

XIC12

BLOCKCHAIN FOR SUPPLY CHAIN AND LOGISTICS FORUM

www.blockchainsupplychain.io

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Blockchain – A Government Perspective



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Houston Conference – 5/18

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U.S. Customs and
Border Protection

Discussion Points

Blockchain

- Business Transformation & Innovation Division
- Proof of Concept (POC) Definition
- Government Role In Blockchain
- Business Value
- Blockchain Hurdles
- Initial Proof of Concept
- Emerging Use Cases



BTID – Innovation



Essential Functions

- Broken out into 3 separate areas
 - Government Liaison
 - Private Industry Liaison
 - Cyber Specialist
- Assess and analyze new technologies within the parameters of CBP's business needs
- Provide futuristic vision on products and software so that the agency can proactively pursue changes in the technical environment
- Operate with a fail fast methodology for new projects or initiatives
- Engage regularly in educational and community events such as conferences and industry days to ensure continued learning
- Coordinate and centralize efforts across other CBP innovation offices to ensure cross-pollination of ideas
- Liaise with other federal innovation centers to share best practices
- Reimagine and reengage the TSN Technical Advisory Group or other TSN Committees
- Recognize employees who are implementing the best practices and methodologies shared by the Innovation Center to encourage wider adoption



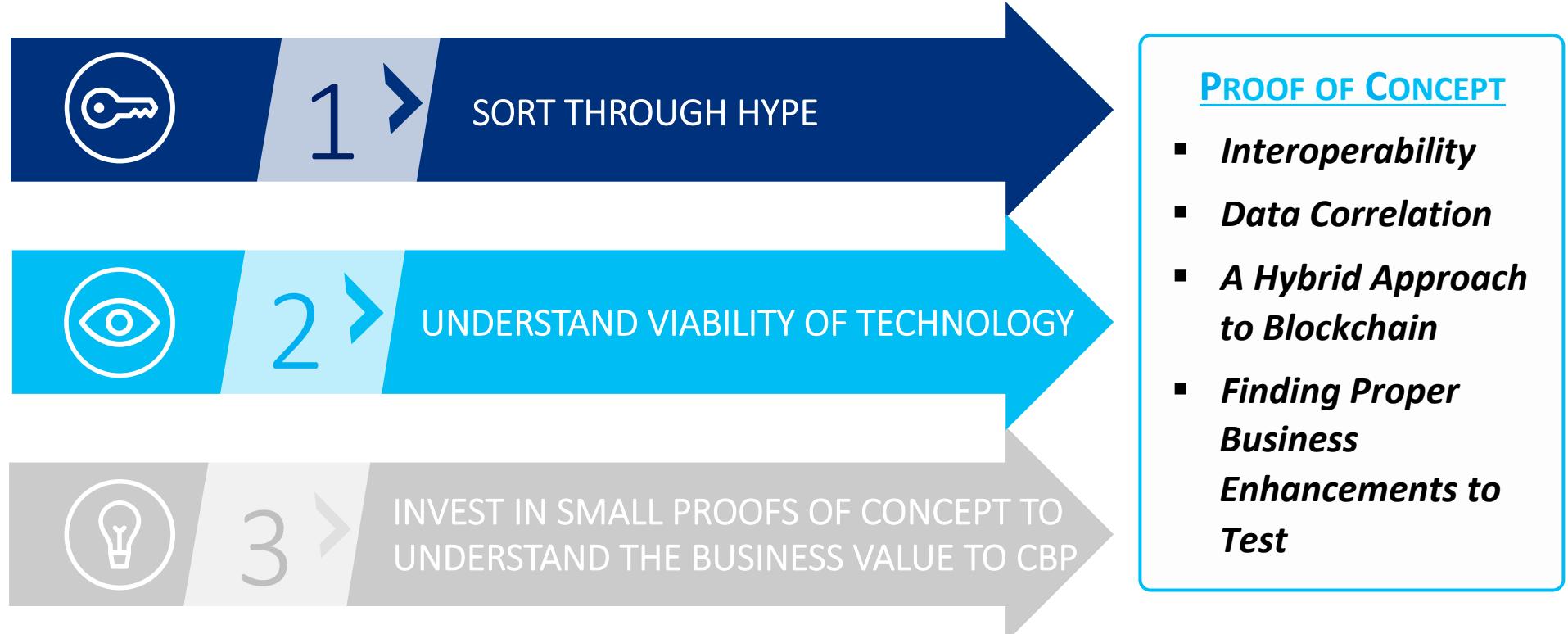
Blockchain: Proof of Concept

- Proof of Concept (POC) Defined
 - What is a Proof of Concept?
 - Difference between POC and pilot
 - Funded by DHS
 - Code may never be utilized
 - Completed Proof of Concept Deliverable
 - Policy Assessment
 - Legal Assessment
 - Technical Assessment
- Agency May or May Not Invest Further



Government's Role in Blockchain

What does decentralized data mean to an organization charged with keeping data safe?



Blockchain: Business Value

Trust

- General Concepts
 - Garbage in/Garbage out
 - How do we manage trust?
- Entity Identification
 - Government must accurately identify entities
 - Government must validate entities to maintain trust



Tracking

- Origin Data
 - Where is it made?
 - Who is it made by?
- Shipment Tracking
 - Who controls shipment?
 - Through what country does the shipment transit?



Group Input

- Reducing Central Control
 - Reduction of paper/storage
 - Every piece of the chain contributes



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Blockchain Hurdles

- Hype
 - Blockchain may save the world
 - Doesn't replace need for sound development
- Blockchain Lacks Interoperability
 - Software systems do not talk to each other
 - DHS/CBP is not in the business of marketing software
- Blockchain Simply Pushes Identification Back
 - Either an organization manages identification or it relies on 3rd party
 - Once identified, then benefits are realized
- Managing Large Scale Implementations of Blockchain
 - An IT issue as much as it is a business issue



CBP Initial Proof of Concept

- NAFTA/CAFTA – Free Trade Agreements
 - Negotiated exchange of goods sanctioned by participating countries for improved trade
 - Cumbersome paper process done in a post audit world
 - Some participants have automation
- NAFTA/CAFTA Tests
 - Interoperability specs championed by DHS S&T
 - Hybrid approach to blockchain data
 - Safeguard against corporate breach, but utilize blockchain for generic data and status
 - Advancements over paper and automation processes
- Goal
 - Provide complete assessment to agency
 - Legal
 - Policy
 - Technical



Blockchain: Emerging Use Cases



- E-Commerce/International Property Rights
 - Evaluation of suspect goods registered with USPTO & CBP



- Pipeline
 - Track Oil by Barrel
- Timber
 - Investigate Illegal Importation of Lumber



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Questions?



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