# DOCSTUDIO as Distributed Document Ledger

Using Blockchain ledger technology for providing documents immutability and notarization



# **Challenge: Document Existence and Integrity Verification**

- Companies often face the challenge of securely establishing document existence.
- Traditional methods involving notaries or witnesses can be time-consuming.

However, now there is a better solution: Blockchain and Document Ledger Technology (DLT).

# Key Benefits:

- Irrefutable proof of document existence at specific moments in the past.
- Assurance that the document's content remains unchanged since creation.

# **Understanding Blockchain**

- → Blockchain (with capital B): A distributed database established on a global network of over 100,000 enthusiast hosts.
- → Used for recording data about transactions involving Bitcoin and various cryptocurrencies.

# **Key Features**

- → New blocks of data (known as "The Block") are posted every 10 minutes.
- → Each block can contain approximately 2000 records of BTC or other cryptocurrency transactions.
- → The first block, known as the "Genesis Block," was posted on January 3, 2009.
- $\rightarrow$  Currently, there are approximately 792,900 blocks (as of June 21).

# Short Text Messages on the Blockchain

- $\rightarrow$  "OP\_RETURN" allows the posting of very short text messages.
- → Messages can have a maximum length of 80 bytes.



# How can we use this?

Utilizing Blockchain: Document Fingerprinting with Hash Values

Limitations of OP\_RETURN message size make it unsuitable for posting substantial documents.

The ideal alternative is to post a document's fingerprint, known as a hash value. Hash value is a compact and fixed-size representation of a large amount of data.

**Hash Value** 

Any changes to the original data will result in a different hash value. Hash values can serve as a digital equivalent of notarization.

Analogous to Notarization

Publishing the hash value does not make the original document content public.

#### Confidentiality and Flexibility

Documents can be digitally notarized while keeping their content confidential.

The original document can remain unpublished until the need arises.

In summary, by utilizing hash values on the Blockchain, we can establish document authenticity and integrity without revealing the document's contents, providing a secure and flexible digital notarization solution.

# Maintaining Immutability on the Blockchain

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Interconnected Chain:

All interchanges within a block and across blocks are intricately linked together

#### Insurmountable Challenges:

Attempting to manipulate the Blockchain requires re-mining all hashes from the point of alteration to the past.

This demands an immense amount of computational power and time, rendering it infeasible and easily detectable.

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#### Uncompromising Integrity:

The Blockchain's structure and consensus mechanisms make it highly resistant to tampering or unauthorized modifications.

Immutability is achieved through the distributed nature of the network and the computational cost of altering the Blockchain.

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#### **Immutable Nature:**

Removing interchanges only affects the local node, creating a "broken chain."

Other 100,000 nodes globally preserve the original interchanges, ensuring chain integrity. We like to call hash as fingerptrint.

Like all people have their unique fingerprint

"Hash" is a cryptographic function that converts a string of characters of any length (100 bytes, 1MB, 1GB, 1TB) into a unique output, or hash, of a fixed length

The essentials are as follows:

Few words about "Hash"

- Hashing is a one-way method for cryptographically encoding data (the term "one-way" means that the original input cannot be reconstructed from the hash).
- It produces a fixed-length output for any input.
- The same input will always produce the same hash.
- The most popular algorithm used today is SHA-256.



# Hash samples made by SHA256 function

| Input   | Output   |  |
|---|--|--|
| hello   | 2CF24DBA5FB0A30E26E83B2AC5B9E29E1B161E5C1FA7425E73043362938B9824 |  |
| Hello   | 185f8db32271fe25f561a6fc938b2e264306ec304eda518007d1764826381969 |  |
| Hello!  | 334d016f755cd6dc58c53a86e183882f8ec14f52fb05345887c8a5edd42c87b7 |  |
| It's a good day<br>to HODL.                           | 6B89D5D4AD6A3364410DD9BAB95FD250EF4A663D9D3C47CBD7388535A5912E03 |  |
| The entire novel<br>Bleak House by<br>Charles Dickens | 4F144CC612CA27E2DD6DFD6663F68BABC3B758D602B5102BF14E717E823EB741 |  |

You have to save hash for this document (and document itself) somewhere. Whenever later you may use the same hash function and if document wasn't changes, hash value will be the same.

| Md2    | a9046c73e00331af68917d3804f70655   |  |
|--------|--|--|
| Md4    | 866437cb7a794bce2b727acc0362ee27   |  |
| Md5    | 5d41402abc4b2a76b9719d911017c592   |  |
| Sha1   | aaf4c61ddcc5e8a2dabede0f3b482cd9aea9434d   |  |
| Sha224 | ea09ae9cc6768c50fcee903ed054556e5bfc8347907f12598aa24193   |  |
| Sha256 | 2cf24dba5fb0a30e26e83b2ac5b9e29e1b161e5c1fa7425e73043362938b9824   |  |
| Sha384 | 59e1748777448c69de6b800d7a33bbfb9ff1b463e44354c3553bcdb9c666fa90125a3c79f90397bdf5f6a13 de828684f                                    |  |
| Sha512 | 9b71d224bd62f3785d96d46ad3ea3d73319bfbc2890caadae2dff72519673ca72323c3d99ba5c11d7c7acc<br>6e14b8c5da0c4663475c2e5c3adef46f73bcdec043 |  |
| Crc32  | 3d653119   |  |
| Crc32b | 86a61036   |  |

