

## Five considerations for implementing blockchain projects

Blockchain technology offers powerful opportunities for banks to optimize their existing processes, manage costs and improve service, especially when those processes involve other banking organizations. Yet, enterprise blockchains are still relatively new, and most banks only beginning to explore them in the last few years.

Cutting-edge projects are now commercializing blockchain technology for the benefit of banks around the world. Kinexys by J.P. Morgan – the bank’s blockchain innovation unit – has learned some concepts on its own journey that banks may want to consider when implementing blockchain projects. Recognizing that the needs of each bank differ, this article does not seek to offer tax, legal, accounting, or other professional advice. If considering a blockchain initiative for your organization, please seek appropriate guidance from your own advisors and consult your bank’s policies and procedures for getting started with such initiatives.

### Practice good project management

Review your bank’s internal project launch process, so you can gain an understanding of how initiatives are normally launched within your bank, including understanding the various stages they go through and which internal stakeholders are involved. This is also the time to identify potential roadblocks that have slowed or derailed other projects so that you can develop strategies to avoid them. Bring risk and controls stakeholders into the project early on to ensure that their expertise is factored into project design and implementation from the beginning.

### Engage relevant stakeholders early on

Getting buy-in for, and a clear understanding of, your blockchain initiative across your organization is vital to its success. This includes engaging all necessary stakeholders inside the company, including risk, controls, legal and compliance functions, garnering project support across various disciplines. In addition, having an

### Five key takeaways

1. **Form a project committee.**  
Get the right stakeholders together to provide clarity and purpose.
2. **Identify an executive sponsor.**  
You’ll need executive support to champion the project, marshal resources, and advance progress.
3. **Set a north star metric.**  
Have a common goal that all stakeholders can report on and rally around.
4. **Have weekly sprints.**  
Hold people accountable for deliverables and quickly identify and resolve issues.
5. **Report back on progress.**  
Report on progress regularly and share your wins globally.

executive sponsor who can help support internal socialization as your team puts the deliverables in place can be helpful.

Blockchain projects may have interbank use-cases, which means you may need to work with other banks on your blockchain initiative. There are a number of formats in which banks may work together, depending on the use case. A small group enables banks to share research and development resources as well as the cost of a project while still targeting a focused outcome.

A larger group can create a scalable project that allows more banks to take part over time, factoring in the perspectives and needs of more institutions to allow your product to be more accessible to other institutions. Key stakeholders may vary by bank, so consult your bank's relevant policies and procedures.

## **Develop a project committee**

An enterprise blockchain project has many moving parts and touches many parts of your business unit (and potentially others), therefore a cohesive approach is vital. Form a project committee from the outset that will represent key departments involved in the project, while also leveraging their expertise.

Stakeholders on the project committee may include, but are not limited to:

### **Technology team**

The technology team will be an invaluable asset in ensuring that the blockchain technology conforms to IT governance principles and fits well with the bank's IT standards and roadmap.

### **Finance**

The finance team will be an important part of the stakeholder committee. It will offer valuable support during project design and operation and will ensure that the project aligns with financial operations.

### **Regulatory and legal**

Understanding relevant laws and regulations will be an important aspect of any new blockchain initiative. Representatives from your regulatory and legal team can help identify relevant laws and regulations, and advise on next steps in facilitating your bank's compliance with them.

### **Risk and control**

Managing risk across all stakeholders is critical to project success. Bring partners into the project who can help prepare a risk management plan that identifies and analyzes risks and also prepares appropriate responses.

Managing risk is a continual process, and plans must be monitored and adapted as circumstances change or unforeseen events occur.

## **Create a 'North Star' and a relevant set metrics**

At the start of the project, it is also a good idea to establish a 'North Star' vision and ensure that all stakeholders support and advance that goal. The North Star is a clear direction that everyone in the project can orient themselves towards, especially as initiatives may grow in complexity as they progress towards implementation.

Your team may want to also identify key performance indicators for the project that tie closely to the North Star vision. This gives everyone working on the initiative across disciplines a framework to track the success as well giving the team something tangible to aim for. For example, a cross-border payment may take several days in traditional correspondent banking to reach the beneficiary. The key metric for the blockchain system might be cutting this process to a single day. Whatever the metric is, make sure it is achievable but also significant enough to mark meaningful progress.

## Weekly sprints

Even with the most thorough planning, it is easy for major projects to get off track, especially when there are multiple teams working in parallel. The project committee may consider organizing weekly sprints, with clear and defined targets to ensure that people are held accountable for sub-goals. This makes it possible to gauge progress and to identify any blocks early. It also strikes a good balance between giving each team freedom to advance their tasks, while maintaining tight control and ensuring there is no drift.

## Conclusion

Banks that pursue blockchain technology initiatives now can still be considered early adopters, as the enterprise application of the technology is still in its early stages and defined by leading-edge players. However, banks that begin adopting blockchain too late may find themselves playing catch-up with competitors who will be better positioned to use this exciting computing model to give them an advantage in delivering novel solutions. In the end, success in this area is not just about what you can do from a technical perspective, but how quickly and effectively you can marshal your organizational resources to achieve transformation.

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