



# Blockchain

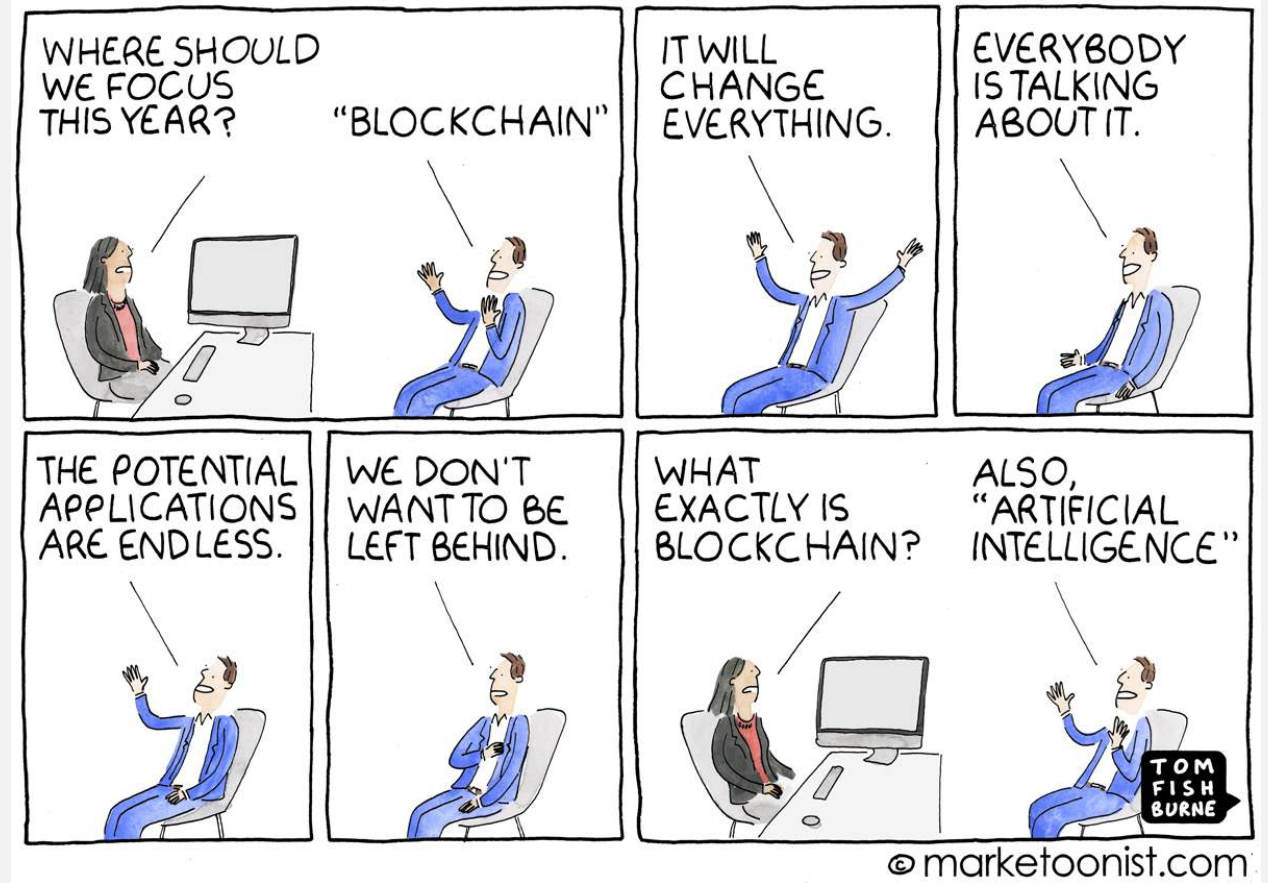
Myth or Reality?



