

Case Study

DUBOIS ET FILS: VINTAGE MOVEMENTS TOKENISED ON THE BLOCKCHAIN

Web3 solutions need not be executed on an industry-wide scale. A small Swiss brand has custom-built itself a blockchain as a ledger for traceability of its watches and a large stock of vintage movements.

Swiss watch brand DuBois et fils was founded in 1785 in Le Locle. When watch industry veteran Thomas Steinemann took over in 2010, he set out to build a digital-first company to serve a direct-to-consumer business. The new owner launched a digital shareholding programme to raise capital when crowdfunding was still an unorthodox concept for luxury brands. Along with it came a paperless system for managing investor relations with its more than 1,000 shareholders from 31 countries. Last year, the Basel-based independent brand broke new ground by adding a bespoke blockchain to its digital repertoire.

Steinemann needed a blockchain to tokenise a large warehouse of over 200,000 new-old-stock Swiss movements from the last century. The idea was to manage these vintage movements sustainably and securely as valuable assets over the long term. Recording them on the blockchain not only adds value to each of them with a non-fungible token (NFT), it also provides a financing opportunity for consumers. The concept is a first in the watch industry. The company uses NFTs commercially to fund its movement stock throughout the movements' life cycle, including once they are fitted in watches. The buyer of the token owns the rights to the physical asset. The movement stays in the DuBois et fils warehouse. When it is used in production, the buyer can choose to purchase the limited-edition watch fitted with this movement, at a discount, or sell it back to DuBois et fils for a profit.

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All contract executions are recorded with the NFTs, and the history can be tracked on DuBois et fils own proprietary blockchain. Steinemann founded a software development company, Swiss Value CHain GmbH (SVCH), to custom-build a system to which it would own the intellectual property rights. "We wanted to have control of the NFTs. For us, it is important to know that the blockchain is sustainable going

forward," says Steinemann. In addition, given that transaction 'gas fees' for leading blockchains are notorious for fluctuating wildly at any given moment, he adds: "We also want to have control of the transaction costs."

SVCH uses a new generation of open-source blockchain that promises high performance, proof processes, security, energy consumption, and interoperability. "We already have requests for tokenisation for other purposes such as financing start-ups and football clubs," says Steinemann. For now, DuBois et fils needs to tokenise the next 80,000 movements for its investors. ♦