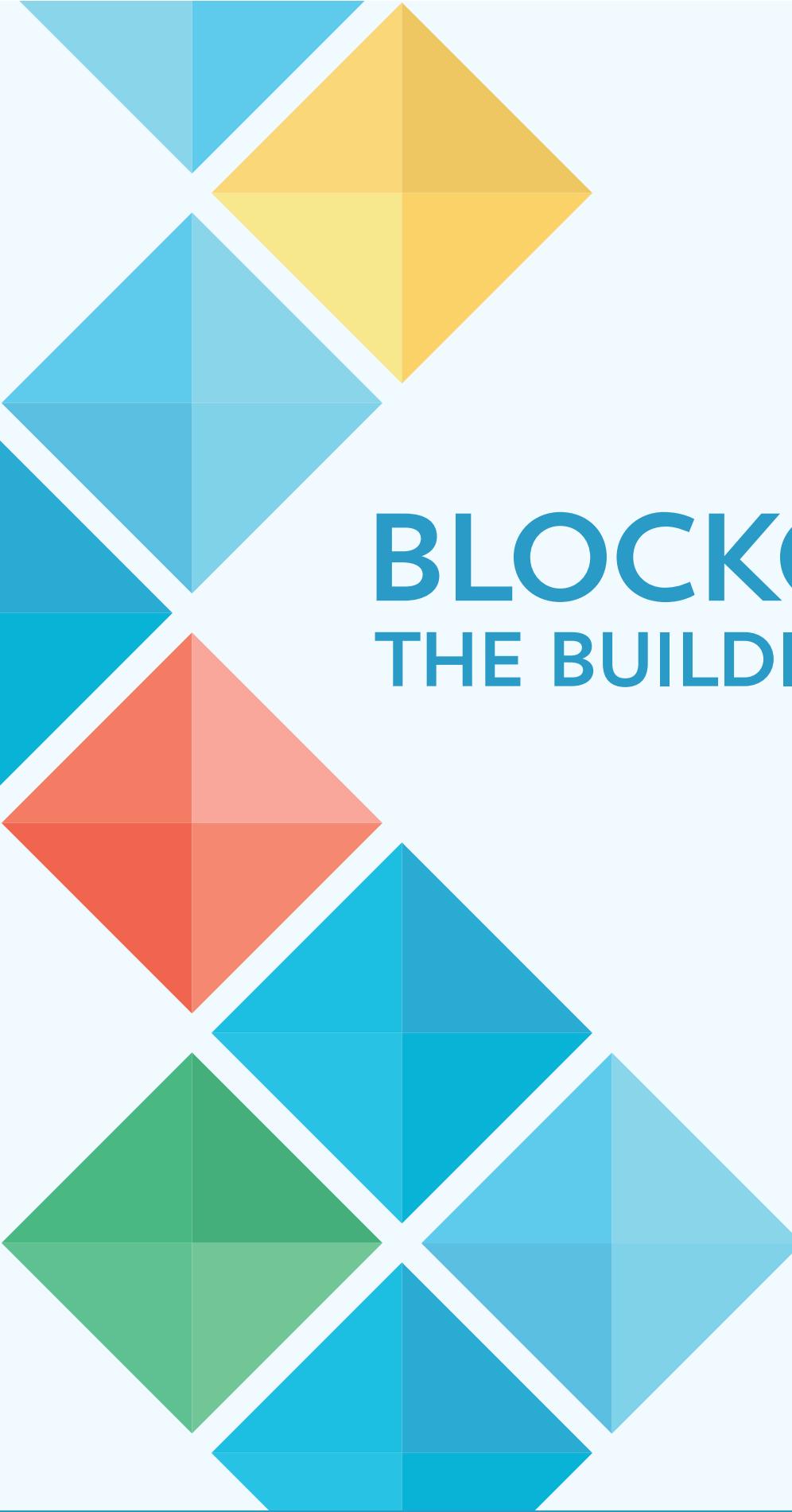salesforce

# BLOCKCHAIN:
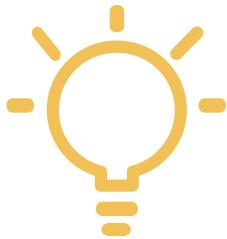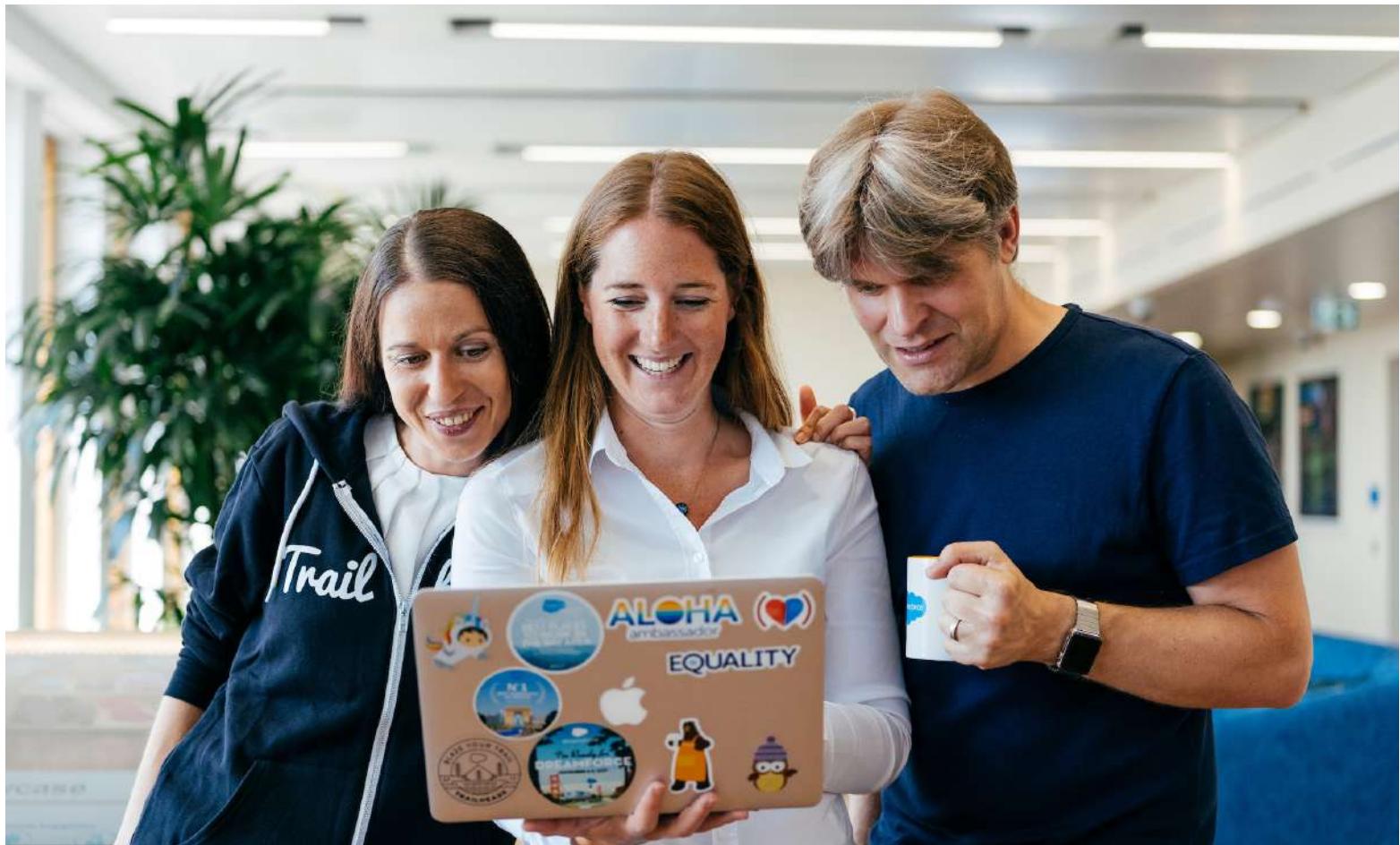## THE BUILDING BLOCK OF TRUST

**CO-AUTHORED BY SALESFORCE EMPLOYEES**

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Did Thomas Edison imagine how the future would harness the power of electricity? In the late 1800s, electricity and lightbulbs were synonymous. Today, we view electricity as a source of limitless potential – smart phones, MRIs, drones, and other incredible inventions that once felt as far out as *The Jetsons* futuristic cartoon.

Similarly today Bitcoin and blockchain are typically understood as interchangeable by the general public. But they are two distinct technologies. Bitcoin, an innovative payment network, *leverages* blockchain, which is essentially a ledger that stores digital pieces of information. Just as electricity's impact was unknown in the 1700s, blockchain's ability to transform trust in businesses has yet to be fully realized. But we're getting closer. In the past year, Salesforce has brought to life several blockchain use cases in the Partner Design Program. Working with test groups, we have trialed applications and proven blockchain's value, resulting in the launch of the first low-code blockchain solution for CRM.

Before we explore this evolution and creative applications that could transform the financial services industry, let's first define the characteristics that fill blockchain with potential.

