

MBA · CITY UNIVERSITY OF HONG KONG

From Trust to Value: **The Blockchain Journey**

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From Trust to Value: The Blockchain Journey



STAGE 1 TRUST

Blockchain only creates value if organisations trust the system enough to join it. **Governance** and **coalition**-building are how that trust gets engineered.

Hedera Case



STAGE 2 VALUE

Once trust exists, blockchain can represent and exchange real value, not just record transactions. **Tokenisation** is that mechanism — turning assets, data, or rights into tradeable digital units.

Vesta Equity Case

You can't tokenise what you don't trust. Governance builds the foundation; tokenisation builds on top of it.

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- Start-up investor.
- More than 30 years in the luxury industry.
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- Consultant in blockchain technology and AI.
- Fellow researcher (Blockchain governance).
- Independent director (IOD Thailand & Australia).

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Stage 1 Agenda: Building Trust

Coalition Formation for Blockchain Governance

- 01 Why Blockchain Is Important** — market context
- 02 What Is Blockchain** — basic concepts (chain of blocks, key properties)
- 03 Why Governance Is Important** — the multi-stakeholder governance challenge
- 04 Why Coalition Is the Response** — consortium vs. coalition, coalition formation in practice
- 05 Deep Case: Hedera** — a real-world example of staged coalition formation

