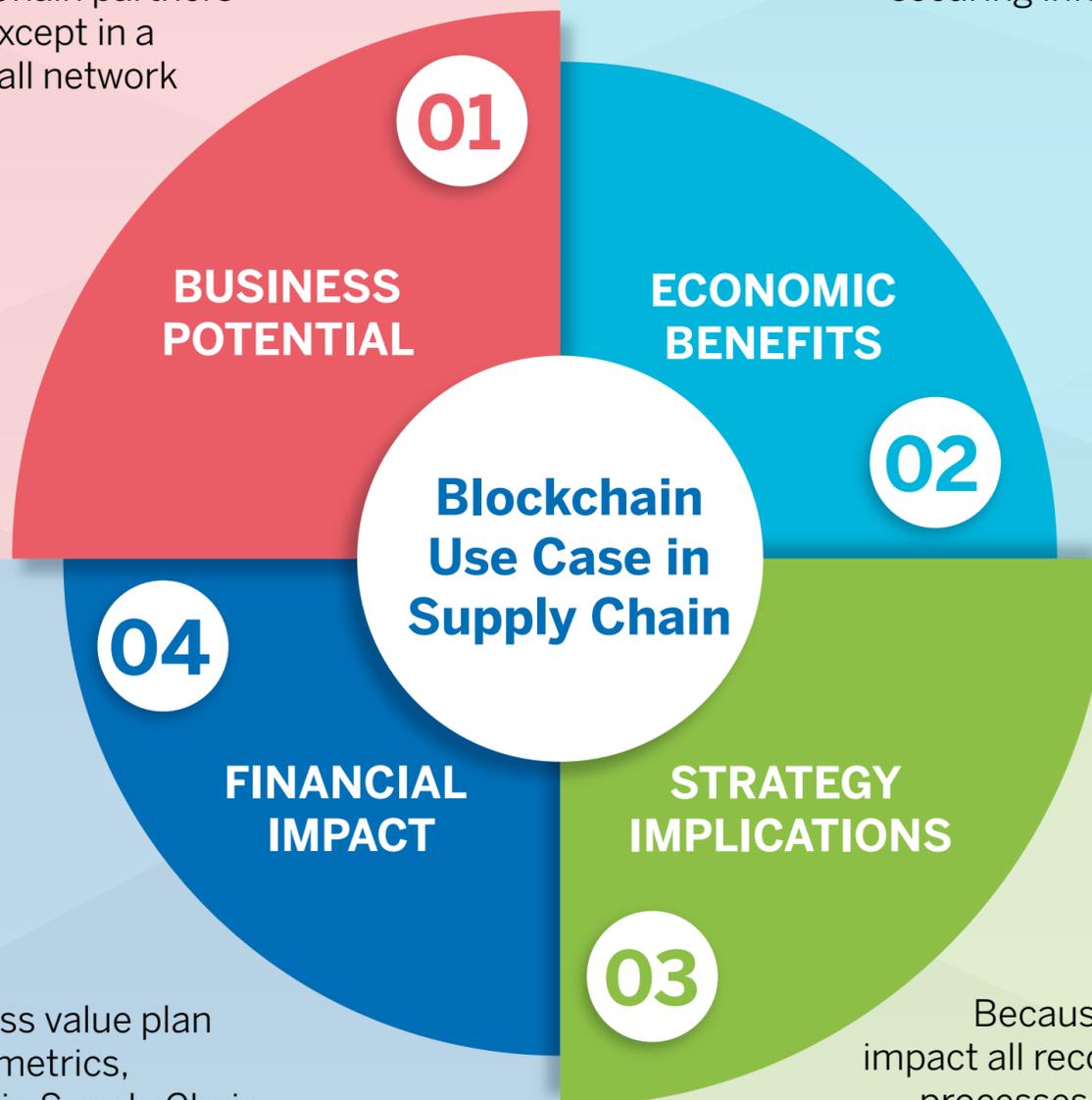


Blockchain is transforming the internet and becoming a significant strategic element of how enterprises operate in the digital world. Blockchain allows businesses to run transactions with shared information and rules without a central authority controlling the whole system. In the case of the Supply Chain partners cannot change the rules except in a transparent way to which all network participants agree.

