

FOR IMMEDIATE RELEASE

Media Contact:

Stephanie Olsen
Lages & Associates
(949) 453-8080
stephanie@lages.com

AGMA Identifies Digital Authentication as Key Tool in High-Tech Industry's Fight against Counterfeiting

More Advanced Product Marking Methods Help Even Playing Field with Fraudsters

LOS GATOS, Calif., Sept. 19, 2018 – While the practice of counterfeiting dates back to ancient times, recent technology advances are poised to make this illegal practice much more difficult for fraudsters. Time is of the essence here, as the counterfeit problem is an ever-growing one: a recent global report estimates that \$1.2 trillion worth of goods were counterfeited last year – a number that doesn't even begin to touch on the lost revenues, degraded brand equity and potential harm to end users that counterfeit activities contribute to.

Stopping Illicit Activities in Their Digital Tracks

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. 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. [AGMA](#), a non-profit organization and the largest group solely focused on [intellectual property protection](#) in the high-tech industry, has identified digital authentication as critical to halting the practice of counterfeiting. According to AGMA President Sally Nguyen, “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.”

Out with the Old, In with the New

Over the years, commonly used methods for detecting non-genuine products have been manual in nature. These methods include those that require special tools to verify their presence, such as crystal taggants, as well as those that are clearly visible to the naked eye, such as color-changing ink and basic holograms. While still widely employed by manufacturers today, these manual authentication techniques are far from perfect solutions. They may be easy to use but lack security; provide ample security but require special training or equipment; or not be cost-effective. Additionally, the fact that some of these methods have been around for quite some time – basic holograms have been in use since the 1980s – has given counterfeiters the opportunity to perfect the art of faking them. These flaws have combined to create a pressing case for change – and authentication vendors are responding.

Digital transformation is more than just the buzz phrase du jour. In fact, the efficiencies, agilities and improvements that the digitization of processes brings are critical to success in the modern business world. The ability to arm consumers with an easy-to-use authentication tool – a cell phone – has put the power to verify goods in their hands and opened the door to more sophisticated technologies. These fully digital technologies are more advanced than manual forms such as holograms, optically variable ink and the like, and require an electronic means for detection and validation. This makes them difficult for counterfeiters to copy and allows for quick and easy confirmation. QR codes, 2D tags and next-gen holograms are good examples of digital authentication technologies that are both easy to use and challenging to duplicate.

While digital authentication technologies may lead to added costs and necessitate changes to internal systems or manufacturing processes, the long term benefits they provide in terms of mitigating counterfeits should not be overlooked.

Strategies and Considerations

Different combinations and variations of manual and digital solutions exist – in fact, a combination of technologies, known as layering, is popular and presents a bridge to the fully-digitized future of authentication methods. AGMA recommends that IT manufacturers employ a layering strategy that is based on their unique business case in order to create the best solution. With so many different forms of authentication in use today, and new technologies quickly gaining traction, AGMA reminds manufacturers to keep the following basic tips in mind when putting together their anti-counterfeiting strategy:

- Secure the supply chain
- Educate authorized channel distributors and resellers
- Advise customers to only purchase from authorized suppliers

“In order to provide our members with the latest tools to ensure brand integrity, AGMA will continue to keep an eye toward the future,” added Nguyen. “This future includes potentially game-changing innovations such as blockchain, which is currently being closely looked at by authentication vendors. Blockchain’s ability to capture every transaction in the supply chain allows this to happen and has us very excited about its potential to help our cause: making counterfeiting more difficult, undesirable and unprofitable for perpetrators.”

As an industry association, AGMA is chartered with addressing key threats to intellectual property in the high-tech industry. To learn more about AGMA, please visit www.agmaglobal.org.

About AGMA

AGMA is a non-profit organization comprised of influential companies in the technology sector. Incorporated in 2001, AGMA’s mission is to address gray market fraud, parallel imports, counterfeiting, software piracy, and service abuse of technology products around the globe. The organization’s goals are to protect intellectual property and authorized distribution channels, improve customer satisfaction and preserve brand integrity.

AGMA welcomes technology manufacturers, as well as persons or entities that own or hold intellectual property rights to finished goods outside the technology industry; government and law enforcement officials; product and service providers who provide goods and/or services to combat gray market fraud, counterfeiting and warranty and service abuse threats. AGMA uses a variety of avenues to cultivate change in the marketplace, including event speaking, educational initiatives, benchmark studies, industry guidelines, and, where appropriate, public policy advocacy. To learn more about AGMA’s initiatives or to become a member, please visit www.agmaglobal.org or follow them on [LinkedIn](#) and [Twitter](#).

###