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Stock Market Investing Tips, Techniques, and Resources



What Is Blockchain Useful For?

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While cryptocurrencies fluctuate in value and both excite and concern investors, many have come to see the blockchain as the wave of the future, a safe, efficient, and effective way to store and process information. What is blockchain useful for and is it a cure or all ills or are there (as with all technologies) advantages and disadvantages? *Wired* published a useful article a couple of years ago about [what blockchain is good for](#) and decided that the answer for now is, not much!

What Is Blockchain?

A blockchain is a database. But, unlike a database contained on your computer or office network, a blockchain has its information distributed among nodes of a broader computer network. A blockchain has a built-in redundancy that preserves all data that has been entered into the system. Digital information is stored in blocks which, when filled, are closed, and linked to the block before it in the sequence. This creates a chain of information. Blockchains are the basis for how cryptocurrencies work. The value of a blockchain is that it guarantees the accuracy and security of the records contained within. This, in turn, creates the trust needed for people to do things like investing thousands or millions of dollars in cryptocurrencies. Once data is entered into a blockchain each block gets a time stamp and its data is unchanged forever.

Uses of Blockchains Beyond Cryptocurrencies

The blockchain has found uses outside of the cryptocurrency realm. Money transfers and payment processing systems use blockchain technology. Such systems are in current use. And, there are many proposed uses for blockchain technology including loyalty and reward programs in retail, supply chain monitoring, digital IDs, data-sharing networks, royalty and copyright protection, title transfers for vehicles and real estate, digital voting, food safety, secure data backup, medical records, tax information verification, workers' rights issues, inheritance and wills, tracking weapons, stock trading, managing the internet of things, tracking prescription drugs, secure access to belongings and expediting energy futures and compliance. The problem is that beyond a few uses in the money payment realm and financial sector most proposed uses are just that, proposed and not in use or proven.

A Blockchain Is Still a Database

Depending on the amount of data to be dealt with and the complexity of the system a database can be easy to build and maintain or require a high level of expertise and maintenance. People who have bought into using blockchain technology have been disappointed that the proposed systems are not as functional as those available using non-blockchain database technologies. An example can be found in the *Wired* article. The problem is that the data security provided by a blockchain comes at a cost. The system is slower than one contained within a single computer program located on a single office network. And, when you want to do

complicated things with your blockchain database it can require complicated programming.

The *Wired* article shows how a city clerk in a town in Vermont tried to use blockchain to handle land records. The system took a long time to start up and when in place was slow and lacked features available on commercially available and cheaper programs. The clerk ended up choosing a local company with a program with better functionality for cheaper. The final comment from the clerk was that she did not see any positive ways that blockchain would help the citizens of her community.

When to Use Blockchain

The key feature of blockchain technology is that data does not get erased from the system. This provides a comfortable level of security and trust. The downside is that the system is slower because of its security features. And a database is still a database and needs to be constructed to fit the needs of the client and needs to be maintained. When to use blockchain is when security outweighs the need for speed and when you can afford to pay for a completely new system designed for the blockchain when there are probably several commercially available using non-blockchain technology.

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