

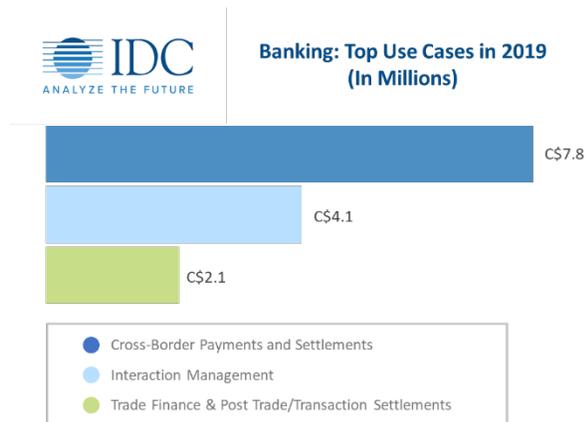


Canadian Spending on Blockchain Solutions to Exceed C\$800 Million by 2023, According to IDC Spending Guide

TORONTO, Ontario., Sep 25, 2019 – Canadian businesses are projected to spend over C\$800 million on blockchain solutions by 2023, according to a new update to the [Worldwide Semiannual Blockchain Spending Guide](#) from International Data Corporation (IDC). IDC expects blockchain spending to grow at a brisk pace throughout the 2019-2023 forecast period with a five-year compound annual growth rate (CAGR) of 73.3%. Blockchain spending in 2019 is estimated to be C\$93.5 million, an increase of 75.0% over 2018’s total of C\$53.4 million.

As the benefits of blockchain utilization continue to become more apparent, several industries are starting to increase their adoption of this nascent technology. Of these industries, the **banking** industry has become a clear frontrunner, set to capture over 20% of the Canadian total in 2019; ending up at just under 30% of the Canadian total by 2023. This industry boasts of a lofty five-year CAGR of 88.9%.

Figure 1



Source: IDC Worldwide Semiannual Blockchain Spending Guide 2018H2

The largest use case in this industry will be **cross-border payments and settlements** (direct transfers that occur instantly over the blockchain ‘rails’ for international payments without the need for intermediaries) and will see a five-year CAGR of 85.7%. Earlier this year, the Bank of Canada settled a cross-border payment over the blockchain from the Monetary Authority of Singapore as part of a successful pilot project. The next largest use case, **identity management** (validation of personal identities and management of personal and financial data over the

blockchain), with a five-year CAGR of 84.8%, has recently gained momentum with the major banks, many of which have partnered with Toronto-based identity and authentication service provider SecureKey. Verified.Me (a SecureKey service), allows users to digitally provide proof of identity over the blockchain, avoiding the inconvenience of answering multiple identification questions for phone or online transactions and waiting in line to show identification for in-person transactions.

Lot lineage/provenance (verifying the origin, quality, and authenticity of a product over the blockchain throughout the value chain) is currently the leading use case for blockchain technology in 2019. This use case accounts for over C\$10.7 million in blockchain spending and has a five-year CAGR of 68.9%. Although implementations of this use case have taken place across multiple industries, this use case will gain the most traction in the **retail** industry, accounting for over C\$46.0 million in blockchain spending by 2023.

“Using blockchain, businesses with complex supply chains with multiple stakeholders are able to track their products with unprecedented accuracy. Blockchain solutions are now being used to track all kinds of products: from high-value items, such as diamonds, to items where quality and safety is paramount, such as agricultural produce. A representative example of the latter is the partnership between Shoppers Drug Mart and TruTrace Technologies to implement a blockchain solution to track medical cannabis from seed to sale” said [Yash Ahuja](#), Senior Analyst at IDC Canada.

From a technology perspective, **services** will lead the way for blockchain spending accounting for over 85% of the total spend at C\$79.8 million in 2019. This is because most Canadian organizations are currently looking to service providers such as IBM and Deloitte for guidance to test and implement blockchain solutions. However, the services proportion of total blockchain spend is projected to steadily decrease to end up under 80% by 2023; as Canadian organizations continue to develop competencies in-house over the forecast period. **Software** will have the largest growth throughout the forecast period with a five-year CAGR of 95.0%. This explosive growth will be fueled by spending on **blockchain platforms**, which provide the tools and technology to create, deploy, and manage blockchain networks and smart contracts.

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IDC's Spending Guides provide a granular view of key technology markets from a regional, vertical industry, use case, buyer, and technology perspective. The spending guides are delivered via pivot table format or custom query tool, allowing the user to easily extract meaningful information about each market by viewing data trends and relationships.

For more information about IDC's Spending Guides, please contact Cristina Santander at askidc@idccanada.com.

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