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The use of cryptocurrency in business

Why companies should consider
using cryptocurrency

June 2023



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Introduction

Why consider using crypto?

Roughly 2,352 US businesses accept bitcoin, according to one estimate from late 2022, and that [doesn't include bitcoin ATMs](#).¹ An increasing number of companies worldwide are using bitcoin and other crypto and digital assets for a host of investment, operational, and transactional purposes. Based on a survey polling a sample of 2,000 senior executives at US consumer businesses, merchants are embracing digital currency payments with the hope of gaining a competitive advantage in the market and in the belief that the use of digital currency will continue to expand.² Big brands are accepting customer payments in bitcoin to purchase everything from groceries to airline tickets.³ Some sports teams and associations are not only accepting cryptocurrency but also exploring the use of non-fungible tokens (NFTs) to create a more immersive fan experience.⁴ More and more retailers are accepting bitcoin to access additional customers who prefer to pay that way. One can even buy real estate using bitcoin.⁵ Several companies, in highly publicized moves, have invested millions of dollars in bitcoin.⁶ The adoption of crypto and digital assets is becoming even more common across various commercial and investment applications.⁷

The use of crypto for conducting business presents a host of opportunities and challenges. As with any new frontier, there are both strong incentives and unknown dangers. That's why companies intent on using crypto in their businesses should have two things: a clear understanding of why they are undertaking that action and a list of the questions they should consider.

This publication endeavors to provide you and your company with an overview of the kinds of questions and insights that enterprises should consider as they determine whether and how to use crypto. So, if your company plans to participate in crypto, it's important to think ahead, prepare, and engage in a thoughtful manner. (For considerations related to investing in cryptocurrencies and digital assets, please consult Deloitte's complementary report, [Corporations investing in crypto: Guidelines and considerations for companies on digital asset allocation](#)).



What can crypto do for your company?

To spark your company's thinking about crypto, here are some of the rationales behind why some companies are currently using crypto:

- Crypto may provide access to new demographic groups. Users often represent a more cutting-edge and tech-savvy clientele with disposable income for luxury goods and services. In fact, one recent survey found that 85% of surveyed merchants see crypto payments as a way to reach new customers, while 77% said they are accepting crypto because of its lower transaction fees.⁸
- Introducing crypto now may help spur internal awareness in your company about this technology. It also may help position the company in this emerging space for a future that could include [central bank digital currencies \(CBDCs\)](#).
- A greater awareness of the crypto industry and blockchain technology can introduce new investment and liquidity options through traditional investments that have been tokenized.
- Crypto furnishes certain options that are simply not available with fiat currency. For example, programmable money can enable real-time and accurate revenue-sharing while enhancing transparency to facilitate back-office reconciliation.
- More companies are finding that important clients and vendors want to engage by using crypto. Consequently, your business may need to be positioned to receive and disburse crypto to ensure smooth exchanges with key stakeholders.
- Crypto provides a new avenue for enhancing a host of more traditional Treasury activities, such as:
 - Enabling simple, real-time, and secure money transfers.
 - Helping strengthen control over the capital of the enterprise.
 - Managing the risks and opportunities of engaging in digital investments.

- Crypto may serve as an effective alternative or balancing asset to cash, which may depreciate over time due to inflation. Crypto is an investable asset, and some have performed exceedingly well over the past seven years.⁹ [There are, of course, clear volatility risks that need to be thoughtfully considered.](#)

The decision to use crypto for Operations may require a different way of thinking from that behind the use of crypto for investments:

- Investing in crypto is typically a longer-term play; using it in Operations often requires an even more thoughtful process for handling real-time decisions.
- Using crypto in daily operations could help develop new means of innovative commerce. That's in addition to possibly extending the company's reach in the marketplace—not only to new customers, but also to new counterparties.
- When using crypto, companies should navigate important onboarding issues, such as regulatory, accounting, and tax issues for which there is currently limited guidance from regulators.

Two primary paths for using crypto

The first question to ask when considering using crypto in your company's operations is: Do we hold crypto on our balance sheet or simply adopt crypto-enabled payments? To determine an appropriate path for your business, you should consider how it aligns with your business objectives. Consider the potential benefits, drawbacks, costs, risks, system requirements, and more. The following sections provide some broad considerations around two different paths as your company embarks on its crypto journey.