SMART Horticulture Asia  
Hong Kong, September 2018

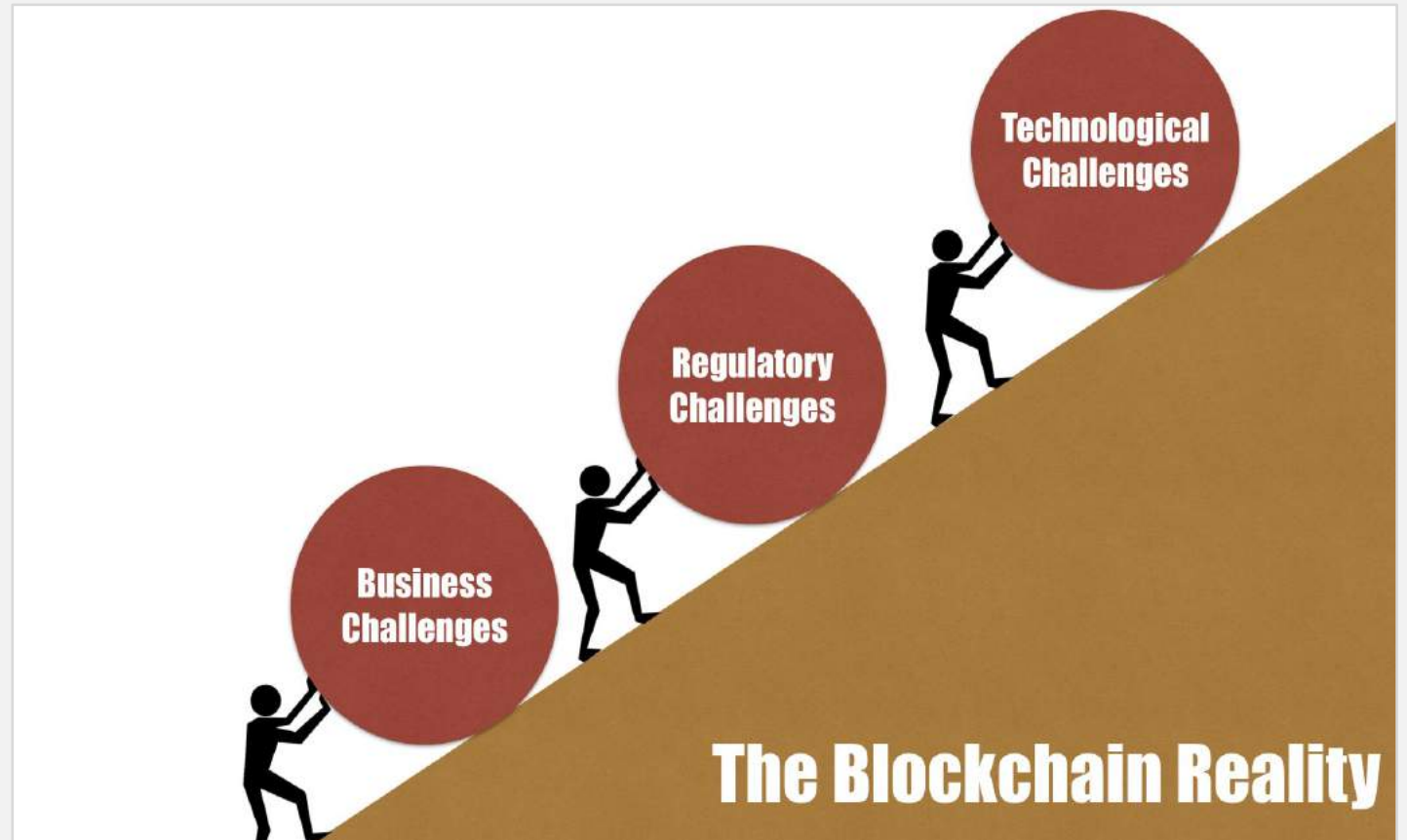
# The Most Common Myth

- Blockchain will change everything about business transactions.