# BLOCKCHAIN DEMYSTIFIED

To help us understand blockchain, Emerging Technologies Architect at Salesforce, Dan Harrison shares this example, "Today, if you ask someone to run you a report, they will likely create a spreadsheet. Anyone who touches that document before it gets to you could change a value or two. When you receive that report, you have to trust that it's not been altered. Blockchain provides *verifiable* trust – you can tell every piece of data in that report is real, because the blockchain is intact."

Blockchain can build trust within businesses and revolutionize the future through three overarching features.

## 1. Distributed

Consider a tower of blocks. If you want to remove a block from the middle of the structure, the whole thing will come tumbling down. It will be readily apparent to all that someone has modified the tower. Simply put, this is how blockchain operates.

A blockchain is a *distributed* ledger that is replicated between all peers in a network. It exists without a centralized authority and provides an easy way to validate and verify changes, which leads to increased trust and integrity in the flow of information. For a deeper understanding, complete our Salesforce Blockchain Basics training on Trailhead.

## 2. Verified

Contracts that are executed using blockchain are automated and final. Businesses can benefit from speedier execution, reduced costs, and less risk – all of which enable them to foster better relationships with customers and build new revenue streams. With blockchain leveraged, the workforce can shift their focus from administrative operations to innovations that add value for their customers.

With blockchain's promise to elevate and simplify verifiable data exchange, Gartner estimates $176 billion in added business value by 2025, and $3.1 trillion by 2030. And "72% of customers believe that blockchain technology will transform their expectations of companies within the next five years (Salesforce's State of the Connected Customer, 2018)." Companies are tuning into this potential and looking for ideas to unlock its full value.

## 3. Secure

At first thought, a distributed ledger may sound like it lacks confidentiality. It's important to note that blockchain comes in multiple flavors, including public and private. Think of public blockchain like the internet – it's completely accessible. But private (or permissioned) blockchain is more similar to your company's *intranet*, which is only available to those who have access to the network.

Highly regulated environments, such as financial services, require a private platform with enterprise security requirements. In 2015, a group of companies realized this advanced security need and established that financial blockchains cannot be controlled by any single vendor. The group banded together to launch the Hyperledger Project, hosted by the the Linux Foundation, with the objective of establishing "transparency, longevity, interoperability, and support required to bring blockchain technologies forward to mainstream commercial adoption." (The Linux Foundation)

The beauty of blockchain for regulated industries is that it provides security from cyber attacks because it is decentralized. With information distributed, third parties can interact with confidence.

# TESTING BLOCKCHAIN USE CASES

Salesforce recognized there was immediate opportunity to leverage blockchain in many industries, including financial services, and began bringing use cases to life in 2018.

## Proof of Insurance

Proof of Insurance (POI) documentation is necessary to verify insurance coverage. Historically it's a process with many manual steps – requiring the insurer's policyholder services team to review, validate, and enter data – issuing a certificate could easily take days or weeks.

In one of our first blockchain trials, Salesforce partnered with Marsh (the insurance broker and risk manager) and IBM Hyperledger to widen Marsh's POI capabilities to provide *digital and instantaneous* insurance verification. The results proved very positive, and Marsh was able to offer select clients a commercial proof of insurance directly through the Salesforce Platform. The use of distributed ledger technology resulted in Marsh becoming a 2018 *Business Insurance Innovation Awards winner*.

## Simplified Mortgage Applications Processes

Now, here's a more familiar example that illustrates the power of blockchain. Consider a loan applicant seeking a new mortgage. Typically, there's been an archaic paper process in which the applicant supplies personal information to a broker, who then relays that data to potential bankers while requesting mortgage rates and terms.

Salesforce demoed a solution leveraging the Salesforce Platform and blockchain to enable the applicant to instantly pull up their personal profile and submit it to the broker and bankers. The applicant is then able to see their responses in real-time. And rather than having to rely solely on the broker to relay information, the loan applicant can see all of the responses directly from multiple banks. A single source of truth houses all the transaction IDs and data on the blockchain. This application is particularly advantageous with syndicated loans.

The use cases speak for themselves – when skillfully wielded, blockchain can disrupt cumbersome business processes which ultimately improves the customer experience. But as with most emerging technologies, blockchain can be difficult for companies to navigate. Considerations like cost, expertise, and data storage could prevent companies from unlocking this potential.

PwC's recent article *Blockchain is here. What's your next move?* stated, "A company creating a blockchain for itself will undoubtedly confront challenges related to internal buy-in, data harmonization, and scale... generally speaking, you don't realize the greatest return on investment in blockchain if you're building it just for yourself. Blockchain's benefits are best realized when different industry participants come together to create a shared platform."



Salesforce's next step was to wipe out the barricades and make blockchain accessible to businesses.

