Introduction to Blockliance

Blockliance is the first application to be built on the IAP platform, which you can read more about in our Introduction to IAP article. Focusing specifically on regulatory compliance, it provides an excellent illustration of the many use cases of the IAP platform. In this article, we will explain what it is, what challenges it addresses and why it is well positioned to capture a share of the multi-billion dollar GRC market.

I. Governance, Risk Management & Compliance (GRC): A $22bn Market Ripe For Disruption By Blockchain

With the wave of ICOs that have taken place in 2017 and 2018, there are now few major industry sectors that remain untouched by the blockchain revolution. The most obvious use cases like data storage, supply chain and distributed computing have seen multiple projects battling for supremacy, whilst new all-purpose smart contract platforms and currency coins emerge almost every week.

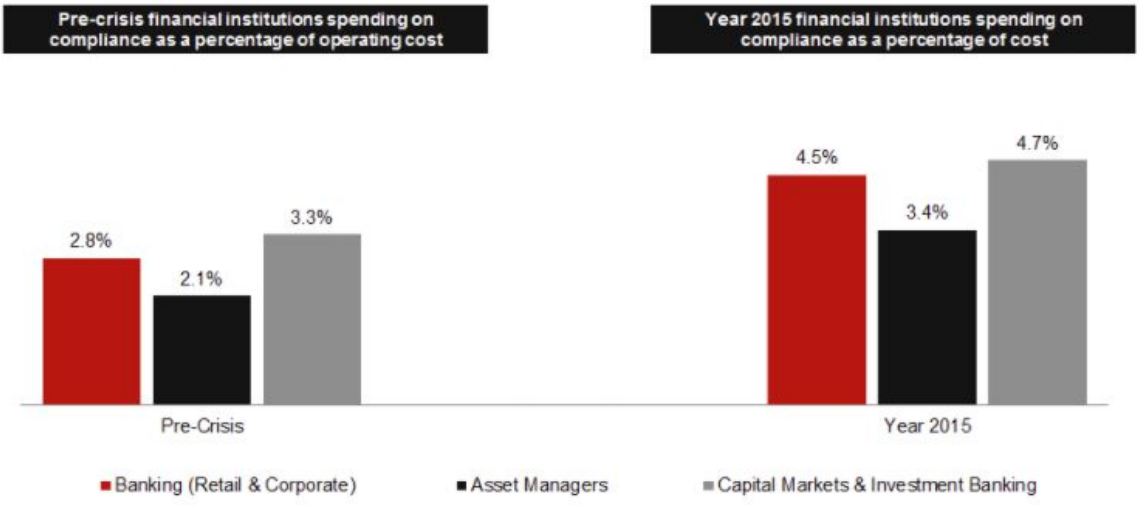
However, one multi-billion dollar sector with a very clear blockchain use case, which no project has yet capitalised on, is regulatory compliance. This is particularly noteworthy as compliance has become an increasing priority for large scale enterprises with a proliferation of regulations including ISO/IEC 2700X, PCI-DSS, GDPR and ITGC creating mounting costs for the world's biggest companies.

The global Governance, Risk Management & Compliance (GRC) market was valued at $22.11bn in 2016 and is expected to grow at a CAGR of 12.7% from 2016 to 2025. Meanwhile, financial institutions in the US alone have had to pay out more than $160bn in fines for failing to meet compliance standards.

Name	U.S. Mortgages	UK customer redress	Sanctions/AML	FX	Libor/int rates	Tax avoidance	London Whale	Other US litigation
Bank of America	$75,512			$455				$3,854
JPMorgan	$30,685			$1,904	$108		$1,120	$5,102
Citigroup	$12,264			$2,285				$2,445
Wells Fargo	$9,361							$878
Morgan Stanley	$4,452							
Goldman	$2,040							
Deutsche Bank	$1,925				$3,500			
UBS	$1,385			$1,141	$1,700	$780		
SunTrust	$1,288							
Credit Suisse	$978		$536			$2,600		
HSBC	$799	$5,263	$1,920	$618				
Barclays	$280	$10,500	$298	$2,318	$628			
RBS	$233	$8,231		$1,303	$1,143			
Socgen	$122				$603			
Bank of Tokyo			$565					
BNP Paribas			$8,900					
ING			$619					
Lloyds		$19,686	$350		$370			
Rabobank					$1,066			
StanChart			$997					

Source: Thomson Reuters

To give an idea of the scale of the market opportunity, PCI-DSS compliance in Asia Pacific alone has over 700 payment service providers spending at least $500k pa, with average proactive spend at $3.5m pa..



