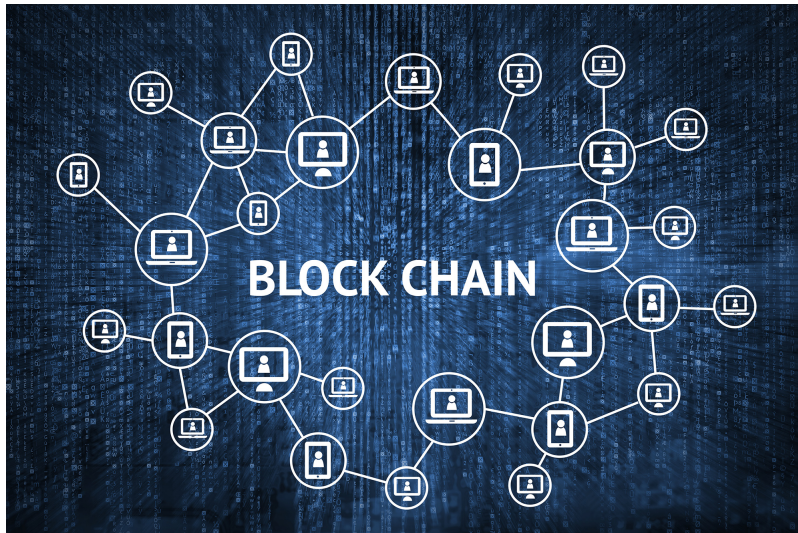


Gartner: 7 Mistakes to Avoid in Blockchain Project

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While interest in the blockchain remains at a high, there is still "significant" gap between the hype and market reality, Gartner reports-- in fact, the analyst says just 11% of CIOs have deployed or are in short-term planning with blockchain.

The findings come from the Gartner 2019 CIO Agenda Survey of over 3000 CIOs in 89 countries and all major industries.

"Blockchain is currently sliding down toward the Trough of Disillusionment in Gartner's latest "Hype Cycle for Emerging Technologies,"" the analyst continues. "The blockchain platforms and technologies market is still nascent and there is no industry consensus on key components such as product concept, feature set and core application requirements. We do not expect that there will be a single dominant platform within the next 5 years."

A successful blockchain project requires an understanding of the root causes for failure. Gartner points out the 7 most common mistakes in such projects, and how to avoid them:

1. Misunderstanding or Misusing Blockchain Technology: The majority of blockchain projects are solely used to record data on blockchain platforms via decentralised ledger technology (DLT), ignoring key features such as decentralised consensus, tokenisation or smart contracts. In fact, many organisations use such features so infrequently one wonders why they even use blockchain in the first place.

2. Assuming the Technology is Ready for Production Use: The current blockchain

platform market is huge and composed of fragmented offerings trying to differentiate themselves. Some focus on confidentiality, others on tokenisation and some on universal computing. Either way, most are too immature for large-scale production work and the requisite systems, security and network management services.

3. Confusing a Protocol With a Business Solution: Blockchain is a foundation-level technology, meaning it can find use in a variety of industries and scenarios. However it is not a complete application, as it must include features such as a UI, business logic, data persistence and interoperability mechanisms. Instead, one should look at blockchain as a protocol to perform a certain task within a full application.

4. Viewing Blockchain Purely as a Database or Storage Mechanism: While blockchain technology was designed to provide an authoritative, immutable, trusted record of events arising out of a dynamic collection of untrusted parties, it currently lacks the full "create, read update, delete" model of conventional database management technology. Instead, it only supports "create" and "read." As such, in some cases a conventional database management solution would be a better option.

5. Assuming That Interoperability Standards Exist: Most platforms and their underlying protocols are still being designed or in development, meaning interoperability is difficult to even envision. Organisations should consider vendor talk of interoperability as marketing strategy, something to benefit the competitive standing of the supplier but will possibly fail to bring benefits to the end-user organisation.

6. Assuming Smart Contract Technology is a Solved Problem: Smart contracts are perhaps the most powerful aspect of blockchain-enabling technologies, being stored procedures associated with specific transaction records. But unlike a stored procedure in a centralised system, smart contracts are executed by all nodes in the peer-to-peer network, resulting in still unaddressed challenges in scalability and manageability.

7. Ignoring Governance Issues: Private or permissioned blockchains usually handle governance issues, but the situation is different in public blockchains. Governance in public blockchains such as Bitcoin and Etererum is mostly aimed at technical issues, rarely addressing human behaviours or motivation. Thus, CIOs must be aware of the risk blockchain governance issues might pose for the success of a project, and should consider joining or forming consortia to define governance models for the public blockchain.

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