Enabling payments: 'Hands-off'

Some companies use crypto just to facilitate payments. One avenue to facilitate payments is to simply convert in and out of crypto to fiat currency to receive or make payments without actually touching it. In other words, the company is taking a "hands-off" approach by using a service provider to do the conversion and thus keep crypto itself off the books.

Enabling crypto payments, such as bitcoin, without bringing it onto the company's balance sheet may be a quick and easy entry point into the use of digital assets. It may require the fewest adjustments across the spectrum of corporate functions and may serve immediate goals, such as reaching a new clientele and growing the volume of each sales transaction. Enterprises adopting this limited use of crypto typically rely on third-party vendors.

The third-party vendor, acting as an agent for the company, accepts or makes payments in crypto through conversion into and out of fiat currency. This may be the simplest option to pursue. And, likely, it may cause relatively few disruptions to a company's internal functions since the hands-off approach keeps crypto off the corporate balance sheet.

The third-party vendor, which will charge a fee for this service, handles the bulk of the technical questions and manages a number of risk, compliance, and controls issues on behalf of the company. That does not mean, however, that the company is necessarily absolved from all responsibility for risk, compliance, and internal controls issues. Companies still need to consider whether the service provider they select is paying careful attention to issues such as anti-money laundering (AML) and know your customer (KYC) requirements. And of course, they also need to abide by any restrictions set by the Office of Foreign Assets Control (OFAC), the agency that administers and enforces economic and trade sanctions set by the US government.

Consider the following with respect to partnering with a third-party vendor:

- The company is heavily dependent on that vendor to perform careful due diligence about the vendor's resilience and responsiveness in meeting its expectations.
- Think through the customer experience in terms of accepting and issuing crypto payments and how that may be affected by vendor action or inaction.
- As part of due diligence, pay close attention to the vendor's internal controls; financial well-being; security over its operations, such as cybersecurity in conformity with accepted standards; detection of fraud schemes; and the reliability and accuracy of all conversions to fiat currency, as well as to all accounting and tax information relayed by the vendor. That also includes matters related to credit worthiness and counterparty risk. Ideally, the vendor can provide some third-party assurance about these issues, such as a Service Organization Controls (SOC 1 or SOC 2) report.
- Understand the vendor's conversion pricing and if the company is at risk of price volatility.
- Since the third party is an agent, ensuring that settlement actually occurs is still the responsibility of the company. You cannot shift all regulatory and compliance responsibility to another provider.

From the perspective of global business, there are additional considerations to keep in mind, including the following questions:

- Global licensing and regulatory requirements are constantly evolving. So, how does the payments vendor ensure it is, and remains, appropriately licensed and in compliance across the jurisdictions it serves?
- Does the payments vendor have the ability to provide technical support in a "follow the sun" model across all the jurisdictions it will serve?
- What are the potential implications of reliance on a third-party vendor for the company's transfer-pricing planning?
- How might the use of a third-party vendor affect accounting for transactions in foreign currencies?

These questions are not intended to discourage the use of crypto payment vendors. Using them may be a quick and easy path to entering the crypto ecosystem. So, the bottom line is this: Pay attention to the vendor you are selecting and consider all the potential implications of enabling crypto payments.



Enabling payments: 'Hands-on'

On the contrary, other companies currently using crypto in a “hands-on” fashion use a third-party custodian. If a company is ready to go beyond simply enabling crypto payments and intends to broaden crypto adoption within Operations and the Treasury function—in other words, to go the hands-on route—it may potentially find a significant increase in benefits, as well as in the number of technical matters to address.

To ready itself, the corporate treasury might consider several preliminary issues, including the following:

- What does the company want to achieve by adopting the use of crypto? If the goal is unclear, that can lead to scope creep and difficulty in managing risk.
- What steps has Treasury taken to acquire the necessary know-how to receive, monitor, and manage crypto payments?
- Does Treasury think the company should maintain custody of the crypto itself or outsource that to a third party?
- What measures are in place, or what thought has been given to possibly investing in crypto as a new asset class?
- What adjustments does Treasury foresee in anticipation of the eventual issuance of digital currencies by central banks?

Treasury should be inextricably involved in these decisions and the changes they require, since:

- Traditional treasury groups maintain the financing relationships for the company (e.g., banking groups, investment partners, third-party working capital providers).
- Treasury determines which types of banking and financial services—now in a potentially broader and bolder digital asset ecosystem—corporations will need.

