



Frequently Asked Questions

General Questions About AGMA

Q. Who are the founding members of AGMA?

The Alliance for Gray Market and Counterfeit Abatement (AGMA) is a non-profit organization incorporated in 2001 and is comprised of leading technology companies committed to addressing the global impact of the gray marketing and counterfeiting of technology products. Founding members of the group are 3Com, Cisco Systems, Hewlett-Packard, and Nortel. AGMA is a 501(c)6 not-for-profit corporation.

Q. What are the goals of the organization?

The goals of AGMA are to protect the authorized distribution channels and intellectual property of authorized goods to improve customer satisfaction and preserve brand integrity.

To achieve these goals, AGMA will engage in the following activities:

- Promote channel compliance and risk assurance
- Develop and encourage industry best practices for brand protection and related issues
- Investigate all legal avenues to deter criminal activities that feed gray market and counterfeit goods
- Educate the industry, customers, investors and other stakeholders
- Enlist domestic and foreign governments, state and local law enforcement

Q. Who should join AGMA?

Alliance participants are executives and senior managers involved in brand protection, quality assurance, customer satisfaction, operations, finance, security, channel management, sales, marketing, law and other fields.

Q. Do member companies pay a fee to join AGMA?

Yes, AGMA members fund the organization to ensure that the planned initiatives are fully attainable.

Q. How often do members of AGMA meet?

The members of AGMA meet on a quarterly basis in North America, Europe and Asia. As appropriate, special guests and speakers of interest that specialize in gray market fraud and anti-counterfeiting products, services and solutions are invited to present at member meetings. Contact Cynthia Abbott, Executive Director, AGMA, at cyndyabbott@agmaglobal.org if you would like to make a proposal or presentation to AGMA and its members.

Q. Who do I contact to join AGMA?

For more information on AGMA and necessary qualification requirements to join the alliance, please contact Cynthia Abbott, Executive Director, AGMA, at cyndyabbott@agmaglobal.org

Q. What programs and initiatives have AGMA accomplished to date?

The AGMA program consists of educational initiatives, benchmark studies, formulation of non-binding best practices, white papers and, as appropriate, public policy advocacy in areas such as law enforcement and customs.

Q. Why is there a need for AGMA?

Reducing counterfeiting and improper gray market activity is important for maintaining the highest possible standards of product quality and reliability and ensuring that customers' service and support requirements are met.

The financial impact and customer satisfaction issues resulting from the gray and counterfeit market could be significant.

The inherent value of IT brands is strengthened when products are delivered through approved distribution partners, ensuring the highest quality product and the best possible service and support for our customers.

In addition, by addressing unauthorized gray market activity, a level playing field is created for authorized distribution partners.

Once products become diverted, they are often misrepresented, and unsuspecting customers have no assurance that the products they're buying are new, genuine and have not been tampered with.



Frequently Asked Questions

Importance of AGMA and the Mitigation of Gray Market and Counterfeit Product FAQs

Q. What is the importance of fighting gray market goods and counterfeit products?

Overall losses to manufacturers, channel partners and consumers are immense. It is estimated that over \$40 billion in legitimate products move through the gray market each year, resulting in \$5 billion in lost profits annually to manufacturers. However, more important is the impact to channel partners and consumers. When counterfeit and gray market goods enter the marketplace, channel partners not only compete with heavily discounted products, but they are also dealing with the associated customer satisfaction issues that arise. For customers, when products leave the authorized channel there is no mechanism in place for ensuring product integrity and authenticity. When such non-authentic products reach consumers, the business interruption and other issues caused can be catastrophic.

These are large issues and lost productivity as much as revenue loss and customer satisfaction require AGMA members to address these issues and support our channel partners and end customers.

Q: What steps can be taken to address the issue of gray marketing?

Individually, companies can take several actions:

- Implement controls to prevent products from leaking to the gray market
- Educate sales personnel to look for red flags when making initial sales
- Educate personnel on what to look for in substandard products
- Educate distribution channels about the impact of gray market practices

Working together, we can analyze the global gray market network, educate the industry about the impact of gray marketing on the industry's financials, develop best practices and improve customer satisfaction.

Q: What steps can be taken to address the issue of counterfeit goods?

Individually companies can take several actions

- Implement controls to prevent excess components from entering the gray market
- Better protection and control the Intellectual Property
- Implement rigorous disposition and destruction of excess components and inventory
- Ensure adequate inventory controls of all materials, components and proprietary information
- Educate personnel on what to look for in substandard products and packaging
- Educate your channel and end-customers about the impact of counterfeit goods
- Regular Audits of Supply Chains and Distributors
- Penalties and Legal actions

Q: Why is there a need for AGMA?

Reducing the counterfeiting of products and improper gray marketing activity is important for maintaining the highest possible standards of product quality and reliability and ensuring that customers' service and support requirements are met.

By working in cooperation, member companies create, recommend and can choose to implement practical and effective deterrents to both the gray marketing and counterfeiting of high technology products to protect intellectual property, trademarks and copyrights and preserve brand equity.

The financial impact and customer satisfaction issues are significant. The inherent value of the brand is strengthened when products are delivered through approved distribution partners, ensuring the highest quality product and the best possible service and support for our customers. Also, by addressing unauthorized gray market activity, a level playing field is created for authorized distribution partners.

Once products become diverted, they are often misrepresented, and unsuspecting customers have no assurance that the products they're buying are new, genuine and have not been tampered with.

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