# Basic concept. Small exercise



| Link to the file         | MD5 Hash                             | MD5(CurHash+Prev<br>Hash)            |
|--------------------------|--------------------------------------|--------------------------------------|
| https://s3.my.com/D1.pdf | 6582b48e3f323b43<br>1ca8255ed610c262 | 6582b48e3f323b431<br>ca8255ed610c262 |
| https://s3.my.com/D2.pdf | 83c9ca1abfd764eaf<br>831c3c2bea15719 | 37468fcd8d1fa9985d<br>99f709c750c800 |
| https://s3.my.com/D3.pdf | f891a09eed789d9e<br>adc62909cc5458f4 | cee21a9e1151c5556<br>4b71fd3e5b676b1 |

Why does it matter?

Hash functions make it virtually impossible to generate the same output from two different inputs.

## Verifying Document Integrity:

- Share the hash with a trusted person without revealing the actual document.
- After a specified period, such as 10 years, ask them to verify if the document remains unaltered.
- The trusted person recalculates the SHA-256 hash for the document and compares it with the original hash provided.
- This serves as proof of immutability but not as proof of existence. If the hashes are equal, it confirms that the document hasn't been altered by anyone, including yourself.

#### Proof of Immutability vs. Proof of Existence:

The hash verification serves as proof of immutability, confirming that the document hasn't been altered.

However, it does not provide proof of the document's existence, only its integrity.



## **Blockchain Mechanics**

## **Network and Fees:**

- Blockchain operates through a network of enthusiasts.
- Posting an OP\_RETURN message requires a fee of approximately 0.0002 BTC (\$5), leading to potential charges for companies with high document volumes.

### **Interchange Process:**

- OP\_RETURN interchanges enter the MEMPOOL for inclusion in the next block, posted every 10 minutes.
- A reward must be provided to miners for processing the interchange, typically within 10 minutes.

## **Prooflink for Data:**

- Once posted, a permanent prooflink is generated, providing a verifiable record.
- Example prooflink: <u>https://www.blockchain.com/explorer/transactions/btc/b48e6f03f0dba6e9ad0d8a14b4c5</u> <u>9269e69f6220764f7a4476d9df26220de95b</u>

# **Blockchain and Alternatives**



This is where the Blockchain network comes, serving as a distributed database or distributed ledger, but it has certain limitations:

- 1) Each record can only hold a maximum of 40 bytes.
- 2) Posting each record comes with a significant cost, ranging from \$10 to \$50.
- 3) The maximum speed of the global Blockchain network is limited to 10 interchanges per second.
- 4) There is a waiting period of approximately 10 minutes before a message (transaction) gets published and confirmed on the Blockchain.

### Problems arise due to these limitations:

- Storing all data on the Blockchain is not feasible; only hashes, evidence, or fingerprints can be posted.
- 2) Even posting only hashes incurs expenses and is a slow process.

# Solution: Trust through a Secondary-Level Ledger



The Blockchain network is a powerful solution, serving as a distributed database or ledger.

**Approach:** Submit global Blockchain hash-records daily or at specified intervals.

Theoretically, data manipulation is only possible until the hash, which depends on the documents, is posted to the public Blockchain.

# The Second Layer Ledger: Cost Optimization



**Concept:** Create an internal chain of blocks with hash values for a large document collection

**Key idea:** Selectively post every N-th document to the blockchain within the chain

**Challenge:** Trusting the blockchain if we can modify it by adding new documents and recalculating hashes

**Solution:** Publish the super-hash in a public location beyond our control to prevent deletion or alteration

# How can we achieve this in DocStudio?

You have the option to create a template for any desired document, and within the processing flow, you can include a user named "Blockchain Bot."



# How can we achieve this in DocStudio?

When the processing flow for an envelope, created from such a document, reaches the Blockchain Bot, the hash of the document (in XML/JSON or PDF format, or both) will be directly posted to the Blockchain or transmitted through a so-called Second Layer Ledger.



# How can we achieve this in DocStudio?

Within approximately 10 minutes, a new document called "The DocStudio Blockchain Certificate" will be generated in the same envelope. This certificate will contain a permanent Blockchain link along with a few other relevant data points.



# **Variety of Blockchain Platforms**

The world of blockchain encompasses a diverse range of platforms, each utilizing different software but sharing similar approaches. These platforms are accessible to the public, but it's crucial to recognize that they all have their respective limitations.



# **Thank You!**



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