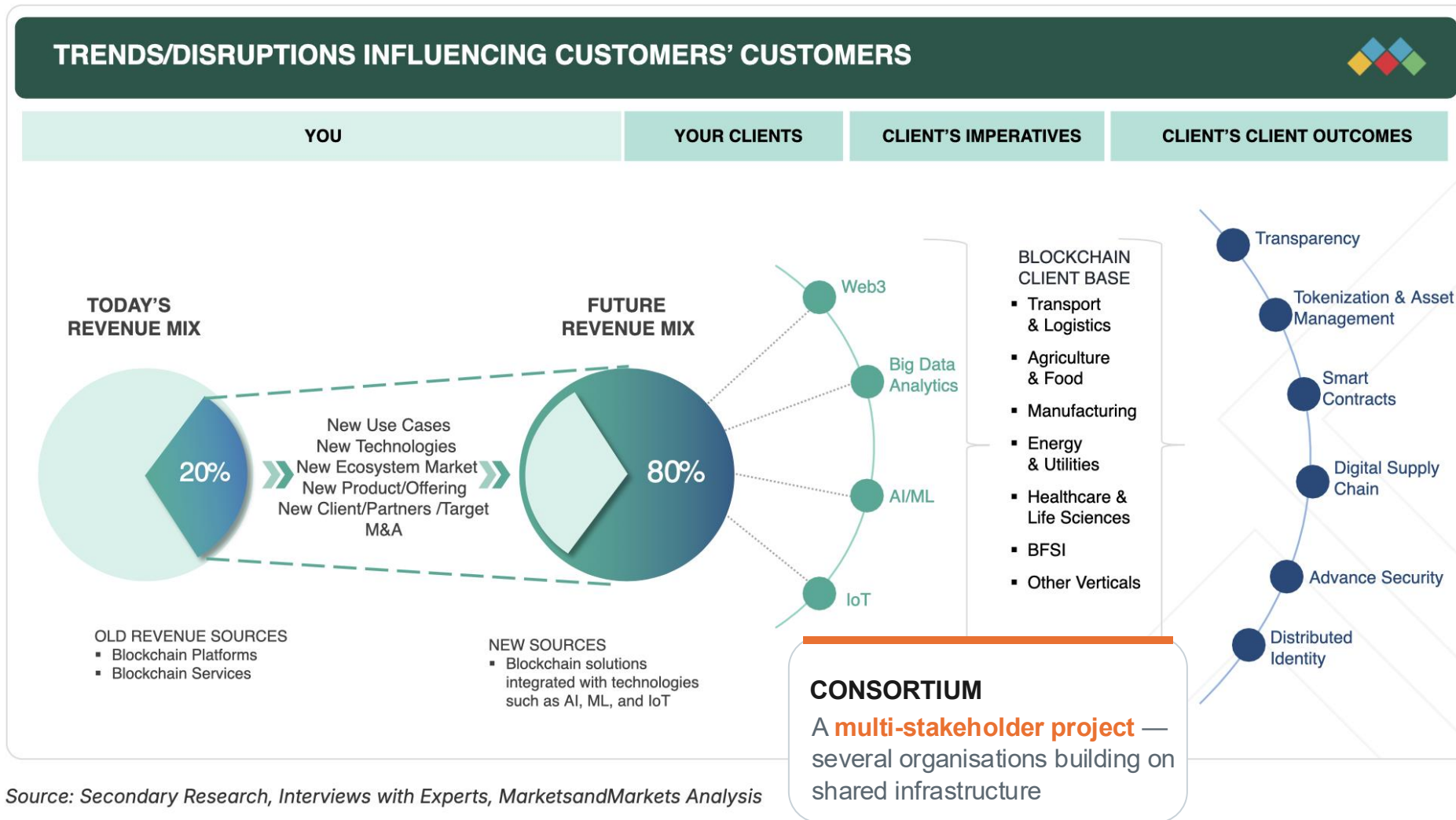
Stage 1 Agenda: Building Trust

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Why Blockchain Is Important — Market Context



WHY IT MATTERS

Blockchain value shifts from platforms to integrated solutions — 20% to 80% of the revenue mix.

Source: Secondary Research, Interviews with Experts, MarketsandMarkets Analysis

Why Blockchain Is Important — Market Context

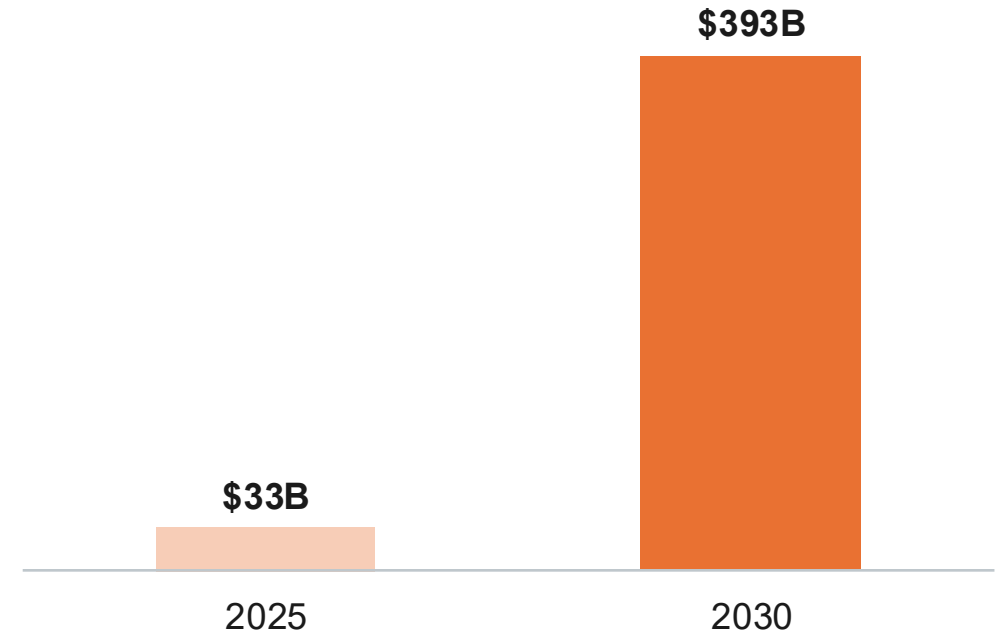
MARKET CONTEXT

\$33B → \$393B

Global blockchain market, 2025 → 2030 (≈64% CAGR)

- Industries handle large volumes of **sensitive data** and financial exchanges
- Secure, transparent transactions — **Trust, Traceability and Security** are critical
- Blockchain enables **immutable records** and **real-time verification**, preventing fraud and data tampering

Global blockchain market (US\$B)



Market driver: **Tokenisation** of real-world assets (RWA)

<https://www.marketsandmarkets.com/Market-Reports/blockchain-technology-market-90100890.html>

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What Is Blockchain?