Here are two paths a company can follow when embarking on a broader hands-on adoption of crypto:

- Use a third-party vendor or custodian to maintain custody of the crypto on a blockchain and provide wallet management services that facilitate the tracking and valuation of the crypto assets.

- Integrate crypto into the company's own systems and manage its own private keys. (Consult your legal counsel to determine whether any license will be required to enable the transmission of crypto.)

Many companies currently using crypto in a hands-on fashion use a third-party custodian. Given that tendency, we will examine this path in greater detail.

The second approach, self-custody, presents more complexity and requires deeper experience. Moreover, if the company follows this route, it will likely have greater accountability for the work supporting its transactions. That said, much, if not most, of what follows could also be applicable to companies that self-custody.

Wallets and tracking

Crypto is held and managed in digital wallets. An appropriate wallet structure is fundamental to a successful crypto treasury function. Many entities have adopted a multitiered structure whereby “hot wallets” are used as operational accounts, as opposed to “cold wallets” that are often used for holdings that do not need to be accessed until longer term. For entities with high volumes of transactions, tracking the details of those transactions can become a significant pain point.

Tracking usually entails keeping detailed records of the date and time of acquisition of the crypto, value and assigning of basis, etc. In many cases, entities have chosen to convert to stablecoins to reduce the uncertainty related to price fluctuations of traditional crypto assets. (For more on the use of these wallets and the importance of basis tracking, see [Corporations investing in crypto](#) and the “Tax treatment of crypto payments” and “Tax treatment of crypto expenditures” sections in the report.) For example, that conversion may entail moving from bitcoin to a stablecoin such as USD Coin (USDC), Gemini Dollar (GUSD), or Paxos Standard Coin (PAX). Once the swap is done, the crypto is more readily usable for traditional bank and treasury transactions. That includes disbursements or executing on-demand payments now facilitated with real-time transparency for pertinent parties, without the delays and costs of traditional wire transfers.

An additional perspective from Treasury

While cold wallets should be used for long-term storage, hot wallets are important for several other reasons. They also can help with forecasting the multiple purposes for which crypto will be put or stored. In addition to supporting immediate operational goals, hot wallets facilitate:

- Rapid payments.
- Transfer of funds in crypto.
- Short-term savings and investments that approximate the benefits of money markets.

Most significantly for the Treasury function, hot wallets provide the appropriate clarity and visibility to help Treasury determine or adjust the allocations of crypto on an ongoing basis.

Companies should be aware of their obligations to confirm they are not unintentionally enabling money laundering through foreign vendors or suppliers.

Anti-money laundering and know your customer

AML and KYC regulations have implications for users of a crypto network. That's especially true if they are accepting large payments from foreign customers. Companies need to be aware of their obligations to avoid unintentionally enabling money laundering through foreign vendors or suppliers along a complex international supply chain. In addition, since all companies must comply with the rules and regulations established by OFAC, they must be in a position to determine—or have a trusted third party determine—the sourcing of any crypto it accepts or ultimately disburses. It should be alert to sanctioned and restricted bitcoin and other crypto addresses.

Second-layer protocol risks

One area of innovation that companies should watch for is “second-layer protocols.” Simply put, these are scaling applications that sit on top of blockchain systems. They endeavor to make crypto transactions faster and cheaper. These second-layer protocols are rapidly maturing and likely will soon compete with traditional

payment systems. And, possibly, they may become more effective and preferable to the traditional payment systems in use today.

It's not unusual, for example, to find these kinds of platforms underlying systems that allow subscribers or players to purchase small enhancements or upgrades to a system or to games they may be playing. But when used in a corporate setting there is, nevertheless, some risk. The reason is that the transaction is not immediately recorded on the blockchain. Instead, in order to be recorded, a series of smaller transactions needs to be aggregated. Only after all transactions have been finalized can the net activity be settled on chain. It is during that transition from execution to recording on the blockchain that there can be room for error or manipulation by a hostile party, should they gain access to the network.

Despite these risks, the reason to use second-layer protocols is clear. With relatively small payments or transfers, from a cup of coffee to a weekly salary check, the direct settlement fee on a blockchain today may well exceed the value of the item being sold or the payment being made. With the second-layer protocols, however, transaction fees tend to be much smaller, and transactions settle faster. We anticipate there will likely continue to be innovation in both the scaling and fee economics of blockchains. That may well drive competition with traditional payment systems. Watch this space.

Second-layer protocols are rapidly maturing and likely will soon compete with traditional payment systems.