Blockchain in a Supply Chain Use Case offers many measurable economic benefits in two significant areas: Revenue increase with new opportunities in products and sales-related workflows, and cost reduction and cost avoidance by eliminating operational pain points and securing information and data for Supply Chain partners.



With a measurable business value plan and proper stakeholders' metrics, implementing Blockchain in Supply Chain processes will most likely generate a 40% to 160% rate of return (IRR) for a mid-size enterprise with 2,000 to 8,000 employees.

Because Blockchain technology can impact all recordkeeping and transactional processes, changes in business models and operating models may impact back-office activities such as financial reporting and tax preparation. The principal challenge associated with blockchain is a lack of awareness of the technology, especially in sectors other than banking, and a widespread lack of understanding of how it works.

This document summarizes the potential business value, benefits, and implications of implementing Blockchain in the Supply Chain.

Blockchain is mainly known for its potential in financial and contract processes and because it makes the financial services industry more transparent, and less susceptible to fraud. However, enterprises in all industry sectors are starting to see the benefits of Blockchain.

# Capabilities and Annual Economic Benefits from a Blockchain Use Case in the Supply Chain

Blockchain can open new opportunities and provide economic benefits in all industries, including enterprises with a business strategy centered on the supply chain.

The Blockchain's main business capabilities include:

- Increase in trust, security, transparency, and the traceability of data shared.
- Smart contracts and automated workflows.
- Improved inventory management, forecasting, and nowcasting.
- Supply chain traceability.

The following annual economic benefits are estimated for mid-size enterprises with 2,000 to 8,000 employees.

## Example of Blockchain Economic Benefits

Increase the average account payable days

\$380,000

\$540,000

\$690,000

Avoid higher exposure to legal actions

\$120,000

\$490,000

\$870,000

Saves time for reconciliation of inventory in the supply chain

\$290,000

\$570,000

\$710,000

Improve collaboration with resellers and customers

\$1,100,000

\$2,300,000

\$4,040,000

# Example of Measurable Benefits from a Blockchain Use Case in the Supply Chain

Type	Blockchain Benefit Name	Outcome KPIs
Financial	Improve Account Receivables and Day Sales Outstanding Ratio	Accounts receivable value
Financial	Increase the average Account Payable days	Days Payable Outstanding
Financial	Reduce average days in inventory and Days Inventory Outstanding	Average days in inventory
Financial	Reduce debt to reduce interests paid	Improve debt/equity ratio
Financial	Reduce total inventory to improve financial Quick Ratio	Total inventory value
Legal	Avoid an increase in the number of legal settlements	The number of legal settlements.
Legal	Avoid higher exposure to legal actions	Avoid incidents with exposure to legal action
Legal	Reduce the number of legal settlements	The number of legal settlements per year
Legal	Reduce exposure to legal actions with reduced incidents	Incidents with exposure to legal action
Operational	Create trust between trading partners, streamlining processes	Operational teams' effort
Operational	Improve collaboration with market partners and suppliers	Reduce cycle time
Operational	Improve product freshness and delivery time	Reduce product waste
Operational	Improve forecasting with a more accurate view of inventory data	Increases product sales
Operational	Increase the number of transactions, increasing revenue	Number of transactions per day
Operational	Reduce lost items and assets	Number of items lost
Operational	Reduce manual processing of orders and invoices	Number of Manual Transactions
Operational	Reduce time to complete transactions improving staff productivity	Average transaction time at POS
Operational	Saves time for reconciliation of inventory in the supply chain	Work efforts or FTEs
Sales	Avoid a decrease in contracts' renewal rate	Contracts' renewal rate
Sales	Improve collaboration with resellers and customers	Number of products sold
Sales	Improve contracts' SLAs	Time to receive customer payments
Sales	Increase contracts or agreements' annual renewal rate	Contracts' renewal rate
Sales	Maintain process output, protecting revenue transactions	Maintain sales transactions

In the VALTICS VaaS Platform, the 23 measurable benefits listed above have the curated means of economic quantification (formula with factors).

## **VALTICS Solution Value Model**

To receive additional information on the potential strategic impact and the economically quantified benefits with the formulas (means of quantification) of a Blockchain solution

in the Supply Chain, contact us at

**information@valtics.com**

To schedule a live demo of the VALTICS SaaS platform and an example of the 300+ Value Models of disruptive and intelligent technologies, which can be used to build a business case in

minutes, contact us at:

**demo@valtics.com**



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