THE BASICS

🛡️ A CHAIN OF BLOCKS

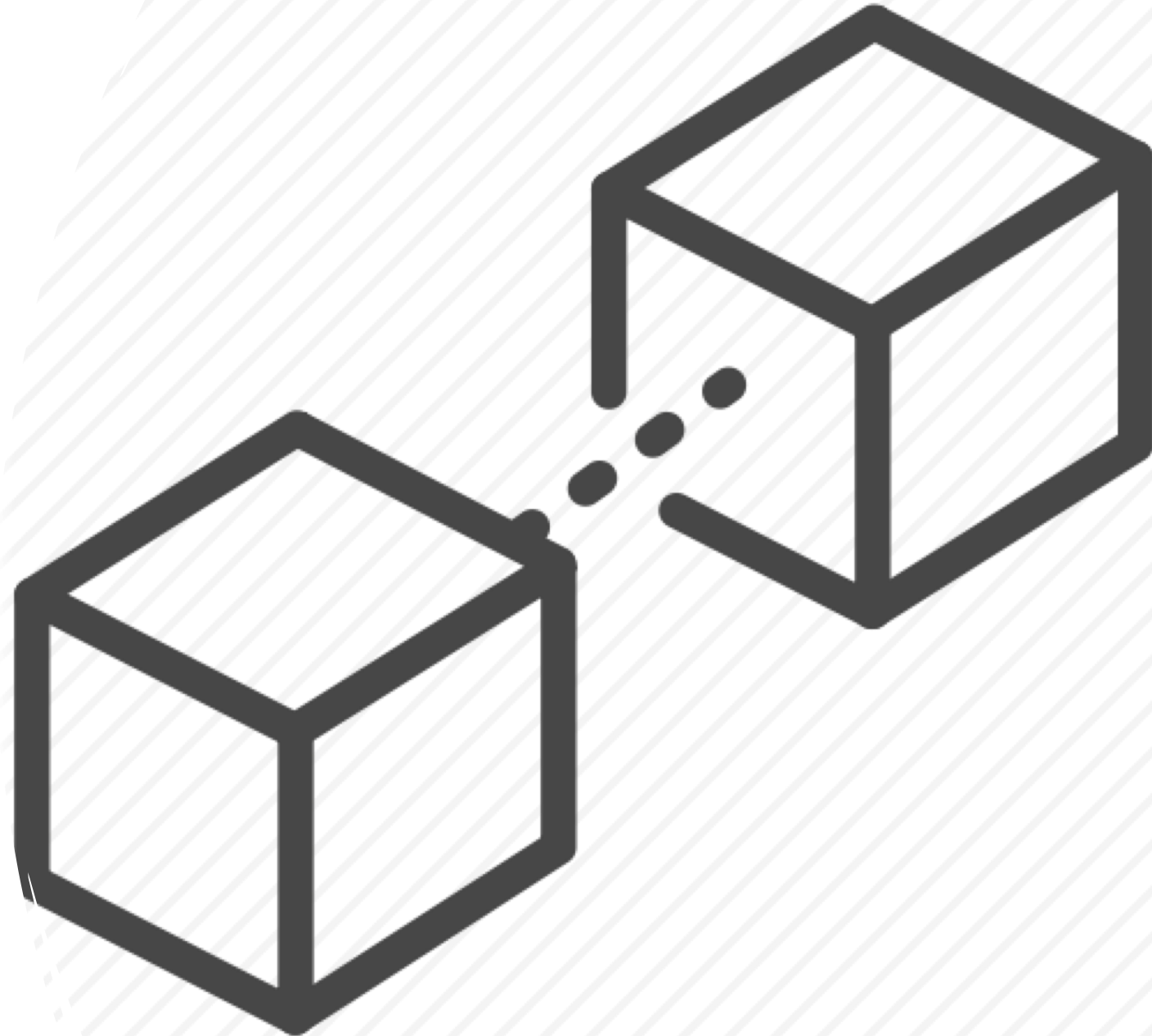
Each block holds a batch of **verified transactions**

🛡️ ALL BLOCKS LINKED

Every block references the one before it — altering one **breaks the whole chain**

WHY IT MATTERS

No single party can rewrite history.



