

## DataArt's Denis Baranov: Retail flirting with idea of transformation

Blockchain technology has outgrown its cryptocurrency origins and is now being successfully applied in multiple industries, from startups to world-leading companies, in a range of business specific solutions, Denis Baranov, Principal Consultant at DataArt, tells Coin Rivet

By [Scott Thompson](#) - October 12, 2018



*Coin Rivet: Tell us about yourself.*

Denis Baranov: Technology innovation has always been a passion for me. I have a PhD in computer science from Lomonosov Moscow State University and specialise in designing and building business solutions across industries.

I say business solutions because it's not just a matter of understanding innovative technology and plugging it into a business. It's about having a true understanding of the nuances in a given business or industry and leveraging deep technology expertise to enhance the business in line with goals and needs.

With over ten years' experience in the IT industry as a developer, technical architect, solution architect, and leader of several IT projects, I have gained a unique perspective on approaching business solutions.

In 2008, I joined global technology consultancy, DataArt, and worked in the offices in Russia and Eastern Europe before settling in London back in 2014. At the moment, I am focused on leading the development of business solutions

underpinned by distributed ledger technologies such as blockchain and AI technologies like machine learning.

We at DataArt have worked with a variety of companies to develop blockchain solutions to support a number of business challenges and are seeing a growing interest from the retail industry on how new technologies like blockchain, along with artificial intelligence and machine learning, can be effectively used.

Blockchain is an incredible technology that if applied appropriately, and not “tech for tech’s sake”, can dramatically transform businesses in the retail industry.

**When it comes to blockchain in retail people may argue it is still all hype as it’s in the early stages of adoption compared to projects in the finance industry. There are several big companies in the retail space working on projects to utilise the technology and throughout the next year we will see more results**

*Coin Rivet: You recently made an appearance at [eCommerce Expo 2018](#) in London. What were the key takeaways from the blockchain in retail discussion panel you took part in?*

DB: The eCommerce Expo was a great event. We had an innovative group of experts on the panel with a range of experience to share. My three takeaways from the discussion were the need for technology education, the inherent advantages of blockchain as a technology and the potential of the technology in new types of crypto assets within the retail industry.

## Education

As heightened competition continues, education on new technologies like blockchain are essential to remain ahead of current competitors and future newcomers. On the panel we extensively discussed the current situation in retail with regard to the level of understanding required to effectively implement blockchain technology solutions.

It’s certainly a great time to experiment with the technology but many people are talking about it without having a clear picture of how blockchain could be successfully applied.

There’s a basic amount of knowledge that stakeholders and retail executives currently have, but there is a learning curve that needs to be addressed at multiple levels. If there is no clear understanding of blockchain technology, it could be implemented needlessly for the wrong process and may even be counterproductive.

It’s important to engage all stakeholders, customers, and retail newcomers on how blockchain technology works and how it can be used. Once equipped with a clear understanding on the advantages and disadvantages, technology and retail

experts can effectively collaborate to create real-life blockchain solutions that are fit for purpose in the retail industry.

### **Transparency and trust**

A prevalent problem in the retail industry is transparency and trust when it comes to supply chain management. Consumers are increasingly concerned about health, environmental and ethical issues when it comes to the goods that they are consuming. They want to know where their goods come from, how the goods were produced, the full history of a given item, etc.

This is the perfect space for blockchain technology as it inherently provides end-to-end traceability that can increase consumer confidence and public trust as well as improve efficiencies in the supply chain itself.

On the panel we discussed the example of the diamond industry. Utilising blockchain technology, a retailer can confidently trace a diamond's journey from its origins all the way to the retailer. The technology can prove authenticity and pinpoint any counterfeit or unlawful activity.

### **New crypto-assets potential**

Blockchain was originally used for developing cryptocurrency, but we are hearing more and more about the potential of crypto-assets specifically with regard to rewards and loyalty programmes. The blockchain-based reward programmes let merchants create custom programs that convert loyalty benefits into a form of finance, a crypto asset.

