

Value Technology

Jason Brett

These days, it feels like we are being bombarded with more and more almost incomprehensible noise about something called “Blockchain”, yet all we are really talking about is the technology of value, so let’s just call it that – “Value Technology”. That term captures the essence of what we do with this tech without the complexity or hairsplitting of other labels.

The names that technologists, entrepreneurs, investors, and enthusiasts use to describe their activity in the space typically fall under the following: Blockchain Technology, Distributed Ledger Technology, Bitcoin, Ethereum, Cryptocurrency, Initial Coin Offerings and Tokens. Of these words, “Blockchain” has certainly attracted the most attention – although lately the concept of “Cryptocurrency” tends to compete – sometimes against blockchain - with the increased attention given to Initial Coin Offerings (good and bad).

The important aspect of all these terms is that the underlying technology represents a breakthrough perhaps more significant than the development of the Internet itself. “Blockchain” has a major disadvantage though, when lined up against “the Internet”, as far as a concept goes. For the Internet, explaining that what I write on my computer screen or smart phone can be viewed on your screen, whether you are next door or halfway around the world, is an easy concept to understand. Blockchain, however, is not nearly as simple as this – it is a best understood as a bundle of related technologies that can be combined in different ways to achieve different results. And, although Blockchain is the “leading word” so to speak of the others mentioned above, even using this term creates debate in the community that works with this technology. A discussion of Bitcoin or Cryptocurrency may not even reference the word Blockchain, and a discussion of the use of a public or private blockchain will lead to referencing Distributed Ledger Technology.

However, the Internet had a huge advantage – the availability of a single, easy to understand term to describe the industry of individuals and businesses working on this innovation. “Information Technology” (or “IT”) greatly benefited the popular understanding of these complex developments and neatly captured all the personal and business activities that arose around this new technology. As the Internet became used to describe the explosion around a new technology in the late 1990s, soon thereafter the concept of “Information Technology” was used to encapsulate the industry around this breakthrough in how information was transmitted around the globe. Analogous to the relationship between the terms the “Internet” and “Information Technology”, a parallel can be made where “Blockchain” is the most common word used to capture the exciting breakthrough we have, and “Value Technology” is the phrase that best fits the activities of our industry.

Thus, “Value Technology” could be defined as:

The technology involving the development, maintenance, and use of computer systems, cryptography, software, networks, and digital ledgers / distributed records for the transfer and exchange of digital currencies and other digital representations of value that can be utilized in any sector of the economy.

Creating the term “Value Technology” in a time when Information Technology sends information around the globe instantly sometimes takes away from what we used to have before the Internet - the concept of absorbing things slowly, news breaking slowly, and providing care in the type of information that gets out there. Although it may seem too early to describe this nascent Industry as “Value Technology”, it is more important than ever that the message of what this new technology is all about not get watered down or dissected – particularly from the community working on this new technology.

Reason #1 to Use Value Technology – An Easy Way to Explain Blockchain

The nice thing about the term “Value Technology” is that, when you use it and are trying to explain Blockchain or Distributed Ledgers to a business or a policymaker, the concepts are instantly understood – perhaps explaining Blockchain now can be as fast as flying at the speed of sound on a plane for the first time. Saying “Value Technology” and then giving it the acronym of “VT” instantly puts what is going on at the same level of “Information Technology” or “IT”. If you are stating that what you are covering is an “IT Concept”, people know what that means, and they get it. If you are attempting to explain to your elected representative you are trying to launch a cryptocurrency and are not sure if you would be offering securities by the way you are providing tokens or cryptocurrencies on your own, brand new, blockchain, and not wish to end up in trouble with the SEC, it is likely many politicians will get stuck on figuring out what Blockchain is. However, your neighbor raises the issue of having his or her identity stolen by opening an email, and that is a policy issue related to Information Technology and is easily identified as such. Now, what if instead you said, “Hey I have some confusion on using Value Technology to start my business, and I want to avoid trouble with the SEC,” the politician might say, “What do you mean, Value Technology?”, and you could say, “Well, similar to Information Technology, it involves the use of technological concepts applied to money, assets and other economic systems.” The word association for someone upon hearing a term very similar to Information Technology makes it much easier to quickly get the gist of Value Technology. This is correct to do, as Value Technology today is of the same importance in Information Technology in how this will dramatically change our lives, the way businesses do business, and the way governments operate.

Also, the world of cryptocurrencies originally pioneered by the pseudonymous “Satoshi Nakamoto”, comes with a certain political bent – and blunt aim – disruption to the point of making institutions like the Federal Reserve extinct, companies like IBM selling mainframes irrelevant, and the U.S. dollar antique. Them be fighting words! There can certainly be – and might have been - a political agenda to the creation of Bitcoin (many reference an article in the release of Nakamoto’s paper on Bitcoin about the financial crisis on January 3, 2009). At this time, from September 2008 to May of 2009, I worked in the Capital Markets Group of the FDIC.

I don't know the exact statistics, but the newspapers could and did run a story on the 2008 Financial Crisis just about every day – so placing a news clipping might just be coincidence. However, at the end of the day, a U.S. dollar is just that – it does not have good feelings or bad feelings, or political philosophies. This is a technology – yes about value but not about politics. Many who work on the space may be attempting to make business function better than before – and may not have a goal of disrupting the Universe. Many at the top levels of government including the Federal Reserve and the U.S. Treasury have a great deal of understanding – and belief in - this technology. Why put them on the defensive when we can include what they are doing, and not have a political aim or economic philosophy behind it?

Reason #2 to use Value Technology – A Definition that Captures the Ecosystem

The concept of Value Technology, however it might ultimately be defined, provides a number of benefits to the ecosystem working in Blockchain. By utilizing Blockchain, at once, we can stop going into the difficulty of explaining things like R3's Corda, or IBM's Hyperledger, or Ripple Labs' XRP token, or Ethereum and Bitcoin, and not have to parse and separate into a Blockchain vs. a Distributed Ledger, or a Cryptocurrency vs. a Blockchain, or whether the Cryptocurrency is operating on a public or private chain. Cryptocurrency itself can be called digital currency, or virtual currency. The challenges of these different words that attempt to differentiate a philosophy as to the type of a design of a Blockchain makes it even more difficult than the first very large hurdle – simply explaining what Blockchain is. Many have trouble differentiating between Bitcoin and Blockchain. Any time a new technology is introduced, many who are used to the way of doing things before disruption, get worried of what the disruption might mean – for society, for the economy and for their jobs. Saying the concept of “decentralized” and “crypto” just pours fuel onto an already burning fire of prejudice by a policymaker. Using Value Technology where we have Value Technologists, will ultimately help the ecosystem grow in acceptance around the globe, rather than be prejudiced. Many believe the concept of and use of cryptocurrency may diminish the use of Blockchain and so forth. However, if this industry can recognize itself as Value Technology, then what might be a failure in cryptocurrency will not diminish the Blockchain. Just as new industry will experience different activities within the overall industry, there will be many different types of Value Technology. By saying Value Technology, this will have diversified the risk and properly established the industry across everyone working on this – including the government and regulators, who may have difficult arguments to make on why they need more funding for cryptocurrencies.

Reason #3 to use Value Technology – Helping Identify Professional Qualifications

Very simply, policymakers love acronyms and people have short attention spans in terms of how concepts are understood. To now be able to not only describe the work that is being done succinctly and simply, we can take Value Technology and quickly shorten it to “VT”. If you are in business and had a VT designation, perhaps after IT, you would quickly gain the respect of others by providing this simply acronym as a professional designation based on standards to indicate someone who is qualified in the field of Value Technology.