What Is Blockchain?

ANATOMY OF THE FIRST BLOCK

TRANSACTIONS

The batch of **records** the block confirms

TIMESTAMP

When the block was sealed — fixing its **place in sequence**

DIGITAL SIGNATURE (HASH)

A **fingerprint** of this block

Block 1

Block 1 Hash

Timestamp

Transactions

What Is Blockchain?

HOW THE CHAIN HOLDS

LINKED

Each block is linked to the **previous one**

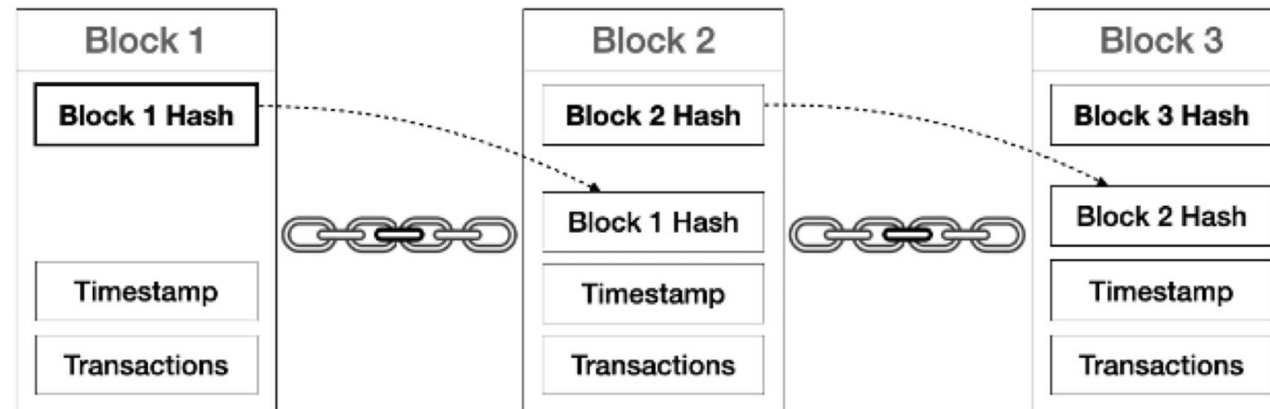
CHRONOLOGICAL

The chain is unique and forms a **time-ordered record**

IMMUTABLE

Information is, practically, **impossible to alter**

Blockchain A



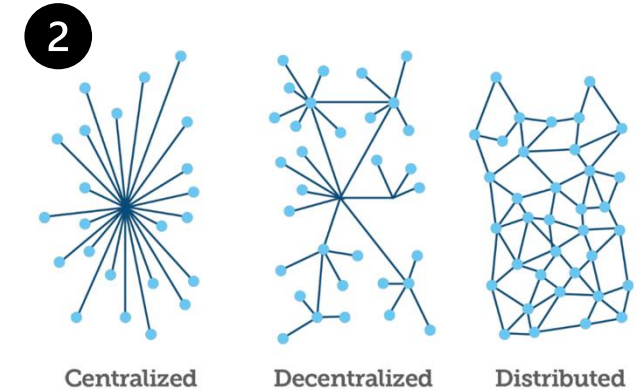
What Is Blockchain?

FOUR DEFINING PROPERTIES

- 01 Decentralised** — no central authority
- 02 Distributed** — ledger shared across many nodes
- 03 Consensus-based** — transactions validated collectively
- 04 Immutable** — records cannot be altered

WHY IT MATTERS

Together, these four make trust programmable.



Blockchain Is a Socio-Technical System

Consensus operates on two levels — one technical, one human.



ON-CHAIN CONSENSUS

This is the technology itself

Algorithmic agreement on transaction validity (e.g., proof-of-work, proof-of-stake). Decided by the protocol.



OFF-CHAIN CONSENSUS

This is governance

Human agreement on rules, participation and authority. Decided by the people and organisations running it.

