

IBM and Hejia Launch Blockchain-based Supply Chain Financial Services Platform for Pharmaceutical Procurement

Pharmaceutical Retailers Receive Improved Access to Financing while Reducing Payment Terms to Next Trading Day

BEIJING, April 11, 2017 [/PRNewswire/](#) -- IBM (NYSE:[IBM](#)) and Sichuan Hejia Co., Ltd. (Hejia) today announced the launch of a blockchain-based, supply chain financial services platform for pharmaceutical procurement to help improve efficiency, transparency and operation of supply chain finance.

The Yijian Blockchain Technology Application System is a permissioned blockchain platform that uses Hyperledger Fabric. It is in production with Hejia and one pharmaceutical retailer, a hospital and a bank running business transactions. In July, Hejia plans to expand the platform to include multiple pharmaceutical retailers, hospitals and banks. The system is designed to help eliminate some of the financing challenges in the pharmaceutical industry.

Small and medium-sized pharmaceutical retailers in China often find it difficult to raise funds as a result of an underdeveloped credit system and a lack of established credit evaluation and risk control. For example, it could take pharmaceutical retailers 60~90 days to recover payment after delivering medicine to hospitals. Without sound credit records and collateral to meet financing standards, these retailers often find it difficult to get loans from traditional financial institutions.

Working with IBM, Hejia has established a blockchain-based business network among these supply chain participants. By tracking drugs through the supply chain and encrypting trading records, the transparency of the blockchain can help establish the authenticity of the transaction. In turn, this may help lower the credit risk profiled by financing institutions, which should allow the payment period to be shortened, possibly to the first or next trading day. Overall, the platform is designed to help to reduce the turnover time of funds on both sides of the supply chain and allow banks to be more informed and grant access to funding for small and medium pharmaceutical retailers.

Mr. Leng Tianhui, Board Chairman of Hejia, said, "The launch of the supply chain financial services platform marks a milestone for the cooperation between Hejia and IBM on the innovative application of blockchain technology. In the future, the platform will expand to include more industries to provide participating companies and financial institutions with transparent and efficient financing services built on blockchain-based innovation in a business model that will contribute to China's economic development."

The launch of the platform also marks the successful business transformation of Hejia. IBM helped Hejia by providing insights from analyzing the supply chain finance industry and the financing conditions facing pharmaceutical retailers.

Doctor Shen Xiaowei, director of IBM Research -China, CTO of IBM Greater China Group said, "Blockchain can fundamentally transform businesses by eliminating inefficiencies, speeding up transactions and enabling innovative new business models. The Yijian Blockchain Technology Application System we've built with Hejia is a great showcase of this capability. We look forward to continued collaboration with Hejia to apply this technology to other industry use cases."

"IBM offers an enterprise-grade blockchain platform built on the Hyperledger Fabric that helps clients define and develop new industry use cases," said Gregor Pillen, Managing Partner, IBM Greater China Group Global Business Services. "We have a deep understanding of various industries and leading technologies that we use to help resolve enterprise clients' business challenges while finding growth opportunities so that they can help contribute to China's economic transformation."

IBM is the leader in open-source blockchain solutions built for the enterprise. As an early member of the Linux Foundation's Hyperledger Project, IBM is dedicated to supporting the development of openly-governed blockchains. IBM has worked with more than 400 clients across financial services, supply chains, IoT, risk management, digital rights management and [healthcare](#)

to implement blockchain applications.

Hyperledger Fabric is an open source blockchain framework and one of the five [Hyperledger](#) projects hosted by The Linux Foundation.

For more information about IBM Blockchain, visit www.ibm.com/blockchain.

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