Tax and accounting considerations

Tax and accounting treatments for enterprises using digital assets depend on a number of variables. So, let's begin with a few general statements. They can help set the stage for an overview of the main questions and potential issues companies may need to address.

- Using crypto as a means of exchange, in a manner similar to fiat currencies, presents particular accounting challenges. Crypto is generally considered an intangible asset. It may well warrant adjustments or additional disclosures to P&L and cash-flow statements, among other financial documents.



- For tax purposes, the use of crypto for receiving or making payments may be treated as a barter transaction (a nonmonetary exchange of goods, services, or nonfinancial assets between two counterparties).
- The volatility of the price of the crypto, through the transaction life cycle, plays a significant role in determining the value of a digital asset. That's the case for both accounting and tax.

Tax treatment of crypto payments

For tax purposes, the value of crypto is established at the time the payment becomes fixed and determinable. That may correlate with the time the crypto is received rather than when the contract is entered. For tax, as is typically the case for barter transactions, the company must establish the readily ascertainable fair market value of the asset at the time of receipt. That value is typically arrived at by using a block explorer or value aggregator.

Here are some important considerations to weigh:

- The company must record the time and value of the crypto at the time of receipt or when the company has dominion and control.
- This information can enable the company to establish and track the tax basis for the crypto. That way it can be referenced once used or exchanged for another crypto or fiat.
- It is important to follow a systematic and rational methodology for establishing and tracking basis and for keeping detailed and appropriate documentation. This becomes critically important when under examination by the IRS, a state, or an international taxing authority.

- When the company receives the crypto payment, it must track it carefully to calculate any applicable sales tax, indirect taxes, value-added tax, goods and services tax, etc. At present, most governmental authorities only accept payment in fiat currency. Hence, the company must maintain robust documentation and an appropriate process. This can help ensure that the amount of the crypto collected for indirect tax can be remitted in fiat currency to the appropriate agency.
- An embedded mark-to-market derivative, used by the accounting department to track the value of the crypto, may or may not be recognized for tax.

Tax treatment of crypto expenditures

When the company uses crypto for an expenditure, there are typically two legs to the transaction: (1) the gain or loss on the crypto used (which may well have changed in value); and (2) the expense or payment itself. The value of the crypto at the time of the transaction likely determines what is called the "more readily ascertainable fair market value" for this barter transaction. And, as with revenue, it is important to keep appropriate documentation on how the value was determined. Again, here's what's different from using fiat currency to pay a vendor: Crypto triggers a gain or loss on the underlying asset used in the transaction. Accordingly, it's imperative that the company create appropriate wallet structures that enable segregated tranches of crypto so one can confirm which units of these fungible assets were actually used.

By maintaining segregated tranches and wallets, each with their tracked basis, the company can determine exactly which digital asset it is using and how much gain or loss it is triggering with the transaction. It is also important to determine the character (ordinary or capital) of the gain or loss triggered upon usage of the crypto.

For tax purposes, the use of crypto for receiving or making payments may be treated as a barter transaction.

Payroll

The use of crypto for payroll purposes requires several careful considerations:

- Processes are needed to track withholding taxes for W-2s properly.
- Most tax authorities don't accept crypto. The company will need to remit fiat currency for the payment of withholding taxes. That may then require additional exchange transactions (crypto for fiat currency) before remittance.
- Crypto does not generate conventional bank statements. So, provisions need to be made to capture and disclose all pertinent transaction-level detail. The company will need to supply that information to the IRS, state, or foreign tax authorities.
- Public companies have additional considerations for officers remunerated with crypto (e.g., proxy statements).

Accounting for crypto payments

As with regular business transactions, revenue recognition rules govern the accounting for digital assets received by a company as payment from a customer in return for a company's goods or services.

- When the company agrees to receive or accept consideration from a customer that is not cash, the value of that noncash consideration is determined at the contract's inception.
- Consequently, the price of the good or service that drives the recorded revenue is determined up front based on the value of the crypto. Subsequent changes in the value of the crypto do not alter the amount ultimately recognized by the company as revenue. That's the case regardless of the timing of the delivery of the underlying good or service to the customer, all in accordance with the terms of the contract or receipt of the crypto.
- However, the changes in value of the crypto asset may still require separate accounting, for example as an embedded derivative, just outside of the revenue accounting rules.

