
Blockchain ePODs “can help eliminate supply chain cashflow bottlenecks”

2017/12/27 15:51 στην κατηγορία INTERNATIONAL

OpenPort wants to eliminate Asia’s US\$1trn road freight black hole with its blockchain-enabled electronic proof of delivery (ePOD) solution.

The Hong Kong-based digital logistics company has released a white paper detailing how the technology can help overcome the biggest challenges facing modern supply chains.

It says: “OpenPort has identified the greatest business problem in our industry to be the constraints of paper and the need for secure, timely data to drive cash flow from retailer to brand owner, and brand owner to transporter.”

OpenPort estimates the outsourced annual spend on trucking in Asia at around \$150bn – greater than on both air and ocean freight.

“The world’s largest FMCGs are paying for this through a manual process that is weighed down by a slow cash flow process, lack of visibility and procurement inefficiency,” said the company

“Adding to this challenge, paper-based proof of delivery exacerbates payment disputes, delays both the invoicing and payment between retailers, brand owners (shippers) and transporters and impacts overall customer service.

“This is easily a \$1trn business problem, as part of Asia’s \$6trn annual retail sales market.”

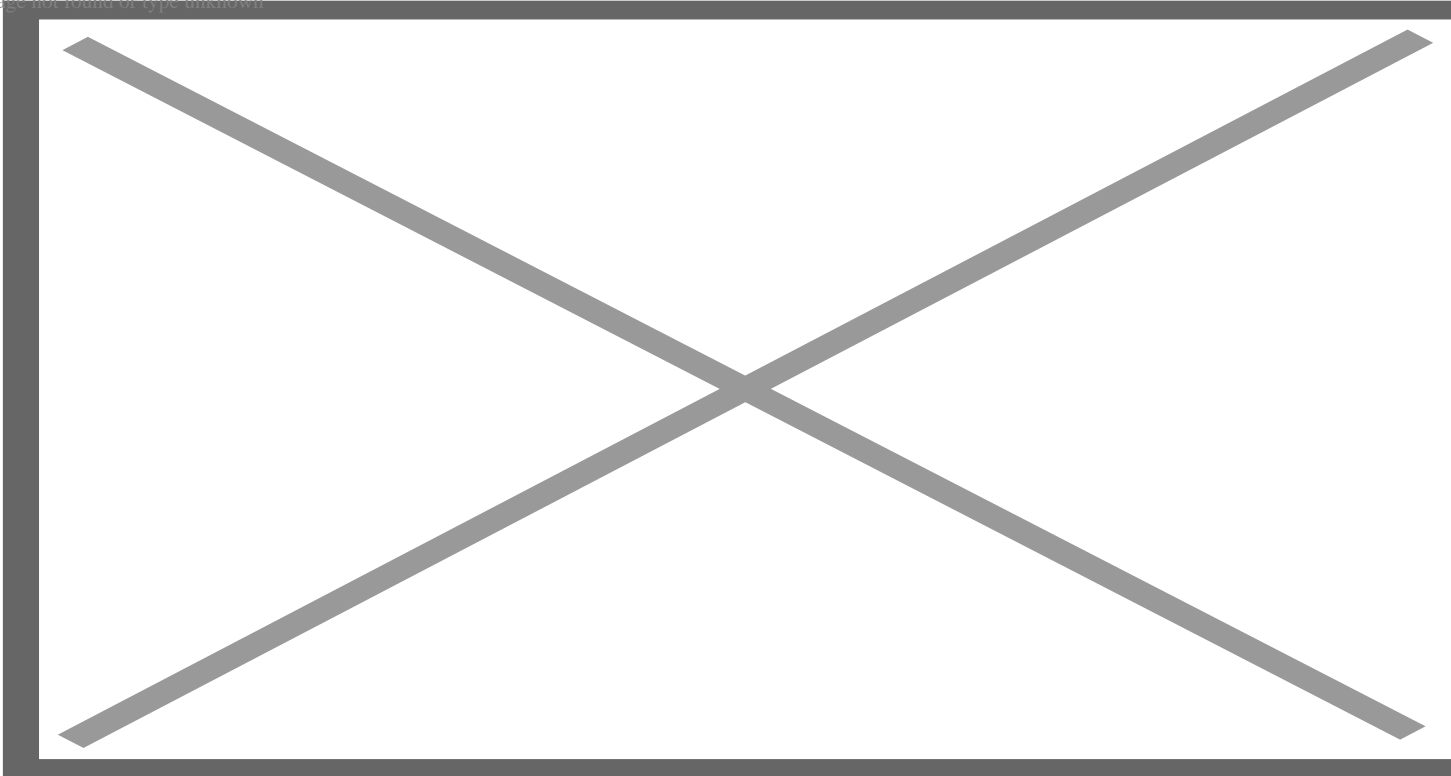
OpenPort’s solution is “an immutable” electronic proof of delivery (ePOD) providing an indisputable record of the freight’s history, linked to a blockchain-created digital agreement, or “smart contract”.

It claims: “Digital payment via OpenPort token (OPN), made on fulfilling the conditions of the smart contract and successful ePOD, will drastically accelerate the payment cycle, to the benefit of all parties.”

As with other blockchain applications, a key benefit of ePOD is to eliminate intermediaries. In OpenPort’s case, this means using blockchain to transmit orders,

letters of credit, bills of lading and delivery receipts without the use of bonded couriers.

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Logistics applications of blockchain are gaining traction, with the revolutionary technology appearing to have come of age this year.

Some analysts argue that bitcoin's meteoric, 20-fold price rise, hitting a record \$17,428 last week, is evidence that blockchain's distributed ledger technology is set to disrupt whole swathes of industries.

In container shipping, IBM is working with Maersk Line to develop a blockchain solution to help streamline the sector's enormous paper trail; 300Cubits has created a cryptocurrency to solve the \$23bn 'booking shortfall' problem; and liner agency and freight management company Kestrel is using blockchain to manage its SOLAS requirements.

Listed on the Australian stock exchange, software start-up Yojee is using blockchain and AI to optimise freight movements and develop a new type of "collaborative economy" logistics model. Yojee's share price surged 450% in 2017.

"The applications for blockchain technology in the supply chain are immense, and we are only beginning to see the ways in which it will shape the supply chains of the future, as early prototypes and pilots are rushed to market by some of the world's largest companies," said OpenPort.

OpenPort co-founder and chief executive Max Ward told The Loadstar that blockchain would be the “great equaliser for supply chain participants”.

He added: “Dozens of individuals interact with a shipment over the course of its journey, but rewards are distributed in a very opaque fashion.

“A truly comprehensive network – the kind we envision for the future – will allow every participant to engage by actively sharing information about the shipment, information that is tied to their identity and for which they can be directly rewarded, as in our micro-rewards scheme for truck drivers using our mobile app.

“Incentivising information-sharing strengthens the value of the network to everyone’s benefit,” he said.

(Sam Whelan, The LoadStar)