WHERE THE STORY TURNS

Blockchain's technical consensus tells you a transaction is valid. It doesn't tell you **who gets to write the rules** — that's governance, and it's where our story turns next.

Stage 1 Agenda: Building Trust

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Why Governance Is Important

GOVERNANCE, DEFINED

“Governance is how **independent** organisations turn **interdependence** into joint action.”

THE MULTI-STAKEHOLDER GOVERNANCE CHALLENGE



Market Context

Blockchain market projected to grow from \$33B (2025) to \$393B (2030)



The Problem

Most multi-stakeholder blockchain initiatives fail — not from technical issues, but from governance breakdowns



The Challenge

Organisations are reluctant to share power and information

STRATEGIC QUESTIONS

How do we structure multi-stakeholder governance that enables long-term value creation?

How do we establish the social consensus?

Why Governance Is Important

FAILED BLOCKCHAIN INITIATIVES

01 Tezos

THE VISION (2014–2017)

Self-amending blockchain with token-based on-chain governance vote on protocol upgrades

THE BREAKDOWN (2017)

Founders clashed with the Tezos Foundation over control of ICO funds, **damaging reputation**

THE LESSON

Sophisticated governance cannot compensate for **unclear authority structures** and off-chain power struggles. Legitimacy requires both **technical design AND institutional credibility**

02 Quorum

THE VISION (2016)

JPMorgan launched Quorum as a permissioned blockchain for financial services tailored to enterprise needs

THE PROBLEM

Governance remained **centralised** under JPMorgan's control, creating the perception of a **proprietary tool** rather than industry-neutral infrastructure

THE OUTCOME (2020)

JPMorgan transferred Quorum to ConsenSys, implicitly acknowledging that **neutral stewardship** was essential for broader adoption

Why Governance Is Important

FAILED BLOCKCHAIN INITIATIVES

03 Marco Polo

THE VISION (2017)

Consortium-based trade finance network bringing together major financial institutions

THE PROBLEM

Lack of alignment on priorities and strategic direction, with **no inclusive governance framework**

THE COLLAPSE (2023)

Mass exodus of member banks amid fragmentation, delays and **low onboarding** — inclusive, transparent governance is not optional for scaling

04 TradeLens

THE VISION (2018)

IBM and Maersk launched TradeLens to digitise global shipping and set an industry standard

THE PROBLEM

Dominant control raised neutrality concerns, discouraging competitors and port operators from joining

THE SHUTDOWN (2023)

Discontinued after **failing to reach critical mass** of carriers, forwarders and regulators; network effects stunted by perceived centralisation

Why Governance Is Important

FAILED BLOCKCHAIN INITIATIVES

05 Contour

Digitising Letters of Credit for global trade — wound down in 2023

THE OPPORTUNITY (2020)

Letters of Credit remained paper-intensive — physical documents moving between banks, customs and corporates, causing **weeks of delays, reconciliation errors and fraud risk**. Contour aimed to digitise the process end-to-end for global banks and the trade ecosystem.

THE GOVERNANCE FAILURES (2020–2023)

- No consensus on roadmap, investment priorities or onboarding — **weak shared vision**
- Decision-making **centralised among founding R3-affiliated banks**, limiting equitable participation
- Banks dominated the consortium; corporates — the actual end users — were underrepresented

THE WIND-DOWN (2023)

- Failed to achieve **critical mass** due to insufficient alignment, limited decentralisation and inadequate stakeholder inclusion
- Solving the right business problem is worthless without **governance that enables collective action**

Why Governance Is Important

WHY BLOCKCHAIN INITIATIVES FAIL



1

Dominance in Decision-Making

- **Quorum (JPMorgan):** single-institution control deterred competitors
- **TradeLens (IBM/Maersk):** duopoly blocked industry-wide adoption



2

Closed Ecosystems

- **Marco Polo & Contour:** limited to initial consortium members
- Failed to attract broader industry participation



3

Rigid Structures

- **Tezos:** centralised foundation could not resolve internal disputes
- Inability to adapt to changing stakeholder needs

EXECUTIVE INSIGHT

Many blockchain projects don't fail for lack of a real business need or because the technology doesn't work — they fail because the way their **consortium's governance** was built couldn't sustain shared authority among stakeholders.

