

BLOCKCHAIN: RESHAPING THE BUSINESS LOGICS

Huobi Research of Blockchain Application

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4 Driving Forces of Reshaping the Business Logics

- ① **Replace Traditional Contract**
- ② **Reflect the Value of Intangibles**
- ③ **Unite Owner, Producer, User**
- ④ **Clearly Defined Rights and Liabilities**

1. Replace Traditional Contract

Traditional Contract

- **Signature**
- **Stamp**
- **Copy-making**

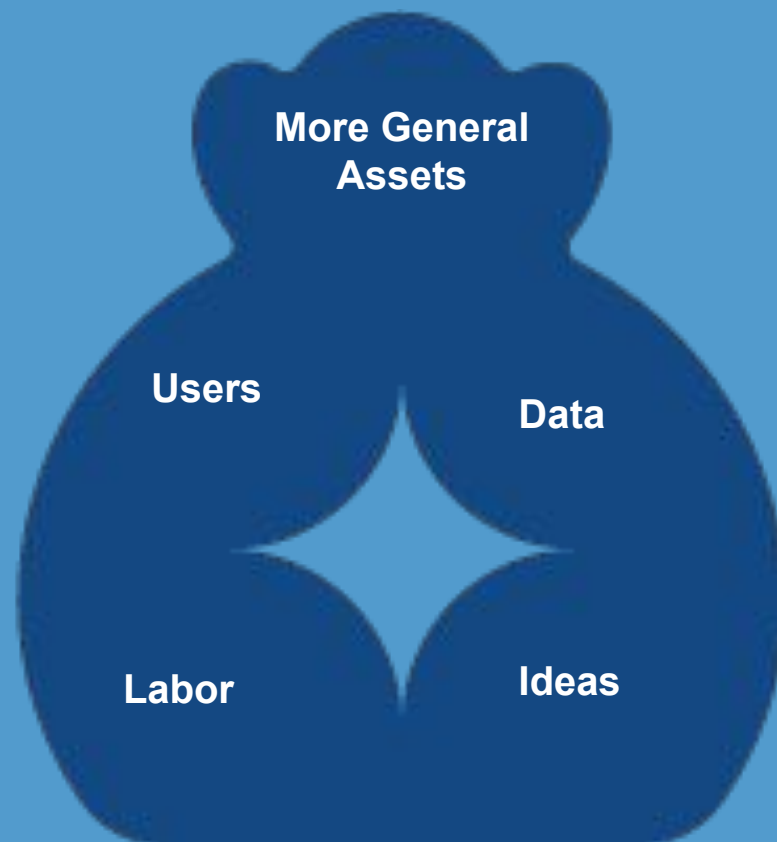


Encryption Algorithm

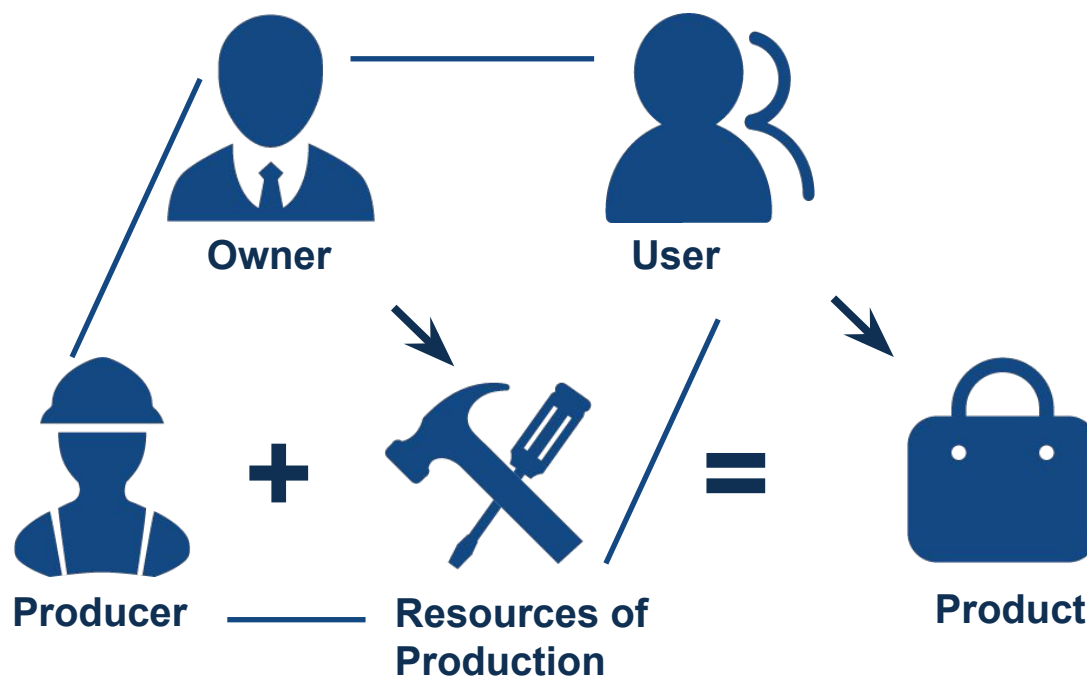
- **Digital Signature**
- **Hash Pointer**
- **Smart Contract**



2. Reflect the Value of Intangibles



3. Unite Owner, Producer, User



4. Clearly Defined Rights and Liabilities



Better defined rights and liabilities is conducive to reaching the state of pareto optimality

The Lemon Effect: Quality of goods traded in a market can degrade in the presence of information asymmetry between buyers and sellers

Five Trends of the New Business Logics

① Trustless Environment
without Intermediaries

② Breaking the
Organization Boundary

③ Hedge Against Channel
Dominance

④ Empower Niche Supplier

⑤ Eliminate the Motivation for Monopoly

1. Trustless Environment without Intermediaries

- **Attorney Fee**
- **Audit Fee**
- **Notary Fee**
- **Underwriting Fee**

2. Breaking the Organization Boundary



Coase theorem

A company stops growing when the transaction cost internally equals to the cost via the market.

3. Hedge Against Channel Dominance

Distribution channel matters more than product or content in traditional world

- Exploited by physical distribution channel providers
- Exploited by internet service providers

Blockchain World

- Free channel: Self-motivated users

4. Empower Niche Supplier

- **Internet without Blockchain**

Supply domination over demand

Product portfolio lacks diversity

Consumption downgrade

- **Internet with Blockchain**

Demand domination over supply

Supply customization

Consumption upgrade

*Refer to
Yu Jianing, Director of Ecoomy Research Branch at Ministry of
Industry and Information Technology;
Zhou Hongqi, Assistant Professor at National University of
Singapore*

5. Eliminate the Motivation for Monopoly



Inception →



THANK YOU

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