- For example, if a sports fan purchases a full-season suite for one bitcoin today, then the team may need to consider:
 - What value of bitcoin will drive the revenue recognized?
 - How is the volatility of the price of bitcoin accounted for?
 - How should this be presented on the financial statements, and what disclosures are required or needed?

The Financial Accounting Standards Board (FASB) has a project on the accounting for certain digital assets that would have an impact on how an entity holding certain digital assets, like bitcoin, would subsequently measure its bitcoin. The FASB's proposed amendments may require those digital assets to be accounted for at fair value. These changes when finalized by the FASB may affect the accounting for crypto a company holds and records on its balance sheet. The proposed amendments currently do not have changes to revenue or expense accounting related to crypto.¹⁰

Accounting for crypto expenditures

When crypto is used as payment for expenses, the single transaction has two legs: (1) the sale of the crypto and (2) the receipt of a service. That second item, in turn, is accounted for as the noncash consideration on the sale of the crypto:

- The company will have to assess whether the other party is a "customer" per the accounting rules or a "noncustomer," which will determine the financial statement line-item presentation.
- The valuation of the crypto and pricing of the transaction are set at the same time (the time at which the contract is entered into or otherwise becomes legally enforceable).



- The company will need to consider valuation of the transaction price and whether that should be based on the value of the service received or the value of the crypto asset sold. Some valuation concepts, such as fair value, even have their own accounting standard and rules. They may need to be applied and may require unique considerations when applied to crypto assets.
- If the company is exposed to price variability in the crypto asset after establishing the price/value of the transaction, this exposure may require separate accounting. Oftentimes that may come in the form of derivatives.
- If the crypto asset used in the transaction is recorded on the books at a value different from the value for which the company was able to transact that crypto asset, then that may result in realization of the value differential.

As with regular business transactions, revenue recognition rules govern the accounting for digital assets received by a company as payment.

By using crypto for payments, the company is now deploying noncash assets in a cash-like manner. What does that imply?

- The accounting department will need to flag for the tax department the realization of any gain or loss precipitated by the use of the crypto.
- The company will need to adjust its cash-flow statement for the noncash payments and provide additional disclosures to explain the accounting for the crypto transactions.

Financial statement disclosure

Use of crypto in the business is a new frontier for many companies. It may affect the company's financial results for many of the reasons discussed above. A company using crypto in a hands-on fashion should carefully consider:

- The required disclosures for the relevant accounting principles that were applied for the transactions.
- Whether the required disclosures are sufficient and adequate. Do they paint a clear picture of the company's strategy regarding its use of crypto for users of the financial statements? Can a reader of the financial statements understand the use of crypto in the business?
- How the use of crypto affects the company's cash flows and operations.
- Related risks for the company's business. That includes the impact crypto has, or may have, on the company's current and future financial results, as well as the related risks to which the company may be exposed as a result of using crypto assets in the business.

Do your company's financial statement disclosures paint a clear picture of the company's strategy regarding its use of crypto for users of financial statements?



Integrating Treasury and Operations

What kind of networks might a company need?

Treasury and Operations will typically each serve as a cornerstone to the daily use and management of crypto in the organization. If you consider the types of payments the company makes; the customers, vendors, and suppliers that it deals with on a repeat basis; and the size of the transactions, as well as the need for speed, then payment networks using crypto may be a solution for Treasury and Operations.

Consider this example: A manufacturer relies on component parts sourced from various countries. It may have contract manufacturing with third parties for some components, its own assembly in another location, and a mix of company and third-party distribution channels throughout the world. Once the manufacturer creates a network and invites the third parties to join, the costs of transacting business are very reasonable. And along the way, participants, depending on the network(s) they participate in, can benefit from:

- Linking payment to delivery of goods, thereby reducing counterparty credit risk.
- Reduced days sales outstanding (DSO), thereby supporting enhanced margin and working capital.
- Guaranteed payment delivery—all in real time—for improved transparency in forecasting and reporting.

Enhanced working capital and liquidity management

One of the recurring operational challenges that organizations face is managing their capital. That challenge is encompassed in three questions:

1. What money does the organization have?
2. Where is it?
3. Does it have access to it?

Using crypto can help solve some challenges of working capital management—notably that of “What available operational cash does the business have, and where is it?” When a company commits to a transaction with crypto, the transaction is locked until settled, typically in minutes. Since the transaction is locked, the company cannot double-spend, thereby creating an operational awareness about available cash.

