



Digital Authentication Fights Counterfeiting

10/12/18

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Counterfeited products account for a lot of losses for legitimate manufacturers, as well as a lucrative opportunity for criminals. “In the high-tech sector, not only do manufacturers and OEMs face the possibility of end products being faked, they run the risk of counterfeit components entering into – and infecting – the supply chain,” said the Alliance for Gray Market and Counterfeit Abatement (AGMA) “In everything from semiconductors and software to cell phones and laptops, when the difference between a genuine product and a clever fake cannot be determined at first glance – measures to ensure the authenticity of a purchase must be taken.”

The good news is that emerging technologies such as digital authentication are creating tools that are up to the task of safeguarding against fraudsters. “The information age and rise of the internet have grown the counterfeit trade by leaps and bounds, but they have also given us better means to fight it in the form of new technologies,” AGMA President Sally Nguyen said.

Electronics is one of the most commonly counterfeited products, but the problem overall is even more immense. “The amount of total counterfeiting globally has reached to 41.2 trillion in 2017 and is bound to reach \$1.82 trillion the year 2020 which includes counterfeiting of all equipment/products from defense equipment’s to counterfeiting of watches,” said the recent Marketsandmarkets Global Brand Counterfeiting Report, 2018.

The problem is bigger than dollars and cents, though, as counterfeit products can be traced to degradation of a company’s brand as well as unsafe products going into the hands of consumer. Old school methods including crystal taggants, color-changing ink, and basic holograms, which are manual and require special tools, have proved less than perfect in spotting counterfeit goods. In addition to requiring special training, these methods often are insecure and counterfeiters have gotten enough experience to fake them. However, they are still being used.

Digital authentication, which uses QR codes, 2D tags, and net-generation holograms, cuts through many of these issues. The necessary tool, a cell phone, is in everybody’s hands. They are difficult to copy and efficient to use.

“The cost of technology is getting more and more cost effective – some technologies can cost less than one cent per application,” the AGMA told EBN. “The range (or types) of technology has also expanded allowing more choices. In addition, the recent improvement in cell phone cameras has played a significant role in using cell phones as the one authentication tool that’s readily available to practically everyone around the world.”

The AGMA recommends a layered security approach for manufacturers to create a sound solution. The organization offers a handful of tips:

- Secure the supply chain
- Educate authorized channel distributors and resellers

- Advise customers to only purchase from authorized suppliers

The infographic below from the AGMA offers more detail about the problem of counterfeiting.

COUNTERFEITING: BUYER BEWARE

Counterfeits are non-genuine goods that infringe on the intellectual property of rights holders. Counterfeiting is a deliberate intent to deceive buyers by copying and distributing goods bearing trademarks without authorization from trademark owners.

Counterfeit goods generally fail to meet the full range of product specifications and performance standards, but may have the look and feel of the genuine article.



THE IMPACT?

The danger counterfeits present isn't always obvious.

- Lost revenues
- Degraded brand equity
- Potential harm to end users

EXAMPLES OF COUNTERFEIT PRODUCTS

- Electronic supplies: Printer consumables, Batteries
- Semiconductor parts and components
- Higher level electronics systems: Phones, Disk drives
- Printed circuit boards
- Software and software documentation
- Computer laptops, desktops, and servers

STATS AND FACTS

One in 10 IT products sold may actually be counterfeit

Counterfeiting is one of the **fastest-growing** industries in the world – thanks in large part to the internet

Counterfeit products are projected to drain **\$4.2 trillion** from the global economy by 2022

International Chamber of Commerce

TIPS TO PREVENT

- Advise customers to only purchase from **authorized suppliers**.
- Ensure **digital authentication** methods are in place:
 - QR codes
 - 2D tags
 - Holograms
 - Blockchain
- Educate** authorized channel distributors and resellers
- Secure** the supply chain

"The counterfeit problem is an ever-growing one, enabled by the 24/7, global nature of the internet. It benefits the public and private sectors to work together to address the issue, and sharing policies and best practices is one way to do this."
- AGMA President

AGMA GLOBAL
Advancing Intellectual Property Protection

Founded in 2001, AGMA Alliance for Gray Market and Counterfeit Abatement is a non-profit organization and the largest group solely focused on intellectual property (IP) protection in the high-tech industry.

Learn more: www.agmaglobal.org