

Herbert Smith Freehills, Data61 and IBM create consortium to deliver smart legal contracts on blockchain to Australian businesses

The Australian National Blockchain will help create a new technology platform to securely and transparently manage legal agreements

Melbourne, Victoria - 29 Aug 2018: Herbert Smith Freehills, CSIRO's Data61, and IBM have formed a consortium to build Australia's first cross-industry, large-scale, digital platform to enable Australian businesses to collaborate using the IBM Blockchain Platform and blockchain-based smart legal contracts.

Known as the Australian National Blockchain (ANB), the new platform will represent a significant new piece of infrastructure in Australia's digital economy, enabling companies nationwide to join the network to use digitised contracts, exchange data and confirm the authenticity and status of legal contracts.

Once completed, the ANB will enable organisations to digitally manage the lifecycle of a contract, not just from negotiation to signing, but also continuing over the term of the agreement, with transparency and permissioned-based access among parties in the network. The service will provide organisations of all sizes the ability to use blockchain-based smart contracts to trigger business processes and events.

ANB will provide smart legal contracts (SLC) that contain smart clauses with the ability to record external data sources such as Internet of Things (IoT) device data, enabling these clauses to self-execute if specified contract conditions are met.

For example, construction site sensors could record the time and date of a delivery of a load on the blockchain and trigger a smart contract between the construction company and the bank that would automatically notify the bank that terms have been met to provide payment on that load delivery.

ANB will be the first large-scale, publicly available blockchain solution available to businesses of all kinds across Australia, and designed for Australian legal compliance.

Blockchain is a distributed ledger technology that enables permissioned sharing of an immutable record among parties to create consensus and trust. It empowers multiple trading partners to collaborate and establish a single shared view of a contract without compromising details, privacy or confidentiality. Blockchain-enabled smart contracts also hold the potential to be used with AI and advanced analytics to help ensure regulatory compliance or to provide new business insights.

"Technologies like blockchain are set to transform the legal industry and the wider business landscape as we know it," Natasha Blycha, Blockchain and Smart Legal Contract Lead, from Herbert Smith Freehills said.

"This presents a huge opportunity for agile and forward-thinking firms and has potential to deliver significant benefits to our clients and the business community as a whole. Our clients are enthusiastic about process automation, and how it can support a move away from paper-based systems, simplify supply chains and quickly and securely share information with customers and regulators."

Consortium partners Herbert Smith Freehills, Data61, and IBM will first test the concept as a pilot project, using IBM Blockchain. The consortium is already working with another leading global law firm to bring the ANB to market. Going forward, regulators, banks, law firms and other Australian businesses will be invited to participate in the pilot which is expected to start before the end of the year.

“IBM Blockchain and the IBM Cloud provide the highest level of security to support even highly regulated industries such as healthcare and government, and IBM has extensive experience building blockchain networks and convening large consortia focused around solving important business problems,” Paul Hutchison, Vice President and Partner, Cognitive Process Transformation, IBM Global Business Services said. “Blockchain will be to transactions what the internet was to communication – what starts as a tool for sharing information becomes transformational once adoption is widespread. The ANB could be that inflection point for commercial blockchain, spurring innovation and economic development throughout Australia.”

In 2017, Data61 delivered two comprehensive [reports](#) for Treasury on how blockchain technology could be adopted across government and industry in Australia.

“Our reports identified distributed ledger technology as a significant opportunity for Australia to create productivity benefits and drive local innovation,” Dr Mark Staples, senior research scientist at CSIRO’s Data61 said.

“Data61’s independence and world-leading expertise will help to catalyse the creation of digital infrastructure for Australian businesses to transition to a digitally-enabled future. For complex enterprise contracts, there are huge opportunities to benefit from our research into blockchain architecture and into computational law. Smart contracts have many applications, and as the ANB progresses we look forward to exploring other business use cases to roll out.”

Should the Australian pilot be successful, the consortium intends to roll out the technology to other markets beyond Australia.

For more information about the ANB visit: www.australiannationalblockchain.com

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Notes to Editors:

- A smart contract is a computer protocol that facilitates the transfer of digital assets between parties under the agreed-upon stipulations or terms. It is similar to a traditional contract in most ways including definition of rules and penalties around the agreement except for the fact that it can also enforce the agreed-upon obligations automatically. Smart contracts help you exchange money, property, shares, or anything of value in a transparent, conflict-free way while avoiding the services of a middleman.
- Blockchain is a public register in which transactions between multiple users belonging to the same network are stored in a secure, verifiable and permanent way. The data relating to the exchanges are saved inside cryptographic blocks, connected in a hierarchical manner to each other. This creates an endless chain of data blocks -- hence the name blockchain -- that allows you to trace and verify all the transactions you have ever made.

About Data61

[CSIRO’s Data61](#) is Australia’s data innovation network that transforms existing industries and creates new ones through the application of science and technology. As an applied R&D partner, Data61’s capabilities range from cybersecurity, confidential computing, IoT, robotics, machine learning and analytics, software and programming to behavioural sciences and more.

About Herbert Smith Freehills

Operating from 27 offices across Asia Pacific, EMEA and North America, Herbert Smith Freehills is at the heart of the new global business landscape providing premium quality, full-service legal advice. The firm provides

many of the world's most important organisations with access to market-leading dispute resolution, projects and transactional legal advice, combined with expertise in a number of global industry sectors, including Banks, Consumer products, Energy, Financial buyers, Infrastructure & Transport, Mining, Pharmaceuticals & Healthcare, Real estate, TMT and Manufacturing & Industrials. Follow us on Twitter @HSFlegal

About IBM Blockchain

IBM is recognized as the leading enterprise blockchain provider. The company's research, technical and business experts have broken barriers in transaction processing speeds, developed the most advanced cryptography to secure transactions, and are contributing millions of lines of open source code to advance blockchain for businesses. IBM is the leader in open-source blockchain solutions built for the enterprise. Since 2016, IBM has worked with hundreds of clients across financial services, supply chain, government, retail, digital rights management and healthcare to implement blockchain applications, and operates a number of networks running live and in production. The cloud-based IBM Blockchain Platform delivers the end-to-end capabilities that clients need to quickly activate and successfully develop, operate, govern and secure their own business networks. IBM is an early member of Hyperledger, an open source collaborative effort created to advance cross-industry blockchain technologies. For more information about IBM Blockchain, visit <https://www.ibm.com/blockchain/> or follow us on Twitter at @ibmblockchain.

Contact(s) information

Chris Chelvan

Data 61 +61 436 672 668chris.chelvan@data61.csiro.au

Shannon Thomas

IBM ANZ Communications +64 278 224760shannont@nz1.ibm.com

Kelly Murray

Herbert Smith Freehills +61 429 115 625Kelly.Murray@hsf.com
