ShipChain – SHIP ICO Freight Transportation Logistics Blockchain?

November 7, 2017

ShipChain aims to disrupt transport and logistics using [blockchain technology](). Find out how it works today in our review.

What Is ShipChain?

ShipChain, found online at ShipChain.io, is a transport and logistics platform built on blockchain technology. The company's goal is to make transport and logistics more effective, secure, and transparent.

ShipChain wants to disrupt today's logistics and transportation industry. Today, the industry is filled with middlemen that charge high fees, have poor recordkeeping, and deliver damaged goods. The end result is an inefficient, opaque ecosystem where the middlemen enjoy a

disproportionate share of the benefits.

Using blockchain technology, ShipChain believes it can solve these problems and deliver a better shipping and logistics experience to users around the world.

What Problems Does ShipChain Seek To Solve?

ShipChain's whitepaper identifies all of the following problems with today's shipping and logistics industry:

Bad Tracking: End-users have irregular, unreliable updates on the status of their package. Tracking problems also lead to confusion among carriers, failed handoffs, failed deliveries, and lost efficiency overall. If a package is late or slow to arrive, customers are less likely to complain if they have regular updates. Today's system, however, fails to provide timely, accurate information to customers.

Lack of Transparency: Bad tracking is the cause of – and caused by – gaps in transparency. Transparency failures are related to bad data handling practices.

No Accountability: The US Federal Bureau of Investigations estimates that the cost of annual cargo theft exceeds $30 billion USD per year. There's limited accountability at each step of the shipping process, making it easier for criminals to target handoffs and exploit errors.

Misaligned Incentives: Most of the problems in shipping can be linked to misaligned incentives. Shipping companies have little incentive to implement advanced tracking systems. In today's system, they have deniability when cargo is lost or damaged.

Drivers, meanwhile, have an incentive to carry using unsafe practices that risk damage to goods: if it gets the product to its destination more quickly, and the damage can't be tracked to their behavior, then there's no incentive to drive safely.

Middleman Markup: Middlemen charge markups of up to 30%. They introduce unnecessary, inefficient steps throughout the shipping process.

How Does ShipChain Work?

ShipChain aims to solve all of these problems using a blockchain-based solution. Basically, that solution involves tracking shipments by recording shipping data on an immutable blockchain. *ShipChain* uses the [Ethereum blockchain](#) to unify shipping data. Here's how the whitepaper explains it:

> *"Imagine a fully integrated system across the entire supply chain—from the moment it leaves the factory, field, or farm—to delivering the finished product to the customer's doorstep; federated in trustless, transparent blockchain contracts. This is ShipChain, the future of shipping."*

ShipChain consists of an on-chain portion (recorded on the Ethereum blockchain) and a sidechain.

Some of the key goals of the platform include:

Tracking and Transparency: ShipChain will use the Ethereum blockchain to record all shipping-related data. This data will consist of geographic waypoints recorded in a smart contract. The meaning of each waypoint is encrypted and accessible only by the parties involved.

This gives shippers more visibility across the supply chain while still [allowing for easy communication](#). A sidechain will be created to record information about loads, geo-waypoints, and basic compliance.

ELD Support: ShipChain has a plan to comply with the Electronic Log Device (ELD) mandate from the United States Department of Transportation. ShipChain will work with the most popular ELD developers to integrate directly and march towards the completion of Track & Trace technology.

Multi-Transport Support: ShipChain has plants to integrate with the major US railroads, global ocean freight providers, and major airlines, with each party tying into the ShipChain blockchain-based tracking system.

Decentralized Brokerage: ShipChain's blockchain will supplant the need for brokers by allowing carriers to find shipments and intelligently route their team for multimodal transportation based on factors like distance, traffic, weather conditions, fuel use, and more. Upon pickup, this load system generates a smart contract and holds payments in escrow until conditions for release are met. High brokerage [fees are avoided](#).

Asset Security: By encoding geographic data into the logistics industry, ShipChain will increase cargo visibility and reduce theft. Barcodes and hardware RFID will make it easy to verify shipments at every stage of the process.

Trustless Incentives: ShipChain envisions a trustless incentive system where waypoint information and data is encoded and encrypted into the blockchain, then [used to reward participants](#) for their behavior. Drivers can be rewarded for obeying the speed limit, driving safely, and observing green fuel economy practices, for example.

Unified Management: ShipChain plans to build a unified management platform that allows users to access its smart contracts. ShipChain will provide the first app for cargo booking, and shippers will be able to log on and place an order from Point A to Point B, then view detailed breakdowns of the expected costs.

How Do ShipChain Tokens Work?

ShipChain will release SHIP tokens. You'll need to hold at least 1 full SHIP token to access the ShipChain blockchain for tracking shipments and booking freight.

Transactions on the blockchain for freight shipments will be paid in SHIP

tokens and settled in tokens. Users can use the ShipChain web platform to pay in USD, EUR, or cryptocurrencies, with the value being recorded into the blockchain as SHIP tokens.

A certain number of tokens (up to 20% of the value of each freight transaction) will be given to the driver/carrier as gamified incentives for safe and timely deliveries.

The ShipChain ICO

The ShipChain pre-ICO is underway throughout November 2017. 75 million SHIP tokens are available for sale during the pre-ICO. The company is seeking to raise up to $20 million during the pre-ICO. You'll need to contribute a minimum of $250,000 (maximum of $5 million) to participate in the pre-sale.

The main ICO is scheduled to begin at a later date that has not yet been announced). 175 million SHIP tokens will be available during the ICO, with a goal to raise up to 200,000 ETH (up to $60 million USD). Contribution limits during the ICO range from $10 to $1 million.

Of the total supply of tokens, 35% of tokens are dedicated to the ICO, 15% to the pre-ICO, 15% to the team, 12% to advisors and bounties, 13% to driver rewards, and 10% to company reserves.

Who's Behind ShipChain?

ShipChain is led by John Monarch (CEO), who is also the founder and CEO of Direct Outbound, one of the largest fulfilment/3PL companies in the Southeast United States.

Other key members of the team include Lee Bailey (Chief Technical Officer), Brian D. Evans (Chief Marketing Officer), Sam Rusani (Chief Revenue Officer), and Justin Garcia (Chief Administrative Officer).

ShipChain has already partnered with Perdue Farms, one of America's largest chicken, turkey, and pork processing companies with annual sales

exceeding $6 billion. Other partners include Direct Outbound, a full service warehousing and fulfilment center, and Influencive, a media outlet. ShipChain has also partnered with Sweetbridge, which sponsors the development of blockchain-based economic protocols and applications to transform high-friction global supply chains into liquid value networks.

ShipChain Conclusion

ShipChain aims to disrupt the global shipping and logistics industry using a blockchain-based solution. Their blockchain enables better transparency throughout the shipping and logistics process, including immutable records of each stage of the shipping process. ShipChain also has a unique [incentive system that rewards participants](#) for a better, safer shipping process – including rewarding drivers for good driving behavior.

To learn more about ShipChain and how the platform plans to disrupt global shipping and logistics, visit online today at ShipChain.io. The pre-ICO is underway throughout November 2017, with an ICO taking place at a later date.