When executing a wire transfer of fiat currency, money leaves one account and becomes inaccessible for several hours, and possibly days, as the transfer is executed, potentially exchanged to the desired currency, and confirmed as having been received. During that time, the receiving party may have been credited with possession of the sum but does not have access to it—in bank parlance, they are “unavailable funds,” and the sending party loses access during this “hang time.”

The result is that the company can face short-term capital imbalances as Treasury and its reporting departments await final confirmation of a transfer. Those short-term blind spots can also translate to lost opportunities and difficulties working at the business velocity now expected from counterparties in many regions of the world.

In effect, the use of crypto is like looking at a detailed radar screen. All the planes and their locations are readily visible, and the screen provides controllers and comptrollers with a complete picture.

With rigorous risk and controls management, the use of crypto can enhance the speed and transparency with which transfers, and business, are conducted.

Choosing and evaluating a vendor or custodial partner

As with [investing in crypto](#), the use of crypto requires appropriate due diligence of third-party vendors and custodians. An understanding of the broad issues begins with the various risks underlying the crypto itself. It is important for companies to grasp the potential implications of how a given digital asset operates, its terms and conditions, and the asset’s related market vulnerabilities and volatility.

From an IT angle, companies should also have a clear appreciation of:

- The blockchain systems the vendor or custodian uses to support each digital asset and network.
- How the associated governance system works, since it may have a direct bearing on the resilience of the protocol.



This type of due-diligence review can also help to identify the types of events for which companies should be monitoring and how to be prepared.

When considering specific issues related to the vendor or custodian, the company should pay close attention to the kinds of risks typically associated with the receiving or disbursement of crypto to ensure that:

- The vendor can assist or oversee the customer in inputting the correct crypto address.
- The address is not entered incorrectly or maliciously replaced by malware in the customer's browser or by a "man in the middle" attack.

Many vendors and custodians provide additional security for transaction execution and use techniques, such as a small test transaction, to confirm addresses before executing the main transaction.

Companies should then:

- Ensure the payment is sufficiently confirmed on the blockchain by the vendor or custodian before confirming receipt with the customer and before taking actions that would be difficult to reverse, such as shipping a product.
- Make certain the company staff responsible for processing and confirming the receipt of the crypto transactions is segregated from the staff processing refunds. The staff responsible for processing and confirming should not be authorized to make outward payments from those receiving crypto addresses.
- Create customer-specific deposit addresses. This can help with subsequent accounting, but it is also helpful in avoiding publicizing the company's crypto address, which may be an invitation to attackers.
- Establish with the customer who is responsible for the fees associated with processing the crypto transaction. Normally, fees would be the responsibility of the payer or customer, but the company has a vested interest in receiving a fast confirmation and not making fees a sticking point.

A leading practice for beginning to address these issues would be to obtain and review SOC 1 and/or SOC 2 reports of any potential vendor or custodian. Consider how the vendor or custodian's practices and processes align with and map to those of the company, and note any adjustments teams may need to make.



Identify your company's path and develop a road map

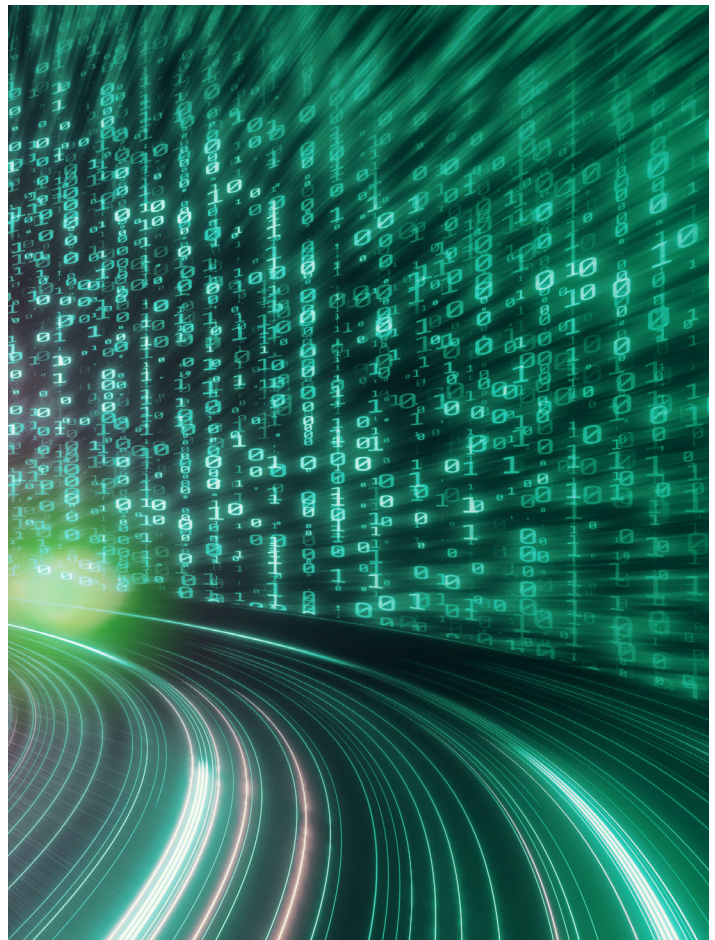
As with any technology change or upgrade, it is important to have an implementation plan. Crypto is viewed by some as a critical part of the evolution of finance. When your company chooses to engage with crypto it triggers changes across the organization as well as changes in mindset.