The GRC sector in Asia Pacific in particular is set for rapid growth due emerging regulatory pressures in multiple fast growing economies, with the regional market expected to grow at a CAGR of 14.2% from 2017 - 2025.

II. How Blockchain Can Address The Key Challenges Of Compliance

However, it is not just the size of the market that makes compliance such a sorely over-looked opportunity for the application of blockchain technology. It is also the fact that the challenges it creates are ones that are exactly the kind of things that blockchain is perfectly positioned to address.

Currently, the processes for meeting compliance requirements, verifying compliance status and assessing the effectiveness of your existing compliance measures are costly, time consuming and complex.

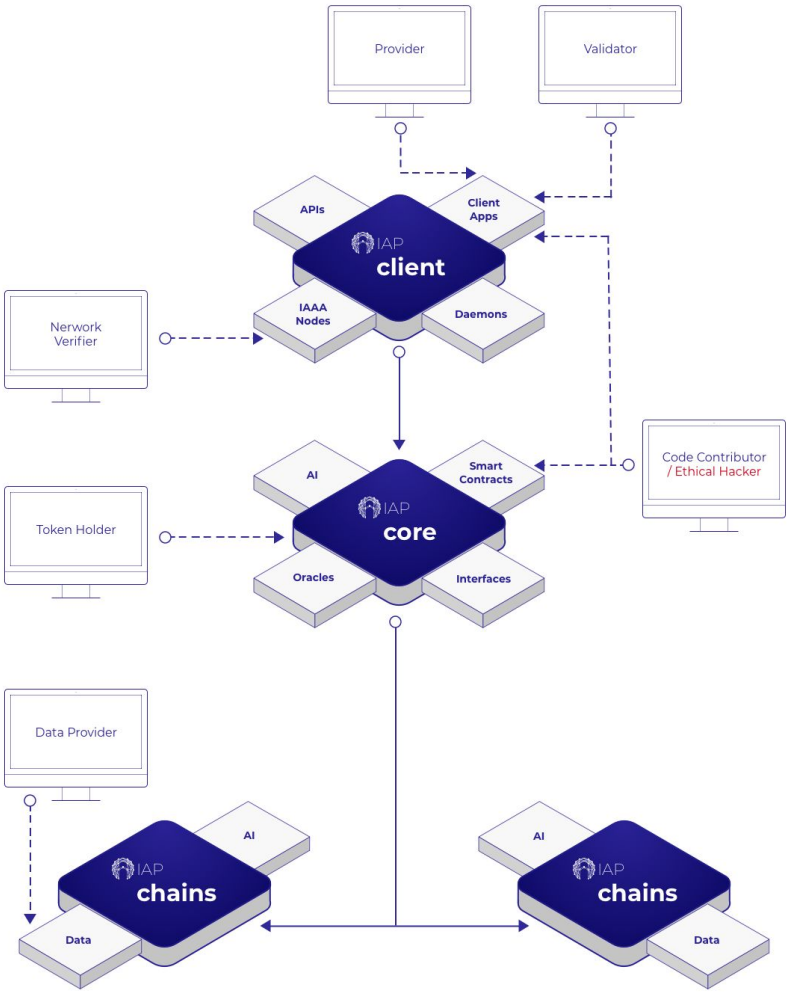
This comes down to the fact that each of these processes is currently extremely manual and relies on multiple specialised experts and disparate processes. Quality assurance depends on trusted specialists and verifying claims requires a laborious chain of interviews, checks and interrogations. Meanwhile there is no practical way of collecting the vast streams of metadata necessary to measure the success and effectiveness of these processes.

Because the key feature of blockchain technology is its ability to provide trustless verifications and automate complex processes, it is ideally situated to address these challenges.

III. How Blockliance Provides A Solution To These Challenges

This is exactly what Blockliance intends to do. As the first blockchain application specifically focused on compliance, it harnesses the power of cryptography to make compliance processes simpler, cheaper, more predictable and less time consuming.

Built on the IAP platform, Blockliance is a distributed multi-chain ledger platform that will utilise the IAP to solve the key compliance challenges discussed above.



