



## For watch sellers, blockchain's time has come

By John Adams

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Two watch sellers are diving into a pilot that will test whether social media and blockchain can power alternatives to Amazon and eBay for e-commerce sales, shopping, payments, risk management and marketing.

The Lugano, Switzerland-based DWISS and the Tampere, Finland-based Sipilankello are among the initial participants in Soma, a blockchain and social-powered e-commerce platform that's scheduled to launch in 2019. The Helsinki-based Soma is trying to combine social media, transaction tracking and verification on a distributed ledger.

DWISS, for example, sells a line of watches that generally retail for \$100 and up. These look like traditional watches, but the company has a technological bent it believes supports a social marketplace for buyers and resellers.



"Watches are the most obvious use case because of the forgery and counterfeit problem but once we establish a beachhead we can get into other sectors," said Jacob Andra, chief marketing officer of Soma.

The company supports **augmented reality** for shopping and accepts cryptocurrency as a payment method. It's also concerned about luxury watch fraud, which is a rampant problem in **Switzerland**, and predicts that a blockchain-based payment system will help with tracking, authentication and bank fees for international and domestic card payments.

"[Cryptocurrency] was not enough," said Rafael Simoes Miranda, a watch designer and owner of DWISS. "I've been aware of blockchain for some time, and I've wondered how it might help combat the massive problem of counterfeit watches in our industry, and how to solve the problems dealing with major banks."

Soma describes itself as a decentralized social marketplace and tokenization protocol for authenticating and tracking items on a blockchain. Sellers, in this case watchmakers, onboard their timepieces onto a blockchain, then create an item card that's a digital representation with all records and documentation on that piece. This blockchain combats fraud, and also connects to social media for watch aficionados, for example, where users can discuss and compare new watches—giving access to the same sort of social data that all retailers crave for marketing.

The technology also connects to a marketplace to shop and sell watches, or provide peer-to-peer services such as connecting buyers and sellers, resellers or affiliate marketing on behalf of a seller.

Soma's social tools also support a "sales force" army of watch enthusiasts. Each resale automatically pays the reseller according to a smart contract between the reseller and manufacturer. The "Item card" for the watch transfers to the new owner, along with any other documentation, via the blockchain—with no manual work.

There's some similarities to Amazon, Pinterest, WePay, Venmo and even Ripple in Soma's model. But in this case, the tools are combining to serve a very narrow niche. Writing for [PaymentsSource](#), Public Market CEO and Co-Founder KJ Erickson argues the high percentage of third-party sellers on eBay and Amazon are creating opportunities for more specialized, localized e-commerce plays, with decentralized blockchain support.

"People will want to move away from a general e-commerce service to a more localized experience, surrounded by enthusiast for a certain type of product or experience," said Jacob Andra, chief marketing officer of Soma.

Watchmakers are a good potential starting point, because watchmakers are worried about bringing their traditional industries—high end watches—into the modern world of commerce while keeping crooks at bay.

"There is a lot of value for us on two fronts," said Mike Sipila, the owner of Sipilankello. "First, Soma's social marketplace will expand our ability to reach customers and find resellers via the Soma rewarding system. Second...[tracking] will allow us to verify authenticity."

These benefits are still more promise than reality, since Soma's test won't start until first quarter 2019.

And blockchain, while receiving lots of attention from investors and technology developers, has struggled to reach a mainstream retail audience for either supply chains or consumer shopping and transactions, much less social driven commerce. But some blockchain leaders, such as [Hyperledger](#) executive director Brian Behlendorf, content improvements in

interoperability and standards are bringing distributed ledgers closer to powering real-world marketplaces.

The broader retail market is waiting for the demonstration that blockchain and social can underpin a specific product or community before it adopts the model in a substantial manner, Andra said in explaining Soma's niche approach.

"The addressable market really has no upper limit," Andra said. "Watches are the most obvious use case because of the forgery and counterfeit problem but once we establish a beachhead was can get into other sectors."



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John Adams is Executive Editor of PaymentsSource.

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