# The Reality I

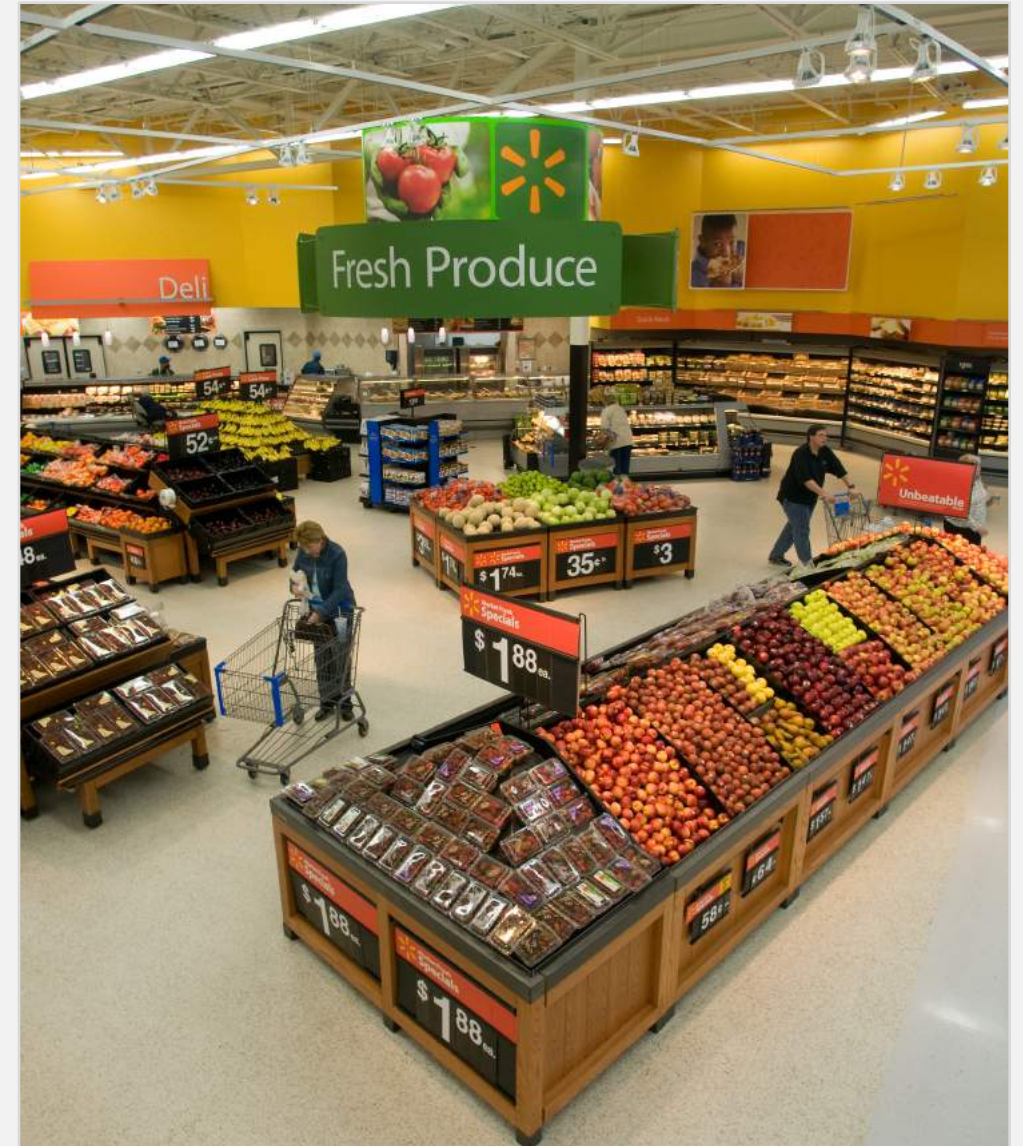
- Blockchain comes with many challenges





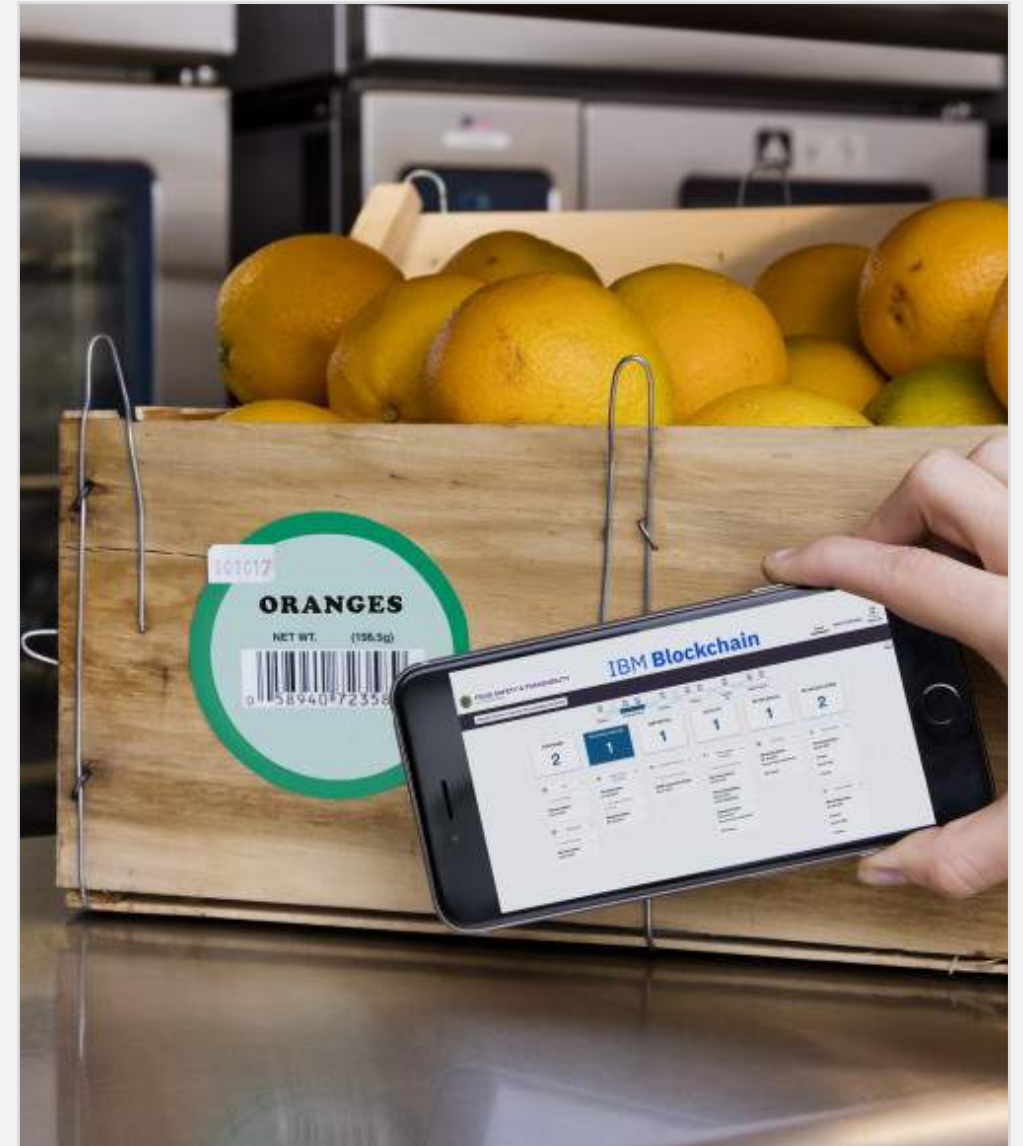
# The Reality II

- Blockchain will be very much a reality in the fresh produce industry as our supply chain dynamics and food safety will benefit from secure verification and transaction records.



# Key Produce Industry Benefit

- Being able to take traceability towards **transparency**



# Traceability - Conventional

- For traceability to work, supply chain partners need openness and willingness to share data.
- If just one supply chain partner is not convinced, traceability will be compromised.
- Supply chain partners rely on active co-operation





# Transparency - Aspirational

- Transparency equates to instant illumination.
- Every block added to a data chain is visible to everyone who has access to the data chain.
- Blockchain technology enables process automation.
- Data blocks are virtually incorruptible.



# Adaption Required

- The way existing business is being conducted will have to be adapted.
- Data pipelines that run along produce supply chains must be running at least at the same speed as the product itself.
- Providing data prior to supplying product becomes the norm.
- Data management further increases in relevance.





# Change

- Without change, true transparency will continue to evade us.
- Mindset, therefore, has to be the starting point.
- As long as the mind continues to be constrained by traditional business paradigms, technology cannot contribute to improving and future-proofing business.