By utilising the unique ability of blockchain technology to provide trustless verification of claims, Blockliance will be able to provide transparent proof of regulatory, legal and financial compliance claims in an automated way, which is not reliant on manual

verifications by trusted specialists and complex processes. It will do so by providing 7 key features that provide solutions to the challenges described above; namely it will:

> **1**. Maintain **up to date requirements, schedules and metrics** of the Frameworks, regularly comparing requirements to corporate systems
>
> **2**. Facilitate the **easy gathering of evidence** in the form of documents, files, system configuration, audio, video, images and anything digital as input
>
> **3**. Create an identity for this data that is **non trust reliant** so that **auditors can instantly trust it**
>
> **4**. Provide ***proof of procedure*** (& operations), ***proof of existence***, ***proof of trustworthy computation*** and ***proof of device state,*** all of which will be independently verifiable.
>
> **5**. "**Freeze**" (once approved) the **proof** on an Evidence Chain in a way that maintains "Chain of Custody" in order to secure enough for everyone up to and including a court Judge.
>
> **6**. Allow auditors to verify the data from **anywhere** in the world, more **quickly**, opening the market up to the entire globe and **saving costs** accordingly
>
> **7**. Guarantee the time and date of data in a way that is unchangeable (it's "**frozen**") but still updateable and deletable if desirable

By doing so, they will be able to save time and money for every stakeholder involved in compliance claims and verification. **Companies** themselves will be able to take a technology-driven approach to quantifying and predicting costs and ROI thereby saving time and money and more effectively managing risk. **Auditors** will benefit from being able to implicitly trust claims that have been facilitated by Blockliance's trustless blockchain, therefore removing the requirement for further verifications. Meanwhile, the platform will provide **regulators** with valuable metadata and clear metrics on the impact of rules and changes they implement. In turn the risk and security metrics provided by the Blockliance platform will have important network effects for the industry such as increasing its insurability.

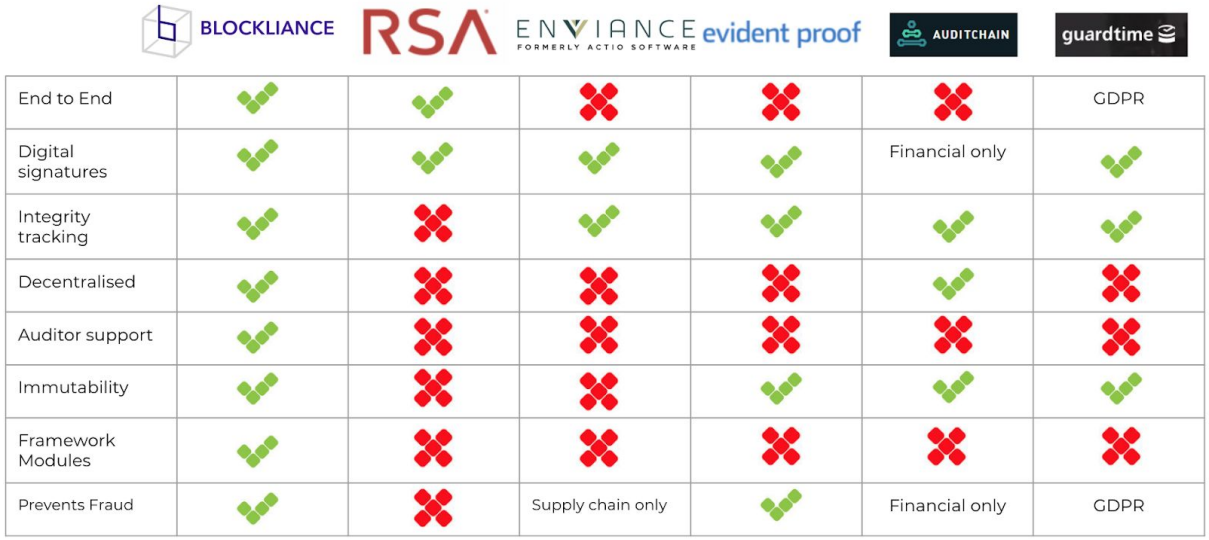
IV. How Blockliance Will Achieve Rapid Adoption: Leveraging A Network Of Existing Partners Including Multiple Leading International Accounting Firms

On paper therefore, Blockliance addresses the key challenges faced by a multi-billion dollar industry, which have a clear cut blockchain use case that has not yet been exploited.

