

# How The Blockchain Could Be Your Sustainable Brand's Competitive Edge

by Maha Mamish

Just when you thought you might finally understand what the heck Bitcoin is or how NFTs even work, the floor gave way in 2022 for these blockchain-based digital products. The jury's still out on what their future will look like, so you can forget all about it for now and pay attention later, right? Not so fast. I'm betting you may not know another potential application of blockchain technology that offers immense value and market advantage for sustainable product entrepreneurs. The cherry on top is it has none of the volatility that comes with cryptocurrencies or NFTs.

It's called NFC enabled blockchain, and while NFC is not in itself a part of blockchain, when these system technologies are used in tandem, they promise unprecedented potential to support the 3 key tenets of sustainable luxury products: traceability, transparency, tradeability. **Let's break it down.**



# WHAT IS NFC/BLOCKCHAIN?

Near-field communications, or NFC, is a type of wireless communication that enables devices to communicate with each other by identifying nearby devices also equipped with NFC. You're already using NFC, you simply don't realize it. It's what enables you to use your phone as touchless Apple Pay, or share your wifi password with your friend's device sitting five feet away from you. An advantage of NFC is it's a touchless way to transfer data between devices in proximity, and since it works off radio waves it doesn't need the internet to function.

Blockchain technology, by contrast, is a distributed database mechanism allowing transparent information sharing within a network. A blockchain database stores data in 'blocks' that are linked together in a chain of discrete digital time stamps. These time specific data records cannot be edited or erased. Hence it offers trust through security, authenticity, and transparency.

Early adopters and researchers have successfully integrated blockchain with NFC already into various applications, such as supply chain management and financial recordkeeping. VeChain recently launched an NFC+blockchain app that allowed major fashion houses to authenticate one-of-a-kind items for a runway show, even storing data about which model wore it on the runway, and other details about the clothing's creation and lived story. But how can this all help the emerging world of sustainable high-craft product brands?

## TRACEABILITY

Being able to trace a story—from earth, to mine, to factory, to middlemen, etc.—of any given material or part needed to make your product, is an exhausting (if not an



impossible) riddle to solve. Yet knowing where all the parts of what you manufacture ultimately start is fundamental to making smart decisions for your sustainably-minded brand. So, how can NFC activated blockchain technology help? As stated, blockchain is basically a 'chain of blocks'. Each block represents the collection of different transactions. Each transaction block is added to the existing chain with what's called a hash function, leading to the creation of the time stamp. Each block in a blockchain contains the timestamp of the transaction, as well as details of the participants involved in the transaction. In sum, it offers a comprehensive audit trail in which you can find the different milestones an asset has crossed in the journey through its supply chain.

## Allow me to paint a picture

Imagine a customer asks about where you sourced the wood for your latest collection. You respond you can do them better than that. So you pull out your phone and touchless scan the piece. Immediately your phone opens an app that shows you an entire map of the life of that item from start to now. You can trace the journey of the metal leg parts made from a recycled foundry 200 miles from where you're standing to your local welder/fabricator. You can see the wood origins at an FSC certified specialty lumber facility, including photos of the exact slab of wood in its raw state and then smooth/planed, then bundled for transport. There's even photos of the vintage upholstery fabric you salvaged, in its original state, and photos of its transformation into a second-chance-at-life in the upholstery workroom. In an instant, you can show, definitively, the value behind the chain of players and the eco footprint that went into your product.

Now, if your brand is really invested in process integrity, as in the how and where of your sourcing, this could put you at a huge advantage over others selling in the marketplace who may call their product 'sustainable' from a liberal definition. The difference is you can prove it.



It can also, moving forward, offer the opportunity to prove the origins and thus the rarity of a future collectible. No more guessing or putting time or research into proving its an actual piece by X designer or manufacturer. Instant traceability. That's power.

## TRANSPARENCY

I've always been a fan of getting transparency right in business. Healthy levels of transparency help dissolve the barriers of toxic formality or mistrust, which accumulate in both b2b and b2c scenarios when either too little or too much of "the truth" gets passed around. Thankfully, we get to choose how to design transparency. Using this mindset along with advancements in technology, transparency can improve both efficiency and brand culture, generate trust, help reduce mistakes, and also it just feels more human to share more openly than not.

Sustainable ecosystems are based on a healthy amount of shared knowledge; this much we know and can observe plainly in the natural world. You're doing more than making a product; you're trying to manifest change in how we make, consume, and/or think about the objects in our lives. So, your mastery in communicating the right things to the right people at the right moment in the right way is a key part of that story of change.

Blockchain offers some pretty promising solutions in that department, turns out. In addition to proving process integrity with your customers as stated above, blockchain could also help in ensuring real-time tracking of assets within your production chain, giving you assurance that the materials are verifiably moving along agreed upon channels, as well as aiding in restricting exploitative behaviors along your supply chain.

