Public-Sector Blockchain Pilot Pushes the Tech Forward

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Technology is making it a lot harder to be a bad guy. All someone needed to rob a bank in the Old West was a gun, a horse and a bandana to hide his identity. Now there are fingerprint databases, hidden cameras and FBI algorithms to ensure that if robbers aren't caught on the scene, they'll somehow get busted the next week. The latest iteration of crime-stopping technology is the blockchain, a kind of database best known for being used to track bitcoin transactions, though its implications for the public sector might span from electronic voting to health care. Such uses were speculative, but companies are now putting blockchains to work.

Earlier this year, software firms Epigraph and Factom [announced](#) a partnership on a project that attempts to reduce fraud within the Honduran government. The project's focus is on public land registries. By using blockchains, a transparent and near-immutable public record, the companies are trying to make it harder for government cowboys to wear the black hat.

A blockchain is hard to change, and the registry is public to begin with, so altering the record does little good. By design, it's difficult to falsify blockchain transaction records, and the cost of doing so would likely offset any financial gains made by altering the record in the first place. As governments around the world wax on about transparency and accountability, the blockchain is waiting to call their bluff.

Abhi Dobhal, vice president of business development at Factom, told *CoinDesk* that one day blockchains will be used to secure financial and data transactions across all facets of society.

"In large organizations and within governments, data transactions between disparate systems can contain incorrect or inappropriate data," Dobhal said. "Thus, initiating a reconciliation process and, subsequently, an audit review. As the number of systems multiplies that each have sway over some set of data, settlement becomes increasingly difficult. A shared ledger – or source of truth, if you will – could ensure that transactions and data shared with the core systems are consistent and error free."

In July, *Government Technology* outlined the many possible ways that blockchains can make government more accountable, transparent, efficient and fraud-proof, which include contract management, electronic voting and health care.

In addition to providing a trusted public record of transactions, the technology also allows for operational efficiencies. The training and day-to-day work that goes into record keeping and auditing can be tedious and expensive, but blockchains could eliminate a lot of that. A public record makes audits redundant, and a blockchain's structure distributes much of the busy work that's normally performed in record keeping.

In August, Vermont Gov. Peter Shumlin asked his secretary of state, commissioner of financial regulation and an attorney general to consider blockchain technology for managing state records. The state hasn't done anything yet, and officials have said they want to move slowly, but blockchain's examination lends legitimacy to a relatively new technology.

http://www.govtech.com/budget-finance/Block-Chain-Pilot-Pushes-Tech-Forward.html