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How Corporate Giants Are Leveraging Blockchain for Business Innovation

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Blockchain has been making headway with big names and brands in recent months. We're starting to see global household names and corporations adopting this technology for a number of reasons. Starbucks has launched its Odyssey experience, which brings a sense of community to its customers. Members can buy and collect digital stamps and NFTs and get exclusive offers to be part of new and immersive experiences. The program has proved so popular with fans that their first paid collection of NFTs—each priced at $100—sold out in under 20 minutes. Similarly, Nike's SWOOSH Web3-enabled platform offers customers the chance to participate in creating and learning about digital items and NFTs. This has included the recent launch of their first collection of digital sneakers, based on their iconic Air Force One range.

Another example is Coca-Cola, which has formed a partnership with Diginex to build supply chain tracing technology focused on promoting human rights. They have also launched their own collection of NFTs.

These initiatives have drawn much interest for their community and brand-building potential. But the scope of big businesses adopting blockchain spreads wider than this. And while these adoptions mark a shift in blockchain recognition for large corporations and high-street brands, it is simply another step in blockchain's natural life cycle. We are moving into a stage where blockchain will become a layer of infrastructure in software, apps, and businesses around the world. Corporate giants leveraging blockchain speak more widely to its potential for many businesses.

So, what are some of the other benefits that blockchain can bring businesses?

One of the major benefits blockchain brings for consumer purposes is its transparency. Coca-Cola's partnership with Diginex uses blockchain for ESG supply chain traceability. It illustrates Coca-Cola's credentials, providing information that supports its due diligence and corporate responsibility, such as meeting working condition requirements. Not only will this have a real-world impact in terms of improving working conditions across the world, but it also builds a brand.

Consumers overwhelmingly want brands and products that are ethical and sustainable. Products that make ESG claims have grown 28 points in the last 5-year period, versus 20 points for those that do not. Two-thirds of customers will pay more for products that are sustainable, while major brands have seen boycotts in recent years following accusations of forced labor and affiliations with human rights violations. So, being able to prove ethical credentials via blockchain has real profit and brand benefits.

These developments reflect the enormous potential that blockchain has for social good more broadly and on a global scale. Globally, it's estimated that there are 1.4 billion people who not have a bank account. Yet the unbanked do often have access to smartphones and digital technology. Research has shown that 60 percent of those unbanked in the USA have a smartphone, while 65 million unbanked women in the MENA region own a mobile phone. As such, blockchain and digital finance have a real opportunity to help people access financial services and make payments. This type of financial inclusion can promote equality and start to reduce poverty in many parts of the world.

Supply chain transparency has huge potential for other types of businesses, too. In particular, that includes any product that is perishable or where storage or transportation conditions are vital—e.g., a medication that might need to be kept at a certain temperature. Blockchain's transparency and record would mean greater assurance for consumers or patients.

Furthermore, blockchain offers businesses the possibility to learn more about their customers. For example, previously when a customer purchased a pair of sneakers in-store, such as a collector's item, the store would have no idea what became of it. The sneaker resale market is expected to reach $30 billion by 2030. Nike's 2007 limited-edition "Freddy Krueger" Dunk Lows can reach resale prices of $40,000 to $95,000.

Now, blockchain integration and NFTs mean that Nike will be able to keep track of their products and understand the motivations behind customers' purchases, as well as whether they are reselling. A technology like NFTs can become a huge financial benefit to the artist and the manufacturer of products that can potentially reach the resale market. They will not only be able to track their products but could also continuously earn royalties on sales. Another benefit of blockchain is that it reduces

human error and gives brands and customers more autonomy. This is true both in terms of security for the individual and financial security for businesses. For instance, when selling a house, an individual is subject to a system or business run by others. But currently, there are only so many other potential ways to facilitate this. You almost always have to use a realtor or agency.

Humans can naturally make mistakes – payments may be delayed, or possibly sent to the wrong place. But blockchain would give individuals greater autonomy and create a new, more seamless way to carry out this process. This is due to smart contracts, which eliminate the need for third-party involvement in matters such as financial transactions or data storage, while providing enhanced security, speed, and privacy. In a world of continuous and significant data breaches, integrating blockchain technology such as smart contracts into such operations is increasingly crucial to ensure individuals have greater security and control over their identity.

But there are challenges for businesses adopting blockchain

The first challenge of blockchain will be finding an effective way to implement the infrastructure into the business itself. Many businesses will not have any form of an in-house specialist. They will need to find specialist services and providers who will be able incorporate blockchain. This dilemma is in keeping with how we have seen businesses and tech evolve over the years, however. Web1 was about building and providing tech in-house, and Web2 about using large, centralized services. And Web3 has been all about decentralization. As a result, we are seeing rapidly evolving and complex technologies to facilitate this. This means that more traditional businesses and organizations—including those from the previous two web generations—will need to outsource to specialists who understand blockchain's complexity, for integration purposes. Digital innovation has proven to become more consumable, and blockchain will be another example of this.

Some businesses will be concerned about the risks that a new infrastructure holds, such as the potential for hacking. But any type of application development comes with risk. And the current systems and frameworks that businesses operate in also carry some risk.

Another challenge of blockchain is regulation that is constantly evolving, with regulatory frameworks changing and moving at different paces around the world. As a result, corporations or developers may invest time and money in initiatives and products that may become obsolete or unworkable. While an idea may be legal and viable at one point, it could quickly become the opposite during the time it takes to develop. This requires that developers and businesses become fluent in regulatory compliance in order to be successful.

Blockchain providers and infrastructure builders, specifically, will face challenges as well. Firstly, they will have to mitigate some of the fears and misconceptions that surround Web3. High-profile collapses or scandals in the crypto arena have left many people wary and suspicious. So education about blockchain's value will need to be central. It will take time for Web3 to gain trust and clarity. Providers will also have to build to meet demand. There are less than 1% of around 27 million developers in the world who understand and know how to build this infrastructure; bridging this gap will be crucial.

A natural step in the technology's evolution

This is all part of a process of growth for blockchain. It's just another step in the evolution of software and the digital world. If we consider Bluetooth, it initially started as something that was only partially adopted. Now, the technology is commonplace and something we expect in nearly all our technical interactions. In 2017, there were 3.9 billion shipments of Bluetooth devices. Last

year there were 7 billion. Bluetooth is now in all smart home devices and 100 percent of key, new platform devices. Its growth provides a blueprint for what we should expect from blockchain as well—similar to any other innovation in the digitalisation of the world.

Over time blockchain will become a standard innovation that is used to optimise and simplify life. It is another layer we are adding to technological, business, and social growth. The adoption of blockchain we are now observing among huge corporations shows that it is simply the beginning of its advantages being used on an everyday basis.