**TRENDING/BLOCKCHAIN**

# Why Blockchain Needs to be Part of Your Supply Chain Strategy

*Renée Ure, Vice President, Global Supply Chain for Lenovo*

If business is about creating customer value, then the supply chain is about delivering that value to the customer in the most efficient and effective manner. At Lenovo, we work with numerous component manufacturers and suppliers to produce our servers. We enter into an agreement with each of them to ensure transparency, visibility, and accountability for the business transacted. Then, we trust each other to follow the terms of our agreement. Trust is at the center of any supply chain process. The efficiency and effectiveness of a supply chain relies on it.

Blockchain technology strengthens the supply chain by hardcoding that trust with security, bringing reliability with better asset management, and optimizing manual work – by saving hours of labor spent on reconciling accounts and settling disputes.

People want to know where their servers were built, understand what components are in those servers and how those components were manufactured. We do keep records of these and our customers can access them. What blockchain does though is to wrap the information in a security blanket so that no one can hack, alter or destroy it. If a customer wants to check it after 20 years, the integrity of the information will be sound.

## Reliability through better visibility

My teams spend considerable time tracking assets at different stages of production and shipment. We are working on a use case for blockchain with one of our clients for whom we produce servers. With this, my team would always know the asset location from the moment it's shipped to the customer. Not only that, but they would also know what components went into it, their production dates, serial numbers and all the information to help us track the asset and its health in the future.

All of this information resides in the blockchain, giving visibility to both the parties involved. Even if people in either company change, the information remains secure, enabling a more reliable application for asset management and maintenance.

## Optimizing manual labor and efficiency

How much does the manual labor that goes into all the paperwork in supply chain operations cost a company? If you are talking multiple large deals, the paperwork will cost you hundreds of thousands of dollars a year. At Lenovo, we see a potential to save millions of dollars by eliminating unnecessary paperwork by using blockchain.

There is also the perennial problem of reconciling accounts receivables and payables. The amount of time, human intelligence and intervention that goes into resolving disputes is considerable. With blockchain, you minimize the work and time that's wasted on these today.

In a nutshell, blockchain technology improves:

- Visibility

- Trust

- Efficiency

- Reliability

- Transparency

These improvements to business operations will result in huge cost savings and positively impact the customer experience. To me, that's a recipe for success.

## The ethical dimension of blockchain

There are other benefits to society at large. For example, in the computer industry, the use of child labor by component manufacturers is a concern. The introduction of blockchain could have resolved this problem effectively long ago.

If I dictate in a blockchain contract that no part of our products should be produced using any form of child labor, blockchain eliminates all chances of overruling this condition. It makes it mandatory for a supplier to prove that children were not employed in the process. With blockchain, we can ensure our supply chains, products and services are ethical.

## Where should you begin on the blockchain journey?

To get started with blockchain, you need to be nimble as a company and receptive to adopting new technology. Bureaucracy makes decision making tedious and ineffective. More than the technology itself, it's people's attitude towards technology that matters.

Then, you need a reason for wanting blockchain. You should be able to answer what problems it can solve for your supply chain organization. Is it efficiency or transparency or something else? Like any technology intervention, if there is no clear purpose, perhaps it is not yet necessary for your company.

The next step is to find partners who want to explore the advantages with you, even if that is for a proof-of-concept (PoC) execution. There are some things you can't do alone.

Then comes the task of choosing the right blockchain vendor. There are a few out there but it's important to evaluate which ones can help you with your specific requirement. From there, it's easy as getting the coding done and it doesn't take long.

But the most important exercise for leaders starts after this. I call it peeling back the onion. The blockchain PoC should answer questions around what's working and what's not. You will need to first determine if it has served the very purpose you were trying to use it for. If it was efficiency, did it make the process efficient? Was it transparent, can you trust the information and how does it compare to when it's done without blockchain (this is important)?

You should also assess your vendor strength – was the application reliable, did it stay up or go down during implementation and are both parties happy with the transparency? You are ready when you have answers to these questions.

## Blockchain has a bright future

Blockchain will be a key differentiator for Lenovo. I believe we are one of the few supply chains in the industry that is moving very quickly to get ourselves enabled on: single

blockchains or consortium blockchains.

In addition to this, we're looking at areas we can use a supply chain blockchain and sell that as an offering. This is exciting for supply chain folks who are 'execution animals' and not necessarily looking to monetize the things we do each and every day.

Along with my involvement with Lenovo's blockchain initiative, I'm on the board of the group called Supply Chain Leaders in Action (SCLA). At our conference this year, we held a super session dedicated to blockchain. These developments tell me acceptance for the technology is on the rise. There's far less ambiguity surrounding the application of blockchain. Blockchain and your supply chain are a perfect partnership with a bright future. I'd love to hear your feedback or questions regarding this game-changing technology.

### Renée A. Ure

Renée A. Ure is currently Vice President, Global Supply Chain for Lenovo and leads a global organization responsible for Planning, Procurement, Fulfillment, Operations, Manufacturing, Logistics, and Engineering for Data Center Group. Since joining Lenovo in 2017, Renée has been focused on driving the digital transformation for supply chain while strengthening the organization with new skills and vitality. Renée holds a Bachelor of Science degree from Babson College in Wellesley, Massachusetts, with a concentration in finance and investments.

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