

Hong Kong **Luxury Marketplace** based on

Ethereum

for Luxify

CASE **STUDY**

LUXIFY

Goals



- Figure out the best way to leverage blockchain technology to address luxury industry pain points
- Create a full proposal on how to implement blockchain managing product authenticity
- Determine the right type of token for the client
- Develop a full pitch deck including market research

Approach



- Ethereum to handle transactions on the blockchain authentication system
- Using Plasma techniques to maintain asset storage
- Non-fungible ERC-721 tokens which represent item ownership
- RFID tags attached by a team of experts establish authenticity and enter the asset onto the blockchain ecommerce registry
- Wallet integrated into a UX-friendly React native mobile application
- Create a mobile app for secondary market that could prove the ownership of the products available for customers and retailers



Results



- Using blockchain technology to cryptographically store all relevant information to guarantee secure data management architecture.
- Instead of opting for a central server-based data center, Luxtrack's decentralized register infrastructure decreases security risks to a minimum
- Technical solutions such as the ERC-721 non-fungible token to verify the authenticity of second-hand luxury items

What was **the industry context?**

Luxtrack (Luxify) is a marketplace for luxury goods leveraging blockchain technology to verify the authenticity and traceability of second-hand luxury items. Blockchain enables users to track the origin and prove the authenticity of luxury items in their vetted network of re-sellers.

Luxify connects affluent buyers with luxury retailers. Our client has found out that counterfeit goods pose a real risk to the market as for instance - knock-off watches or forged handbags can make their way into the system limiting consumer trust. Ordering online usually means taking a leap of faith.

As ecommerce grows globally, the industry needs effective ways to fight fakes. The blockchain authentication system we proposed helps to close the trust gap.

Why did Luxify choose **blockchain?**

If there is one thing that blockchain technology excels at it's establishing immutable records among key stakeholders who may not otherwise trust each other or share information. Blockchain in ecommerce will boost trust and attract more consumers.

Luxify reached out to Espeo Blockchain with one question: **how can blockchain help our business?**

Their experience gave them a unique view of the market. Through our consulting project, we answered their questions and delivered a solid business plan for a blockchain authentication solution. Our proposal lays out a system to verify brand authenticity, track ownership, and protect the value of items through tokenization.

**This is where Espeo
Blockchain steps in.**

What was the **role of Espeo Blockchain?**



At the very beginning of the project some of the questions raised were: Which blockchain platform to use? Which type of Ethereum token should Luxify use to represent luxury items?

Our proposal for a blockchain marketplace was to use Ethereum to handle transactions on the blockchain authentication system. Ethereum offers a robust network we've used for many of our clients. In terms of Ethereum scalability, we proposed using Plasma techniques to maintain asset storage.

Platforms such as the Loom Network use similar solutions with sidechains to maintain a safe state of token assets. Luxify tokens themselves will be non-fungible (NFT) ERC-721 tokens which represent item ownership.

As mentioned before, RFID tags attached by a team of experts established authenticity and enter the asset onto the blockchain ecommerce registry. Once there, the life and ownership of the item is being registered.

Users also have to keep their tokens in a wallet. We proposed a wallet integrated into a UX-friendly React Native mobile application. This will reduce the time of development considerably, and enable the client to reach go-to-market phase efficiently.

Luxify uses blockchain technology to cryptographically store all relevant information to guarantee a data management architecture that offers the highest level of security, traceability, and transparency.

Instead of opting for a central server-based data center, Luxify's decentralized register infrastructure decreases security risks to a minimum, while allowing easy and self-organizing control over the access to the information.



About **Luxify**



Since 2013, Luxify has been a market for new and used luxury goods. The company plans to meet the ever-growing demand for high-end western brands, especially in Asia.

The company's mission is to be the first to innovate luxury ownership by establishing an integrated mechanism for authenticity and traceability. However, blockchain is not a solution in itself — only a tool to streamline the business.

Customers ready to spend want stronger guarantees. Deep cooperation between the Luxify platform as well as a network of external sellers and experts help establish credibility. ERC-721 tokens do the rest. Our plan for a blockchain marketplace uses these to transfer ownership. Experience with fakes on other online platforms limits the overall market. Tech innovation especially blockchain will help the market expand and build a network of easily recognizable, reliable second-hand retailers .

About **Espeo Blockchain**

Espeo Blockchain is **Hyperledger Fabric Certified Service Provider** building enterprise-level solutions and an **active member of the Hyperledger community**. With over a decade of experience, our expert team turns concepts and ideas into leading products.

Innovative ideas need an experienced consultancy. We are fully aware of blockchain benefits and limitations and are here to fully recognize what business value this technology can bring to your business. As expert blockchain consultants, we will walk you through the **full lifecycle of project planning** and development.

Our team has worked on the public and private blockchain projects. Now let's hear about what you're building.



Thank you!

Poznań / Helsinki