Stage 1 Agenda: Building Trust

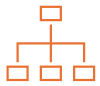
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Why Coalition Is the Response

CONSORTIUM VS. COALITION



CONSORTIUM

A structural arrangement

A formal group of organisations collaborating on a defined project.



COALITION

A strategic process

The way actors align interests, build legitimacy, negotiate authority, and progressively assemble that consortium.

KEY TAKEAWAY

A consortium is an organisational form. **A coalition is a formation dynamic.**

Why Coalition Is the Response

COALITION FORMATION IN PRACTICE



FINANCE

SWIFT

Interbank messaging cooperative

- 1973 · founded by 239 banks from 15 countries
- 11,000+ institutions in 200+ countries today

WHY IT WORKED

Neutral governance — no single bank dominates; distributed ownership with clear standards



SUPPLY CHAIN

GS1

Global standards organisation

- 1974 · multi-stakeholder standards coalition
- Barcode & GTIN used by 2M+ firms in 115+ countries

WHY IT WORKED

Industry-wide inclusiveness; governance adapts to new technologies



TECHNOLOGY

Visa

Member-owned payment network

- 1958 · BankAmericard, member-owned by 1970
- 14,000+ financial institutions in 200+ countries

WHY IT WORKED

Balances competition and cooperation — banks compete but share infrastructure

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Deep Case: Hedera

WHY THE HEDERA CASE?

Public Distributed Ledger Network

- Layer 1 blockchain infrastructure for enterprise applications
- 160+ ecosystem partners, 500+ live applications

Revelatory Case

- 10-year governance evolution (2015–2024)
- Deliberate, staged coalition formation process
- Observable transition from centralised to decentralised governance

Governing Council

- Up to 39 global enterprises with equal voting power (currently 32 members)

