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ArtChain paints a pretty picture

EXCLUSIVE

SUPRATIM ADHIKARI

The blockchain phenomenon may have already peaked, but ArtChain Global chief executive Kay Sprague isn't fazed by the cynics as she and her team prepare to push their blockchain-powered art asset trading platform out into the wild by November.

Ms Sprague, former managing director of Citigroup and a former vice-president of JPMorgan's asset management division, said while the financial services and logistics industries had been quick to pick up on the potential of blockchain, the distributed ledger technology could be applied in other industries.

"The technology can't be used in every industry but for anything that's process-driven and has high security needs, it makes a lot of sense," she told *The Australian*.

"It's all about the security of information, so you can pass something from A to B to C in a highly secure manner."

Distributed ledgers have been kicking around for some time, and blockchain owes much of its sudden ascent to the astronomical rise of Bitcoin, but just what can it do for the art industry?

According to Ms Sprague, while artworks are tangible non-digital assets, there is a lot of data attached to every piece of art.

"The digital part of the asset is the information surrounding each piece of art, its provenance, its history, its potential worth and where it has been displayed in the past," she said.

"All of this information gives the art the credibility it needs, assigns it an appropriate value and makes it tradeable."

People have been buying, selling and collecting art long before blockchain came into the picture, but Ms Sprague said the established systems were quite fragmented.

"The current systems are quite

diverse, you have important pieces of art held by galleries and significant investors, how these are traded is published. Then you have the layers below — auction

houses, private sales, local galleries and inheritances — through which artworks are traded."

Artworks are one of the last non-compartmentalised investment assets and ArtChain Global's operations manager Cameron McQueen told *The Australian* the platform could potentially inject an unprecedented level of transparency into the sector. "If you own a house, the government knows where it is and how much it's worth, but if you own a piece of art that you bought for a million dollars in a foreign country, there's no global registry," he said.

Supported by research from the Swinburne University of Technology, the ArtChain platform provides a registration and asset management system that connects artists, experts and collectors. The platform will be in beta-testing phase within the next three months, with the first version going up in November.

Investors can track a single piece of art across its entire ownership history, get them verified by experts and the platform also serves as a virtual venue that displays art to a wider range of professional investors.

The provenance function is reinforced by the use of an ArtChain IoT sensor device that can be installed in the art. The sensors enable the artwork to be tracked in real time within the ArtChain Global ecosystem alerting security if it is moved or damaged.

They also record temperature and humidity to the blockchain and record pressure placed on artwork fabric, providing visibility on the physical state of the work.

"Apart from the platform providing transparency about the global art market, it's also an effective

way for new and emerging artists to be discovered by a global audience," Ms Sprague said.

ArtChain Global has so far raised \$6 million from private investors and is looking to raise more than \$25m in its upcoming ICO pre-sale.

"What we are focused on is proof of interaction," Mr McQueen said. "The more information an artist adds to the work, as it's registered to the platform, the better the reward for them. For the next decade we are going to be free. We will be paying people for helping to build the community and then eventually we will have small transaction fees."

The overarching goal of ArtChain is to be a platform that

gives a new breed of investors the necessary trust to see art as a worthwhile investment.

With Australia serving as the testing ground, it's the Chinese market that's shaping up as the main target for ArtChain.

"While Europe and North America were historically the dominant force in the global art market, recent trends show China to be a significant player as well," Ms Sprague said. "This, combined with more than 90 per cent of about 6000 auction houses worldwide offering their auctions online, shows the need for a global decentralised platform."



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AARON FRANCIS

ArtChain Global chief executive Kay Sprague, at the VS Gallery in Richmond, Melbourne, says she is not fazed by cynics