**“If we can change our altitude  
we can change our attitude.”**

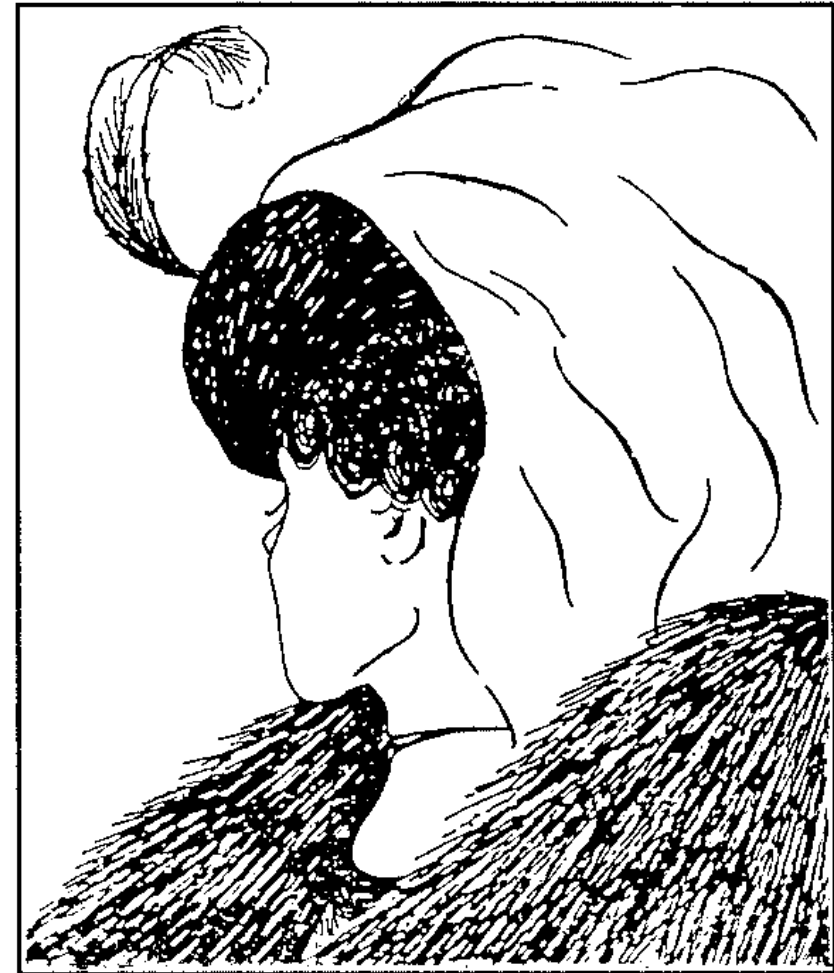
# A Clear Direction

- If, and only if, reconceptualised business models can get underway and are sustainably maintained, blockchain technology will have a reasonable chance of heading in the general direction of ultimate transparency
- **And what does that mean?**



# It means

- The need for a common data architecture
- A more structured procurement strategy
- Paradigm shift in the area of supply chain rewards



**What do you see?**  
**By shifting perspective you might see an old woman or a young woman.**



# The Need for a Common Data Architecture

- FMCG food blockchains will be built on underpinning data exchange standards.
- The produce industry is an integral part of the FMCG industry.
- The FMCG industry's preferred data exchange standard is based on GS1.



## 3.2.2 Label on Pre-packed Consumer Unit (Variable Weight)

Figure 3-5 Example



Identification / GS1 Data Carrier	Information on the label
GTIN + weight in GS1 DataBar Expanded or Expanded Stacked	Human Readable interpretation below each barcode (HRI)  ✓ Remark Regulatory requirements may apply to labels used on item (e.g. country of origin). Please refer to your local regulatory requirements  ✓ Note In some target markets RCNs are still being used while being phased out. Please refer to your local MO for additional instructions.

## 3.2.3 Label on Non Pre-packed / Loose Piece

Labelling a non-pre-packed/loose piece is not a general requirement, but is done based on business / customer requirements.

Figure 3-6 Examples



# Procurement Strategy

**Successful future produce buyers will use language such as:**

- Strategic procurement
- Sustainable relationships
- True supply partnerships
- Value

***And not:***

- Opportunity buy
- Today's market price
- Playing off suppliers
- Cost



# Paradigm Shift

- Any gains made within the supply chain must be available to all supply chain participants.
- Adopt channel-spanning performance measures to gauge collective success in reaching the end-user effectively and efficiently (Anderson et al., 1997).
- 7<sup>th</sup> Principle of Supply Chain Management





# Conclusion

- Blockchain technology will impact on aspects of how our industry works.
- The extent to which we can derive sustainable benefits from Blockchain technology is linked to our willingness to truly embrace the value chain concept.
- This means we will have to adopt new behaviours that are based on the need for strategic change.



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