Proof in the numbers

71+ billion

Total transactions

10,000+

Transactions per second

9,496,379

Accounts created on the network

Hedera: Coalition Formation Phases

GOVERNANCE ARCHETYPE MATRIX

DOMINANCE

How far decision rights are **concentrated** in a few participants

OPENNESS

How easily **new participants** can join and contribute

		Openness		
		Low	Moderate	High
Dominance	Low			
	Moderate			
	High			

Hedera: Coalition Formation Phases

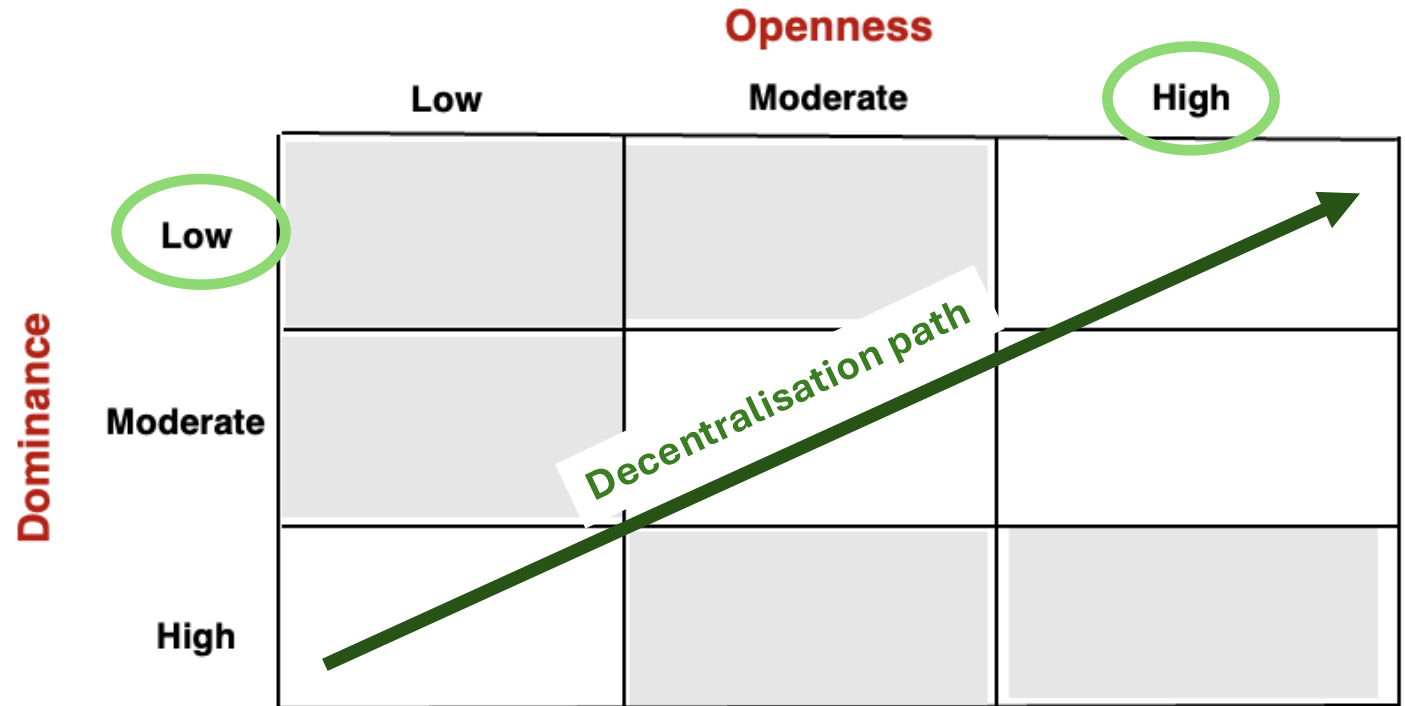
GOVERNANCE ARCHETYPE MATRIX

DOMINANCE

How far decision rights are **concentrated** in a few participants

OPENNESS

How easily **new participants** can join and contribute



HOW TO READ IT

Each phase of coalition formation sits in a different cell as control opens up and dominance decreases.

Hedera: Coalition Formation Phases

PHASE 1 · INCEPTION (2015–2017)

ARCHETYPE: CHIEF

Founder-led and **centralised** — Swirlds owns and manages everything

FOCUS

Develop the **hashgraph algorithm** and establish the technical foundation

WHERE IT SITS ON THE MATRIX

High dominance, low openness — a single company controls the project. Classic bootstrapping situation.



		Openness		
		Low	Moderate	High
Dominance	Low			
	Moderate			
	High	1. Chief (Centralised Governance)		

Hedera: Coalition Formation Phases

PHASE 2 · FORMATION (2017–2018)



ARCHETYPE: CHIEF → CUSTODIAN

Founder control begins shifting toward **stewarded governance**

FOCUS

Create **Hedera Hashgraph LLC** and define the governance vision

WHERE IT SITS ON THE MATRIX

Moderate dominance, moderate openness, by design — governance is structured for future evolution.

		Openness		
		Low	Moderate	High
Dominance	Low			
	Moderate		2. Custodian (Semi-Centralised Governance)	
	High	1. Chief (Centralised Governance)		

VISION-DRIVEN APPROACH

Pull together a coalition to bring the solution to market.

Hedera: Coalition Formation Phases



PHASE 3 · EXPANSION (2018–2021)

ARCHETYPE: CUSTODIAN → CLAN

Transition toward **semi-decentralised governance** as the Council takes shape

FOCUS

Build the Governing Council to **39 members** and establish its committees

WHERE IT SITS · THE CAVEAT

Moderate dominance, high openness — yet Swirlds keeps a permanent Board seat, chairs TechCom and picks the Council members.



