From hype to reality: Turning talk on blockchain into implementation

Blockchain has been touted as one of the most revolutionary pieces of technology since the invention of the internet. While hype continues to pick up speed, the most innovative organisations have moved beyond talk and are actively deploying pilots leveraging the technology into supply chain and logistics networks.

In highly publicised examples, retail giant Walmart has announced that it is leveraging blockchain to track and trace the origins of mangoes within its supply chain. Shipping firm Maersk meanwhile has said it is using the technology to streamline and secure international shipping. Many logistics leaders, including UPS and FedEx, are actively participating in BiTA, a new industry consortium working to standardise blockchain implementation in the freight industry.

Blockchain creates a single, collaborative system of records among partners. This shared source of truth promises to eliminate trivial disputes, simplify the audit process, and reduce costs.

As an example, when it comes to auditing it is expected that the technology will help shine a light on irregularities between contracted terms, performance, billing and payments, ensuring every partner is held accountable – and gets paid – quickly and accurately. Examples include making it easier to move and track international shipments for all stakeholders, aggregating and sharing disparate data, and moving away from paper-based processes.

The result: improvements to critical metrics such as total shipping costs, the landed cost of goods, product quality and regulatory compliance.

Making the shift

For those thinking about how they could implement blockchain, the path to integration must start with a change in mentality – especially around how organisations think about data and performance.

Today, many companies are worried about sharing data and are pushing to keep data proprietary. The perception is that the value is in the data itself, so companies look to safeguard it at all costs.

The reality: data is just data. Value is created from how data is used. When you share information among partners in a collaborative environment, such as a blockchain, everybody's understanding starts to increase and you open up opportunities for the business start making better, more informed decisions. The networks of companies that collaborate in the best manner will have a significant advantage over traditional, siloed data partnerships.

Consider a typical international shipment. Traditionally, critical event data such as location and package scans are kept confidential and in silos proprietary to each partner. When problems occur – for instance a box of drugs dropping below a critical temperature level during transit – the parties will spend months auditing the various data points or documents held by every party.

This is time-consuming and expensive. On the other hand, if all the data is being aggregated and shared, as events occur, every party gains visibility – that they can trust – into exactly what happened, and when. This collaborative record of events eliminates most, if not all, of that costly and inefficient audit process companies use today. A simple change like this can reduce the time it takes to manage supply chain disputes from hundreds of hours to less than a single hour.

The foundational shift to a collaborative approach for a group of business partners is far easier said than done, however. Blockchain integration requires finding an entire network of like-minded partners. Getting multiple partners on the same page and leveraging the same technology and similar processes is a significant challenge. It is not a change that will happen overnight, but we are seeing more openness in our customers by the day, which encourages me.

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