On the back end, having a real-time visual inventory of raw goods in transit can help make operations more efficient. It could, say, allow you to instantly track whether

goods that will be needed a few months down the road have made it on the container and left the dock, much earlier in their journey than you typically have access to. It can even facilitate you accessing photos or temperature/humidity/weather facts at each point-of-transfer to determine where or how damages may have occurred in transit. Customers might get access to the chain data upon receipt of payment in full, thereby giving them access to location in real time along the delivery cycle, photos of the piece in good condition upon packing, etc., in the event it arrives damaged. When I think of the sheer quantity of logistics and headache-producing customer service calls that could be avoided, I get giddy.

This ability to track, in real-time, is of course a benefit to even large corporate entities. Still, over the years I've learned that small scale, boutique, often custom businesses are bogged down and clogged up by the endless minutia of tracking these material movements. I've also learned that much of the value found in what smaller sized creatives businesses offer, such as the integrity they try to employ in how products come to life, often goes largely unnoticed. The answers to pushing through those walls can be found within blockchain, offering you infinite transparency options from which you can choose and tailor improved operations, achieve smoother working relationships with your network of players, and cultivate relational value with your buyers.

## TRADEABILITY

It needs little elaboration why tradeability is such an intrinsic part of the luxury world already. The industry produces collectible things, and that's that. As 'sustainable' and 'luxury' merge, NFC-based blockchain platforms can offer your brand yet another edge.



The luxury resale market involves tricky factors in proving authenticity due to the proliferation of knock-offs and other factors. With NFC, that entire process is eliminated. Enabling traceability ensures a path to future rock solid tradeability. And the benefits go way farther. Imagine a provenance to an authentic Nakashima coffee table being digitally stored. Everything from the story behind who first bought it, for how much/where/why- all captured in photos or even video, to personalized info added each time the object passes hands. Family heirlooms, or gifts marking special occasions and holidays take on new possibilities of personalization. Not only does your object have provable compelling beginnings, but it gets to keep growing in value and meaning that can be shared and experienced for a long time to come.

Let's say you're selling a vintage Milo Baughman piece. The chaise was first purchased by a famous neurosurgeon in San Francisco in 1970, after which it was gifted to a European viscount. A decade later it makes several cameos in a Bond007 blockbuster movie, after her and her husband's medieval castle was scouted as a movie set. Does knowing all this matter? It definitely would add value, for the right person. This aspect of future traceability offers something new: a chain of human experience, a virtual patina of sorts that builds through what is owned, loved, and shared with others through the dimension of time.

Some of the bigger names in the cloud and software industry, such as Accenture, Baidu, and IBM, all now offer supply chain-focused NFC blockchains. Basically, brands can already use a software-defined blockchain and implement it into their existing systems. Versions include open-source groups or industry associations, and blockchain-as-a-service (BaaS) format, with global revenue for this technology expected to hit over 13 billion by 2024 by some estimates. It's time to hop on board.

A more recent application that's of particular value to luxury product brands was launched by Chronicled called Cryptoseal, an adhesive strip containing an NFC chip. The chip contains unique identifiers making the item it is joined with one-of-a-kind. Manufacturers can modify the strip size to accommodate their products and easily attach them



to any item. The strip contains the manufacturer's identity, the object's packaging, and any metadata related to the product, which is then validated on the Ethereum blockchain. Best of all, the strip is tamper proof.

The software industry's ability to support your brand becoming an industry model of sustainability through traceability, transparency, and tradeability is already upon us.

## In Summary

Blockchain technology is a database mechanism allowing transparent information-sharing within a network. Near field communications, or NFC, is a type of wireless communication that enables wireless communication between devices in proximity. Together, they offer unprecedented options for emerging sustainable brands in the arenas of traceability, transparency, and tradeability. From fully verifiable supply chains, to capturing provenance in new ways never before possible, to more efficient ways of communicating administrative or logistics data in real time, it gives creative entrepreneurs new, powerful forms communication, operations streamlining, and value to the consumer, specific to their unique needs.

There's a slew of top software companies offering a variety of NFC-based options to consider. If you don't feel confident in this arena, you can work with a consultant with expertise in this area to walk you through the how-to's and considerations. More than the software, one of the main barriers currently will be getting all players along your current chain to sign on to the idea of using devices and protocols involved, even if it comes at no additional cost to them. This is, however, no doubt the future of logistics at the very least, and it's simply a matter of time before these technologies become more ubiquitous. Jumping in now to develop lateral features that this technology can offer to the luxury and the sustainability industry, specifically, would be a shrewd and bold way to step to the head of the pack.





## About Maha Mamish

Maha Mamish has spent the last two decades growing sustainable luxury product brands in the U.S. and Europe enabling her to inspire creative audiences with a holistic approach to business. As an accomplished mentor in creative excellence, Maha uses a 360 approach focused on business growth and personal wellness, in sustainable harmony. At the core, her approach empowers creative audiences to use their brain's innate super powers to excel in all areas of life.

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