***Coin Rivet: Blockchain in retail, revolutionary stuff or, as Nouriel Roubini recently put it, the most over-hyped technology ever?***

DB: Blockchain is a very popular technology and, as with all new technologies and in all new trends, it should come as no surprise that it initially was all just hype. Everyone wanted to use blockchain, not just in finance but across industries. The technology has outgrown its cryptocurrency origins and is now being successfully applied in multiple industries, from startups to world-leading companies, in a range of business specific solutions.

When it comes to blockchain in retail people may argue it is still all hype as it's in the early stages of adoption compared to projects in the finance industry. There are several big companies in the retail space working on projects to utilise the technology and throughout the next year we will see more results.

We can expect to see most of the application of this new technology in the retail supply chain. There is no doubt in the add-value blockchain can offer and the impact it will have on retail products and retail IT confidence. Although those saying it will completely transform the industry might be jumping the gun at this point in time.

For right now, it is more a technology that could transform part of the retail industry dramatically. As always, it's important to examine the business case first and foremost rather than plugging in the latest technology for the sake of it.

***Coin Rivet: Which retailers in your view are leading the way in the blockchain space?***

DB: There are a few retail technology companies and big industry players that are actively experimenting and announcing blockchain programs.

IBM recently announced that it is working with a consortium that includes major US retailers Unilever and Walmart to bring the benefits of blockchain to the food supply chain.

Alibaba and a consortium of Australian and New Zealand companies has introduced a blockchain-based food-tracing system. The system provides end-to-end traceability and transparency to improve consumer confidence and build a trust environment for cross-border trade.

It's worth keeping an eye on other international retail companies who operate in the cross-border marketplace. Due to the high costs and regulation surrounding the trading of goods international, players in this space will massively benefit from blockchain technology. Those players are likely to be the first adopters or at the very least have a strong focus on research and development of blockchain solutions.

American Express is another company leading the way. They are looking into ways to leverage the trove of data on product purchases with a blockchain based rewards programme. Using its new Amex distributed ledger, that merchants can use to link rewards to, American Express and its partners will be able to see and analyse consumer data in a more targeted approach.

***Coin Rivet: What's your take on the current state of the cryptocurrencies market? Has the crypto bubble burst?***

DB: This is an interesting question because during the panel we discussed cryptocurrencies, and all agreed that while cryptocurrency and blockchain technology are closely related, there is a clear divide between the two.

It's all speculation at this point on whether the cryptocurrency market will survive or fail, but blockchain technology without a shadow of doubt has massive potential.

***Coin Rivet: What are your predictions for blockchain in retail over the next 12 months?***

DB: We're in the early stage of exploration right now, but I expect over the next few months we will start seeing a couple of new projects. Some of the early

startups that originated in the retail space will announce more innovative products that could easily incorporate blockchain technology.

Supply chain management is the most immediately promising area. Bigger players, the big online retailers and traditional retail companies, will announce programmes around blockchain adoption or will at the very least begin to talk about how they plan to use it.

Utilising blockchain technology in supply chain management is a no brainer and has been announced and produced by IBM who have their own blockchain product for supply chain management. We will definitely see this product or similar products being used more broadly by the retail industry.

The traceability, tracking and visibility that blockchain provides opens up the industry to new market participants. Smaller players will leverage the technology to their advantage to participate where they hadn't been able to before, whether that's B2B or B2C. In turn that will give rise to the potential creation of a new market place to support these new players.

There will be further development in blockchain-based cryptocurrency payment systems within supply chains and retail platforms in a continued effort to reduce transaction fees. From a consumer standpoint, retailers will go beyond establishing their own cryptocurrencies. We can expect to see substantial testing in blockchain-based customer reward points and loyalty programmes driven by the likes of American Express.

How quickly this all happens remains to be seen. The industry is certainly flirting with the idea of a transformation.

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