		Openness		
		Low	Moderate	High
Dominance	Low			
	Moderate		2. Custodian (Semi-Centralised Governance)	3. Clan (Semi-Decentralised Governance)
	High	1. Chief (Centralised Governance)		

Hedera: Coalition Formation Phases

PHASE 4 · MATURITY (2022–2024)

ARCHETYPE: CLAN → CONSORTIUM

Founder privileges removed — governance becomes a **true peer consortium**

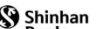
FOCUS

Autonomous **joint stewardship** by the Governing Council

WHERE IT SITS · THE HANDOVER

Low dominance, high openness. Swirlds sits on par with other members and transfers its IP to Hedera, making it open-source.

 aberdeen		
		
		
		
		
		

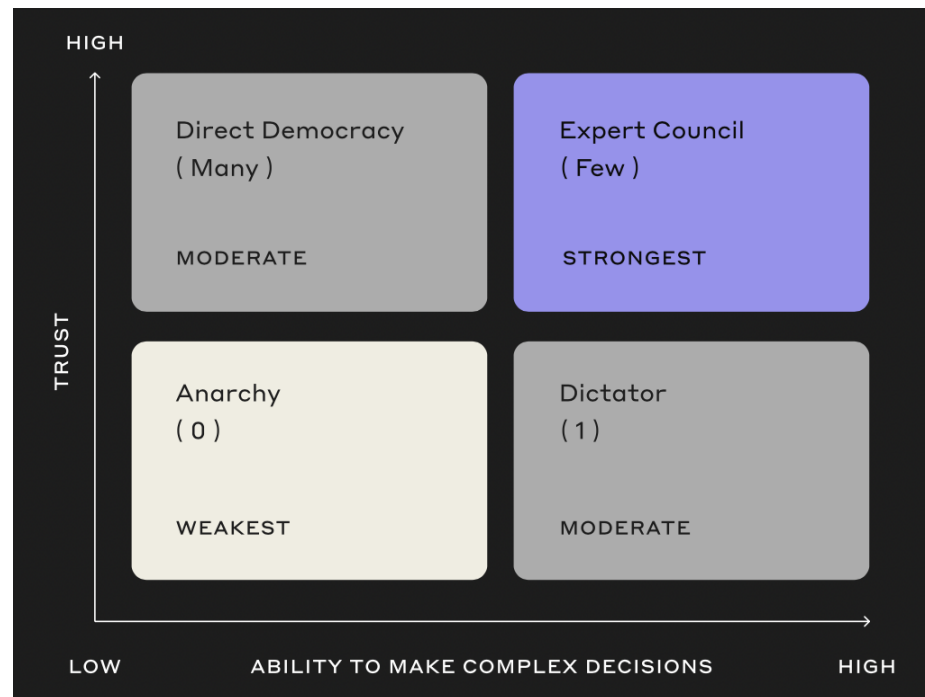
		Openness		
		Low	Moderate	High
Dominance	Low			4. Consortium (Decentralised Governance)
	Moderate		2. Custodian (Semi-Centralised Governance)	3. Clan (Semi-Decentralised Governance)
	High	1. Chief (Centralised Governance)		

BUSINESS MODEL THINKING

Governance is part of the strategy to go mainstream. If you want to grow, let it go!

Hedera: Coalition Formation Phases

THE GOVERNING COUNCIL



33 members

Global enterprises with **equal voting power**, up to a cap of 39

WHY IT MATTERS

Members are deliberately spread across regions and industries, which strengthens the network's resilience.

aberdeen	ANZ	Australian Payments Plus
AVERY DENNISON	BitGo	BLOCKCHAIN FOR ENERGY
Chainlink Labs	COFRA	DELL Technologies
DENTONS	Deutsche Telekom	DLA PIPER
EDF	FedEx	Google
HITACHI	IBM	IIT Madras
LG	LSE	magalu
Mondelēz International	NSE nairobi securities exchange	NOMURA
repsol	servicenow.	Shinhan Bank
Standard Bank	Swirlds	TATA COMMUNICATIONS
UBISOFT	wipro	zain

KEY LITERATURE



Stage 1: Building Trust

- Goldsby, C., & Hanisch, M. (2022). The Boon and Bane of Blockchain: Getting the Governance Right. *California Management Review*, 64(3), 141–168.
- Iansiti, M., & Lakhani, K. R. (2017). The truth about blockchain. *Harvard Business Review*, 95(1), 118–127.
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