

Trends in Blockchain Procurement



This knowledge byte shares some of the key trends in Blockchain Procurement in 2018 and has been shared by CIPS member Rav Sharma (MCIPS) in Australia.



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Trends to watch out in Blockchain Procurement!

Recent emergence of cryptocurrencies has brought, a not so old, concept of blockchain technology back to the forefront of world. Industries and businesses around the globe are desiring to harness blockchain to effectively and efficiently tackle business problems with unequivocal accuracy, assurance and without the need of intermediaries.

Procurement, often a very complex business function, requires high degree of consensus management among key internal and external stakeholders. There are inherent challenges to managing commercial interests, resources and contractual obligations in competing business environments. Blockchain can possibly address many of these challenges if not all, by providing an independent self-functioning mechanism to manage various party's consensus yielding processes and requirements to deliver desired business outcomes.

So, what's next in procurement?

DELIVERY

A major opportunity for blockchain to optimise business and deliver high productivity is undoubtedly in Vendor Performance management. Industry has been long craving for an independent unbiased system that can assess execution of contractual KPIs, especially where commercial stakes are too high. Blockchain should be able to independently manage party's contractual KPIs by bringing in more tier-1 and tier-2 business participants and deploying sensory technologies (IoT) to establish highly credible, consensual and authentic KPI assessment measures.

QUALITY

Regulatory compliance management is another critical business area that can be easily transitioned to blockchain and has enormous economic benefits for businesses. The blockchain ledger system could yield unmatched compliance levels just by design, i.e. by enforcing, enacting and incentivising participants to self-regulate. Most of the businesses see themselves hostage to miring functional inefficiencies in compliance. Blockchain has great potential to disrupt and bring a paradigm shift in cost of compliance for future businesses.

COST

Cost is where the most exciting blockchain financial innovation awaits. While some ideas may be farfetched from reality, they don't cease to intrigue. Consider the possibilities for paying vendors in Human Resource Coins (to pay for labour), Commodity Coins, Energy Coins, etc. Procurement would have far greater control over cost components and would be able to develop unique capabilities to create value and ultimately bring greater efficiencies in the markets and economy overall.

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