

A photograph of a person's hands using a laptop and a smartphone. The person is wearing a dark suit jacket and a white shirt. The laptop is open, and the person's left hand is on the keyboard. The smartphone is held in the right hand, displaying a network of icons. The background is a light-colored desk. Overlaid on the image are various digital icons, including a globe, gears, and a network of people icons connected by lines.

An iBridge Point of View

# Should You Hop on the Blockchain Bandwagon?

Learn how blockchain can facilitate contract management, financial transactions, supply chain management, and HR processes.

## What Is Blockchain?

While Bitcoin is the poster child of blockchain, the technology goes beyond cryptocurrency.

Blockchain refers to an all encompassing technology that creates a digital ledger. It does so by integrating data from various platforms and enabling independent parties from all over the world to share data across a network.

It's a peer-to-peer network made up of "blocks" of data distributed to users around the globe. These data blocks may contain information, depending on the application of the blockchain.

The digital ledger works on consensus algorithms, which means the majority of users need to verify each transaction. It removes the reliance on external or internal resources (i.e., the middleman) to validate the authenticity of the data or record, thereby reducing the time and cost of a transaction.

Because no data is stored by a single user or in a single location, it's much harder for hackers to breach the database. Meanwhile, an entry verified and finalized by a majority of users is permanently registered so users can know when someone has tampered with a block.

## How Organizations Are Benefiting from Blockchain

Critical tools used in business operations (e.g., contracts and transaction records) and the bureaucracies formed to manage them are lagging behind in today's business environment where digital tools have changed the pace and expectations of how things are done.

Blockchain is becoming a vital component of digital transformation by increasing the speed and cost-efficiency of many essential business operations. Here's how organizations are leveraging blockchain technology:

### Smart Contracts

Businesses can use blockchain technology to create smart contracts that remove the need for third-party administrators and evaluators. Smart contracts are executed by running a computer code on top of the blockchain in which the parties have set predefined rules. Once the rules are met, the agreement is considered as completed and enforced automatically.

This automation process facilitates the execution and enforcement of contracts, especially complex arrangements involving multiple parties. It can reduce the cost of negotiation, enforcement, and evaluation while offering a high level of transparency, security, and tamper resistance. Using smart contracts also minimizes third-party involvement while eliminating errors and delays that are common when numerous documents need to be reviewed and processed manually.

For example, AXA, an insurance provider, is using smart contracts to implement and enforce its flight delay insurance policy to streamline the approval process without compromising accuracy.





### Financial Transactions

The finance industry and the finance function in organizations are using blockchain extensively to increase the transparency and security of many transactions.

Here are a few common applications:

- The use of digital payments in the form of cryptocurrency offers high levels of security and incorruptibility, thanks to blockchain technology's record-keeping capabilities.
- Blockchain is used for identity management of banking clients and real-time fraud detection to prevent breaches and minimize losses.
- When one financial institute uploads the KYC (Know Your Customer) data of a client onto the blockchain database, other banks can access the record, reducing the time needed to redo the process.
- Automating complex business rules can help institutions remain compliant with various industry regulations without the need to manually verify transactions.

- Financial products based on crypto currency can facilitate cost-effective cross border payments.

### Supply Chain Management

Today's supply chains are comprised of highly interconnected and interdependent activities dispersed across the globe. A single error in one step could lead to a domino effect that could cause significant delays and losses.

Using blockchain offers real-time tracking of all activities, improving transparency and accountability to ensure that processes are both on track and on budget without the need for manual data updates.

For example, smart contracts are used in supply chain management to manage payments made to suppliers. By simply feeding the business rules to the blockchain technology, you can automatically monitor the progress and verify the fulfillment of the contract.

Walmart is using blockchain to improve the efficiency of its supply chain. Meanwhile, Maersk is applying the technology to increase the transparency of international trade activities, such as the safe exchange of supply chain documents.

## Human Resource Management

Blockchain is also used by organizations to increase operational cost-efficiency in managing talent acquisition and payroll. A virtual ledger can help verify a candidate's credentials so HR can tap into a larger database instead of relying on resumes and references alone.

For example, a candidate's education or employment record will be available on blockchain even if a school has shut down, or a past employer has gone out of business. A former employer can leave feedback about an employee on a blockchain so future employers can make an informed decision.

In addition, blockchain technology can streamline payroll management, such as enabling digital payments. HR can automate complicated payroll processes to minimize delays and the cost of third-party services.

This will not only improve the employee experience but also make running a business across borders more cost-efficient.

### **Implement Blockchain Technology for Your Organization**

There are many considerations when implementing blockchain technology in your business. To ensure success, you need to first

understand the unique characteristics and benefits of the technology and develop a business case for its use.

Then, carefully choose the blockchain type based on your business objectives. Next, build an ecosystem with specific rules of participation, and a risk management and control framework. In addition, you need to design the application so it fits into your existing processes, accounting for concerns such as privacy implications, cybersecurity, and compliance.

One of the best ways to navigate this new landscape is to work with a reputable and experienced partner that can help you design and implement blockchain technology as part of a digital transformation strategy, so it works seamlessly with your business model.

Here at iBridge, we offer consultation and installation services on blockchain technology to clients in healthcare, legal, manufacturing, utilities, education, finance, and more to improve their operational cost-efficiency and advance their digital transformation.

Get in touch to see how we can help your organization design and implement a successful blockchain strategy.



