



Blockchain: Prepare, disrupt or be disrupted. In any event, get started!

By Andrew Sanders, VP, Travel & Hospitality - North America for DataArt

Airbnb is constantly cited as one of the leading disruptors in hospitality, going from startup to a \$30bn market valuation in a few years. Companies such as Airbnb, Uber and Lyft, together with newly emerging technologies like AI and blockchain, and established ones such as AR/VR and mobile, continue to re-shape our industry.

The lesson here is stark: traditional hotel operators need to be learning, educating their teams, working with vendors and forming plans to get ahead of something that could disrupt their business. It's time to prepare, disrupt or be disrupted!

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Many readers will have heard of blockchain, or most certainly the reason it came into being in the first instance: bitcoin. But as with any new technology, there's a great deal of misinformation circulating. Blockchain is here to stay, and will likely become a significant disruptor in travel and hospitality. But what is it, and what should you be doing about it?

What is blockchain?

Put simply, blockchain is a distributed digital ledger, meaning that data relating to transactions is stored using a particular methodology that guarantees a transaction cannot be amended. Therefore, and by definition, a trusted chronology of transactions is created. Further, these transactions are stored on multiple servers, and any member of a particular blockchain has visibility into the data stored. This is necessary to ensure integrity, but also means

sensitive information, like personally identifiable information (PII) and payment details should still be stored in databases and systems outside a blockchain.

Regardless of the variety of blockchain flavors, these primary characteristics are constant:

1. The data is immutable, meaning that records can only be added and never deleted or changed
2. It is distributed among many computers that each store full or partial copies of the ledger
3. It creates a guaranteed 'trusted' environment between two parties

"Trusted environment between two parties" is akin to a middleman where 'trust' would otherwise have to be artificially manufactured somehow. It facilitates the direct transfer of value between two parties who don't have to trust each other. The unit of currency, or the 'value', can be any digital asset, e.g. property deed, money, loyalty points, identity, music, votes and much more. Since the process of creating trust in a traditional sense can take time, blockchain has the potential to settle that aspect of a transaction much more rapidly than at present. Therefore, any entity that currently exists as a middleman and trades transactions between two parties stands to be disrupted by blockchain. In the hospitality world, the transactions most widely thought to be impacted by blockchain include loyalty points, travel insurance, mobile key and any authentication of assets including payments/settlements, procurement and possibly booking transactions and history.

As of August 2017, as many as 80% of banking institutions worldwide are already investing in blockchain technology. Some governments are mandating that imported goods must (within a few years) be processed on technology based on blockchain, and it is already having a big impact on supply chain logistics and traceability. This means that blockchain is here to stay, and is the reason that everyone involved in hospitality technology, from hotel chain CTOs to software developers and vendors, need to ensure they're both educated and have a plan in place on the subject.

What you should be planning/doing if you're not already

1. Educate yourself and your teams.

Make sure you know what blockchain is, how it works, and what your peer group and people in other industries are doing. This information is widely available via [Tnooz](#), [Forbes](#), [HospitalityNet](#) and [DataArt](#).

2. Develop a short- and medium-term strategy (pilot and vision).

Blockchain has some significant benefits but will demand some business process re-engineering and, with it, changes to your software systems and likely infrastructure. Quite how it will impact you is unknown, so for now it's

worth exploring what the impact could be and what your vision is. Start building the skills needed to support a blockchain environment with some small pilot projects.

3. Influence the industry on strategy and priorities.

In the spirit of being the influencer rather than the influenced, those who have an interest should be active in HFTP's task force on blockchain when it convenes, and follow HTNG's work group on the topic.

4. Find suitable talent internally.

You may find that your company has people who know something about blockchain already. Understand what talent you have and can access internally and what else you need.

5. Source expertise externally.

Experts and consultants exist and can help not only with strategy, education and policies but also with hands-on development in a blockchain world. DataArt is one of the few with live experience of developing application software on blockchains and has practices with industry experts in several sectors, including travel and hospitality.

While blockchain may take some years to mature into something that is a mandatory requirement in software solutions that interact with other partners in hospitality, there's no doubt that it will also take a long time for organizations to understand what they need to do, and build those skills and infrastructure that will be essential. Now is the time to make sure you're not disrupted!

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