2019 | FSBA Report

BLOCKCHAIN AS A FUTURE-PROOF DATA STRATEGY

As today's retailing environment continues to evolve, the expectations from regulatory agencies, customers and employees to have more transparency into operations will continue to increase.
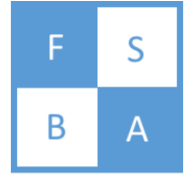
Are you prepared to stand behind the accuracy of this data?

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About the FSBA

We are an industry collective driving change & innovation.

The Food Service Blockchain Alliance is a collective of operators, technology leaders and innovators working together to define the future for creating, managing and securing key operational data using Blockchain technology.

We believe that Blockchain technology could be the factor that safeguards the continued success of multi-unit brands in the digital era.

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What is Blockchain?

Blockchain technology is a method for creating and maintaining an immutable, permeant digital ledger of data through the usage of "blocks" linked together in a chain. This technology was introduced in connection to Bitcoin about 10 years ago. For this reason, most people associate Blockchain with Bitcoin.

Bitcoin is to Blockchain what email was to the internet in the 90s.

This technology works by requiring every data collection event to be broadcasted and acknowledged by the entire organization as it occurs, creating consensus and a single source of truth across the a distributed network.

Why does it matter?

The data collection, storage, and processing landscape is getting more complex with every year. Between new data collection tools, increasing demands from guests for personalized services, and growing data protection regulations, organizations are realizing the need for advanced mechanisms for safeguarding their data.

When implemented, a private Blockchain for the enterprise provides companies with a permeant log of all activity that takes place in or around the restaurant. As a result, all contained data is guaranteed to be authentic and secured against manipulation.

Don't trust data off the chain

In recent history, these have been too many instances of data manipulation across the domains of money, material and people for major foodservice brands.

In August of 2017, franchise operators of restaurants in Washington, Oregon, & California used "sales zapping" software to under report $500,000 in sales. This malicious software, acquired from the "dark web", hacks the local databases of many leading POS systems to allow offenders to delete sales transactions.

In January of 2017, a fine dining "farm to table" restaurant chain encountered melamine in wheat gluten, horsemeat in beef, and salmonella-contaminated peanuts. The chain determined that these products provided by their supplier where mislabeled and had little to no supporting documentation regarding origin or handling.

In February of 2017, a manager of a popular seafood restaurant underpaid worker's overtime, minimum wages, and rest breaks through manipulation of time sheets and clock data. As a result, the parent company was fined $520,000.

From certifying the accuracy of a supply chain, to securing sales transactions, had these companies been using Blockchain technology, their data would have been untouchable, unalterable and guaranteed.

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What are the expected use cases?

Blockchain technology has use cases in the foodservice industry spanning the three core domains of money, material, and people.

Money

When implemented, a private enterprise Blockchain can safeguard royalty revenue through more accurate reporting of sales. In addition, having a guaranteed record of all sales transactions enables much easier accounting and financial reporting compliance with GAAP and SOX standards.

Material

Supplier food fraud is becoming a growing concern globally, costing the industry and estimated $40 billion per year. Blockchain technology can hedge against the risk of inaccuracies in the supply chain by provide you with an immutable "resume" for everything that comes in the back door of your stores.

People

Tracking an evolving range of labor laws across various states and countries can be daunting enough for operators, let alone ensuring compliance.

Blockchain technology provides a mechanism for operators of geographically dispersed brands to have guaranteed visibility into labor activity, inherently reducing the risk of wage theft and operational fraud.

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How do you get started?

Blockchain experts believe this technology will become mainstream within the **next 3 -5 years.** When you choose to invest in a new technology, it should address Blockchain.

There are many ways that an IT organization can prepare to utilize this technology, including:

- Ensuring that existing systems of record support regulatory compliance;
- Utilizing cloud computing in geographically dispersed operations;
- Implementing monitoring and alerting capabilities to identify data exceptions.

If your organization has these areas right, moving to a Blockchain should be fairly simple.

Another step that you should take as a thought-leader in the industry and as a party interest in the impact of Blockchain is to join the Food Service Blockchain Alliance.

Due to a combination of increasing public concern around data protection and the likelihood of additional regulation around data governance and reporting, the foodservice industry needs to proactively come together to define a collective standard for governing our data.

As industry experts, we need to pave our own path. Learn more and commit your support on the FSBA landing page.

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Join the Food Service Blockchain Alliance

Join the FSBA today by visiting us online:

www.intelligenttransactions.com/what-is-the-fsba