The implementation plan should include, but is not limited to, these types of questions:

- What is the overall strategy?
- What are the short- and long-term objectives?
- What partners, internal and external, does the company need to involve? Can leaders identify effective champions for the effort across the enterprise, in all relevant departments?
- Will the decisions and actions the company takes now allow for flexibility and scaling of efforts later?
- How can the company integrate the security needs of operating in the digital asset ecosystem with existing security and cyber efforts in the company?
- How can the company implement the introduction of crypto? Does it begin with a payments-only, hands-off approach? Or does it engage hands-on?
- What resources will the company need above and beyond those it currently has? What new expertise might it need?
- What will the implementation road map look like?
- How will the company evaluate progress as it implements? Does the company have the necessary processes in place to monitor the execution of transactions and vendor performance?
- What does the final state before launch look like?

This can be a complex endeavor. That's why, before engaging in a more robust launch, some companies have chosen to pilot the use of crypto just as they would pilot a new technology. One type of pilot is an internal, intradepartmental pilot based in Treasury, since Treasury is typically responsible for internal funding of the company and its departments and subsidiaries. The pilot can begin with the purchase of some crypto, after which Treasury uses it for several peripheral payments and follows the thread as the crypto is paid out, received, and revalued.

There are several platforms built to address inter-entity payment settlements that could help Treasury pilot such an effort. They allow for internal transfers from department to department and help ensure the real-time balancing of the company's global payment system. Some companies think of the pilot this way: It's a bit like a contrast dye that enables a radiologist to see the internal organ or tissue of a patient by making it more visible against the background of other tissues. So, too, with a crypto pilot. The piloted crypto, like a contrast dye, can help isolate and identify the potential opportunities and roadblocks to the broader adoption of crypto by the company.



Concluding thoughts

Onboarding the use of crypto and digital assets generally—with all their permutations and combinations—represents a significant commitment. It's a much bigger decision than adopting a new form of payment. Adopting crypto calls for a broad rethinking of fundamental strategic questions and how the company intends to manage operational complexities.

The good news is the introduction of crypto to a company's operations can be done incrementally. It's important that the internal and external players begin to invest the time and effort required to succeed when the company is ready to take the first steps. Everyone should engage, from the board and its committees to risk, treasury, finance, tax, accounting, operations, technology, communications, and legal departments.

Adoption will likely require new processes and controls that span departments. Engaging with crypto requires players, inside and outside of the enterprise, to adjust their thinking and get comfortable with new realities across a broad spectrum of activity. That's also why strong leadership from the C-suite is indispensable to any effort.

The adoption and use of crypto and, more broadly, digital assets, is gaining traction across industries. Customers and service providers alike are beginning to see more fully the potential benefits of crypto. So, companies should consider leaning in and examining the relevance and application of crypto to their business. And executives should be prepared to provide a clear point of view and substantiated recommendations for an appropriate course of action.

About Blockchain & Digital Assets at Deloitte

At Deloitte, our people work globally with clients, regulators, and policymakers to understand how blockchain and digital assets are changing the face of business and government today. New ecosystems are developing blockchain-based infrastructure and solutions to create innovative business models and disrupt traditional ones. This is occurring in virtually every industry and in most jurisdictions globally. Our deep business acumen and global industry-leading Audit & Assurance, Consulting, Tax, and Risk & Financial Advisory services help organizations across industries achieve their various blockchain aspirations. Learn more at deloitte.com/us/blockchainanddigitalassets.



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