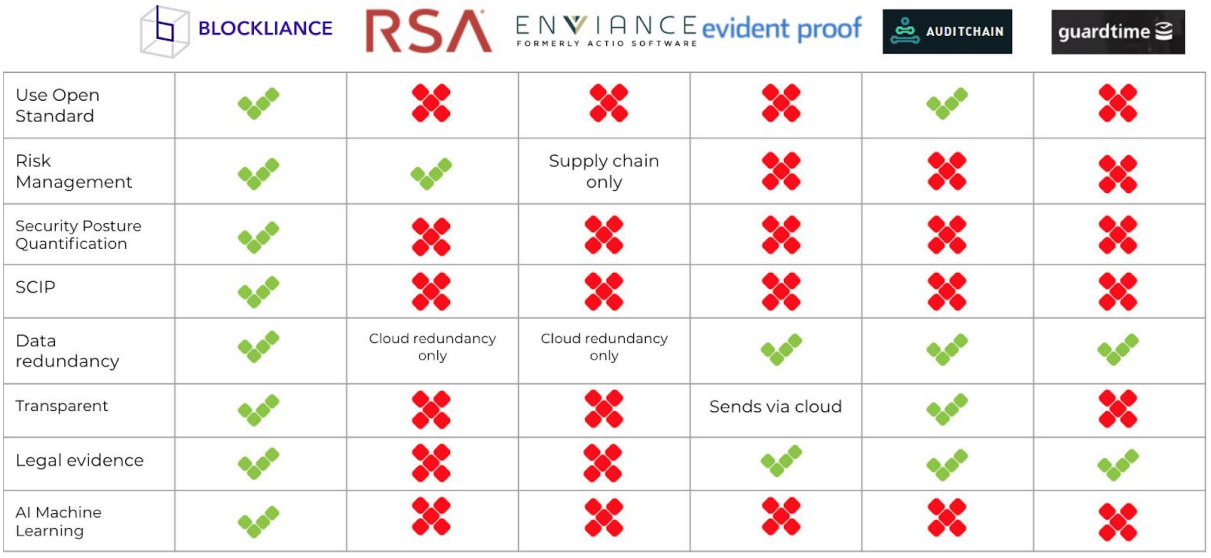
However, many blockchain projects are finding that whilst they may have identified a powerful use case, the tangible business case for prospective platform users is not sufficient to stimulate widespread adoption. Blockchain-based cloud storage platforms for example, have failed to make a dent in Amazon and Microsoft's market share as the tangible benefits are simply not big enough to make it worthwhile for users to shift to a relatively unknown new technology.

This is not the case for Blockliance. Rather than focusing on high-concept theoretical improvements, Blockliance's solution focuses on the thing that prospective platform users really care about: driving down cost.

Unlike markets like cloud computing, existing regtech software is relatively unsophisticated. The lack of the trustless verification processes offered by blockchain makes it hard to make them specific to the burdens of compliance that create most cost. Many blockchain solutions simply take an existing technology and turn it from centralised to distributed without adding any substantial new capabilities along the way. By contrast, because trustless verification and automation of processes are the actual challenges that the compliance sector is facing, the application of these features of blockchain technology instantly give a competitive advantage over the incumbent solutions. This means it will directly drive down cost and thereby provide the incentive for adoption. As discussed earlier in the article, these are very real cost savings - with the average company in the target market spending $3.5m annually on the challenges being addressed.



	BLOCKLIANCE	RSA	ENVIANCE evident proof		AUDITCHAIN	guardtime
End to End	✓	✓	✗	✗	✗	GDPR
Digital signatures	✓	✓	✓	✓	Financial only	✓
Integrity tracking	✓	✗	✓	✓	✓	✓
Decentralised	✓	✗	✗	✗	✓	✗
Auditor support	✓	✗	✗	✗	✗	✗
Immutability	✓	✗	✗	✓	✓	✓
Framework Modules	✓	✗	✗	✗	✗	✗
Prevents Fraud	✓	✗	Supply chain only	✓	Financial only	GDPR



	BLOCKLIANCE	RSA	ENVIANCE evident proof		AUDITCHAIN	guardtime
Use Open Standard	✓	✗	✗	✗	✓	✗
Risk Management	✓	✓	Supply chain only	✗	✗	✗
Security Posture Quantification	✓	✗	✗	✗	✗	✗
SCIP	✓	✗	✗	✗	✗	✗
Data redundancy	✓	Cloud redundancy only	Cloud redundancy only	✓	✓	✓
Transparent	✓	✗	✗	Sends via cloud	✓	✗
Legal evidence	✓	✗	✗	✓	✓	✓
AI Machine Learning	✓	✗	✗	✗	✗	✗

Additionally, Blockliance has a unique auxiliary customer acquisition channel that will create a multiplier effect in the technology's adoption. Because of the reduced costs and improved ROI, resellers are financially incentivised to resell Blockliance to their customers. This has led one prospective platform user to describe Blockliance as an "instant fit" for top tier accounting firms. This has already been demonstrated by securing multiple international accounting firms including **BDO** as partners as well as specialist compliance service providers like **compliance consultants**.

Furthermore, Blockliance will benefit from the wider ecosystem of partners secured by the IAP platform on which it is built.

Finally, Blockliance has an advanced roadmap to support rapid adoption, with the MVP scheduled to be ready as early as Q1 2019.