# SALESFORCE BLOCKCHAIN: DELIVERING TRUST TO THE WORLD

Less than a year after exploring the value of this emerging technology, we developed Salesforce Blockchain – a new, low-code blockchain platform connected to CRM so organizations can securely collaborate and share data across third parties regardless of their business systems.

Salesforce Blockchain is powered by Lightning and is a fast way to create trusted partner networks. That means our customers can easily and declaratively build and maintain blockchain apps, networks, and flows that are directly connected to customer records within Salesforce. Partners and third parties can leverage Lightning's intuitive UX and easily connect to a blockchain app or network – which helps with adoption, one of the most crucial pieces of the blockchain puzzle. This also means our customers don't have to go out and recruit blockchain developers – any Salesforce admin or developer can use Salesforce Blockchain.

## Working with S&P Global Ratings

Salesforce's next step was to work with design partners and customers in our private beta of Salesforce Blockchain. One such customer, S&P Global Ratings, a leading provider of credit ratings, research, and thought leadership, was excited to lead the charge and delve into blockchain's possibilities.

The first use case we explored with S&P Global Ratings was related to their Know Your Customer (KYC) process, a critical requirement for financial institutions. Chris Heusler, Chief Commercial Officer at S&P Global Ratings explained that, "our customer is at the center of everything we do, and ensuring we are exceeding our customers' expectations is a key focus of S&P Global Ratings. Utilizing Salesforce Blockchain in this highly regulated and highly competitive industry is a critical component to our customers' journey."

KYC assists with risk management and security, and has a significant impact on customer experience. Marcus Daley, CTO at S&P Global Ratings, explained that during the KYC process, "we are asking for highly confidential and material nonpublic information. Naturally, our customers want that to be secure." S&P Global Ratings recognized blockchain would provide non-repudiation, greater transparency, and resiliency throughout the customer validation process.

Let's take a closer look. KYC involves many stakeholders – a customer, company representative, data researcher, data reviewer,

compliance team, and auditor. As information is requested and validated, it is typically shared through databases, emails, file sharing, and CRM, to name few sources. Sometimes, to ensure accuracy, financial institutions take a second look. This results in over-processing – meaning a client will be asked for the same information more than once, or a criteria is rerun to confirm calculations. Over-processing negatively impacts speed and the user experience.

Salesforce Blockchain brings complex technology to life in an intuitive way. With diverse options, our product meets customers where their data sits. In action, the user navigates to their platform, for example Salesforce Lightning or the Ratings360 portal, to access and respond to blockchain requests. The process of gathering customer data for analysis is now streamlined.

Once the information is gathered by many contributors, an auditor who wishes to review the records can do so in one place. This auditor will trust the blockchain data, but may still wish to validate it. A cryptographic signature can be verified using the hashing capabilities of blockchain. Simply put: if even a punctuation mark were to change, the validation process will catch it.

To view this in action, watch our keynote featuring S&P Global Ratings from TrailheaDX.

Financial organizations are curious about building customer trust and creating more value through blockchain. But as an emerging technology, many businesses need a vision and roadmap to realize blockchain's potential. Salesforce guides customers to dream up possibilities that will change not only the business landscape, but our world. And with those visions in hand, we partner alongside them to blaze new trails. Together, we're helping our customers lay a strong foundation of trust while co-creating the solutions of tomorrow.

## BUILD TRUST AT SALESFORCE

Selling at Salesforce is more than just hitting a number, it's about transforming the future of business. Join us on the forefront of the Fourth Industrial Revolution as we change the way people work. Make a difference at every stage of your career – whether you're fresh to the industry, or an experienced leader. Check out **financial services sales opportunities** at Salesforce.

FIND YOUR ROLE

# ABOUT SALESFORCE

Founded in 1999, Salesforce is the global leader in Customer Relationship Management (CRM). Companies of every size and industry are using Salesforce to transform their businesses, across sales, service, marketing, commerce, and more by connecting with customers in a whole new way. We harness technologies that can revolutionize companies, careers, and, hopefully, our world.

Salesforce is built on a set of four core values: Trust, Customer Success, Innovation, and Equality. By making technology more accessible, we're helping create a future with greater opportunity and equality for all. This has taken our company to great heights, including being ranked by Fortune as one of the "Most Admired Companies in the World" and one of the "100 Best Companies to Work For" eleven years in a row, and named "Innovator of the Decade" and one of the "World's Most Innovative Companies" eight years in a row by Forbes.

There are those who choose to work with the best and brightest. And then, there are those who want to do more than just a job. They are the ones improving lives, not only their careers. Having an impact now instead of later. Doing something that's so much bigger than themselves, an industry, and their company.

**We believe everyone can be a Trailblazer.**
**Join Salesforce and discover a future of new opportunities.**