency circles.

In a presentation on its Corda platform, the distributed database technology startup, which

features some of the world's largest corporations and banks, said it "didn't need" a Blockchain.

This lack of need R3 described as a "pertinent feature" of Corda.

R3 has been moving away from involvement (<https://cointelegraph.com/news/r3-finally-open-sources-blockchain-project-admits-budget-difficulty>) with Blockchain for some time. Its language has more recently changed from being a "Blockchain startup" to a "Blockchain-inspired startup," as director Clemens Wan described it at the Construct conference in January.

"We found that we didn't want a Blockchain, we wanted to be Blockchain inspired," he said.

Commentators reacted to the startup's latest tone with thinly-veiled criticism. The Blockchain research process R3 undertook is reported to have cost \$59 mln, money which resulted in no Blockchain being necessary.

Bitcoin Think editor Beautyon described ([https://twitter.com/Beautyon\\_/status/834152812405735425](https://twitter.com/Beautyon_/status/834152812405735425)) the findings on Twitter as R3 "conceding defeat."



**Beautyon**

@Beautyon\_



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R3 concedes defeat: "No Block Chain, because we don't need one" [pic.twitter.com/tHE3l6U8mN](https://pic.twitter.com/tHE3l6U8mN)

GAME OVER!

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Elsewhere, Vaultoro exchange co-founder Joshua Scigala said (<https://twitter.com/Vaultoro/status/834269726557732865>) the private Blockchains R3 was originally championing as “idiotic and inefficient.”

The presentation creators’ inability to even spell the word ‘Blockchain’ correctly is perhaps a telling sign that the startup’s journey with the technology has come to faded end.

R3 was originally designed to investigate and roll out distributed ledger technology to global banking, leveraging Blockchain technology in a private, centralized environment to harmonize and add efficiency to a range of internal and external processes.



**Vaultoro J.Scigala**  
@Vaultoro




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I'm not a super genius but it didn't take me \$59mil to know that private blockchains are idiotic & inefficient. Open, public blockchains win [twitter.com/Beautyon\\_/stat...](https://twitter.com/Beautyon_/status/834269726557732865)

11:12 PM - 21 Feb 2017 · Berlin, Germany

  36  48

Nonetheless, the consortium remains buoyant about the future of so-called distributed ledger technology - or private, centralized Blockchains - saying that 2017 would be the year such technology sees its mainstream pilot.

- Blockchain News (/tags/blockchain)
- R3 (/tags/r3)
- Joshua Scigala (/tags/joshua-scigala)

Comments

By Joseph  
Young

FEB 23, 2017

# IBM Deploys 400 Blockchain Projects, But Perspectives Are Unclear





IBM (<https://cointelegraph.com/news/ibm-in-2017-blockchain-will-be-used-by-15-of-big-banks>) President and CEO Ginni Rometty believes Blockchain technology is far more important than Artificial Intelligence (<https://cointelegraph.com/news/war-for-artificial-intelligence-ibms-blockchain-push-may-anticipate-googles-ambush>) (AI) and Deep Learning.

At the NASSCOM India Leadership Forum (<http://www.nasscom.in/Indialeadershipforum-2016>) (NILF) held earlier this month, an annual event wherein businesses and industry leaders come together to discuss the potential of transformative and disruptive technologies, Rometty stated that Blockchain technology will transform the financial industry as the Internet did for information.

Rometty further emphasized that cognition is much more important and larger than AI, as cognitive technologies like the Blockchain enable individuals to augment and evaluate data within a more efficient and practical ecosystem.

Essentially, Rometty believes AI allows individuals to make better decisions and machine learning helps decipher patterns. However, Blockchain and the IBM Blockchain technology (<https://cointelegraph.com/news/us-federal-reserve-explores-the-potential-of-blockchain->

lacks-vision) offers more than that she notes.

Rometty stated (<http://www.dealstreetasia.com/stories/ibm-chief-ginni-rometty-is-betting-on-a-cognitive-world-65263/>):

*“Cognitive is much more than AI. If I were to look at a cardiogram and see the blood vessels moving while trying to look for a blockage, I would view that more as AI. But if were to take all your electronic medical records, images and all data from Fitbit, etc.—every test that you have done—that is really cognitive because I’m reasoning over that data and dealing with a gray area. I’m making judgments and decisions.”*

## Ambiguous but confusing business model

Based on the talk Rometty provided at NILF, it is more difficult to analyze the efficiency and practicality of the IBM Blockchain project particularly if the vision of Rometty is considered.

Throughout her presentation, Rometty continued to establish an emphasis on utilizing Blockchain technology to manage millions of records and disrupting data-centric industries like health care. However, Blockchain technology isn’t designed and structured to facilitate such large sequences of data.

In fact, technologically, Blockchain technology is an inefficient data processing platform. It is expensive and challenging to maintain, specifically because it runs on sophisticated cryptographic systems. Miners have to contribute computing power in order to run a decentralized and immutable Blockchain network.

The cognitive technology Rometty described at NILF is definitely necessary and there exist many multi-trillion dollar industries that are in urgent need of cloud-based data processing platforms, applications and networks.

However, Blockchain technology shouldn’t be the core technology and base protocol of such cloud-based data processing networks. The largest Blockchain consortium in the world, R3CEV (<https://cointelegraph.com/tags/r3>), has already moved on from the technology after admitting (<https://cointelegraph.com/news/we-dont-need-blockchain-r3-consortium-after-59-million-research>) that Blockchain technology isn’t needed for what they are trying to achieve.

The immutable and decentralized nature of the Bitcoin Blockchain can be utilized to the benefit of many use cases and business models. One of these models is the verification of identities within an immutable and transparent Blockchain network. However, these platforms can’t be deployed on the Bitcoin Blockchain as of current. There needs to be alternative solutions such as side chains or other methods to connect Bitcoin Blockchain to off-chain networks.

“In some countries, the cost of healthcare is very high. In others, the reach is not there. The

timing is so right to improve it. Watson for health is oversubscribed in the world. I don't believe we will own every area around cognitive. But we have made health an open platform... Next, we bought data. I think we have more data with secondary use rights than anyone in the world other than governments — 300 mln records. It is the foundation to change an industry," Rometty said.

Looking back at the failed attempts of R3CEV and other consortia, it seems as if Blockchain technology shouldn't be the base technology IBM should be focusing on considering the vision the company has of processing millions of data sets. IBM should attempt to discover more realistic use cases of Blockchain technology if they intend to take it to a new commercially successful level.

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