2017

- ✔ Research into proof of process mechanism
- ✔ Universal Daemonisation (UD) research
- ✔ Dataset template designs for BIT, HIPPA, HITRUST

2018 Q1

- Blockliance.io registered ✔
- Partnership with Kaizen SG Cybersecurity ✔
- PoC ISO 27k dataset ✔
- Whitepaper distributed ✔
- Partnership with Movaci Cybersecurity ✔
- Appoint key additional team members ✔
- Research of HCE/ASM technologies ✔
- Virtualisation based tests for IAA node ✔

2018 Q2

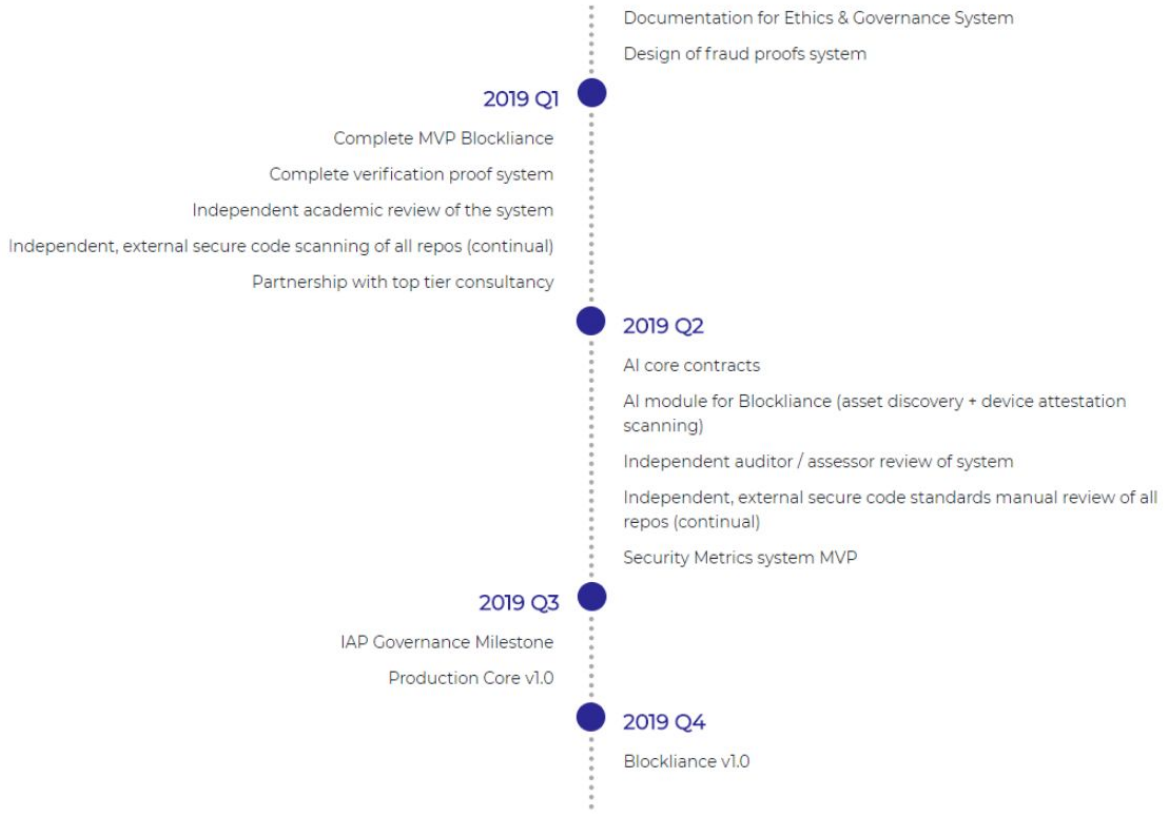
- Acquired seed investment ✔
- Official partnership ✔

2018 Q3

- Private pre-sale period (PS)

2018 Q4

- Complete MVP Information Assurance Toolbelt
- Define GRC oracles
- Partnership with additional CaaS company



So, by providing tangible cost savings, leveraging a network of large multinational resellers and delivering on an accelerated roadmap, Blockliance has positioned itself to get real life adoption in a way that few other blockchain projects have.

Conclusion

In 2018 it is increasingly rare to find a new blockchain project that provides a solution to a multi-billion dollar market as yet unaddressed by distributed ledger technology. Blockliance does not just this, but also has a clear use case for the blockchain technology in a sector where trustless verifications and automated processes can provide tangible cost-savings compared to existing solutions. Finally, it has a clear route to market with multiple major international partners already secured and a reseller model that will multiply the rate of market adoption.