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UBIQUITOUS CONTROLS: THE SAFER MEAN TO FIGHT COUNTERFEITING & ILLICIT TRADE

WHITE PAPER ABOUT A DARK INDUSTRY

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UBIQUITOUS CONTROLS: THE SAFER MEAN TO FIGHT COUNTERFEITING & ILLICIT TRADE

Over the last 15 years, the understanding that counterfeiting and illicit trade are scourges for the developed countries has risen sharply across all stakeholders.

According to official statistics, like the generally considered true numbers of OECD for example, the damage to the global trade is rapidly rising towards 2 trillion Euro (that is a number with nine zeros or 2×10^9 !).

Now, how is this possible, especially when you consider that in parallel to this evolution, smart entrepreneurs didn't stand still. Nowadays, hundreds of solutions are proposed to break down or eradicate counterfeiting and illicit trade. Customs officers all over the world are mobilised to enhance controls, as the impressive number of 70% of all seizing of fake products linked to customs efforts is demonstrating. So, what is going wrong!

A deeper analyse of the phenomenon from a higher vantage point shows a couple of peculiarities.

There are discussions ongoing, that the numbers are not increasing, but that the speed of discovery, due to all the forensic efforts is getting faster. It doesn't change the fact, that the absolute numbers are still terrific, but at least it would re-dimension the progress of the threat, which counts now for some whopping 2,5% of all commercial activities globally.

Another point to understand, is where counterfeited products are coming from.

Without naming specific countries, it is now fully understood, that counterfeiting is a feat of developing and emerging countries.

Why so?

Actually, on top of using their skills and their socio-demographic advantages, the people of these countries are surfing on a wave created but the developed countries themselves: "ethically questionable" intellectual property.

Over the past century, what was ideated by the initiators of the intellectual property protection with high moral background, has steadily evolved into something offering an unprotected flank to counterfeiting. In the early days of the industrial civilisation, intellectual property in the field of patents was linked to a high level of inventiveness and to ground-breaking discoveries. In the field of trademarks, the protection was meant to benefit brands, who have a proven advantage and stand out for their quality, their ability to innovate and

their overall worthiness. Steadily, but surely, in most commercial areas, patents are now granted on flimsy, if not unethical grounds (I use to say, that you can patent a fart, because of the different smell – it is only a slight exaggeration, but the meaning is well rendered by this image).

The true content of brands now is less related to the performance of the company or its products, but more to the marketing spent splashed to “build” the brand out of oblivion. This evolution is accompanied by a pricing strategy for “patented” and “branded” products, which have a margin content closer to drug dealing and prostitution trade, than to regular business performance. This in turn attracts naturally copiers and counterfeiters, who are able at a fraction of the market price to offer very similar product performance. This argumentation is absolutely not developed to say, that this is a justification for counterfeiting: every appropriation of third party property is depictable and should be punished. It is just telling, that industries should be careful in their overall business approach, in the same way as the fruit vendor in a local market should not let the pile of avocados unwatched for hours, at the risk of having most of them stolen by some hungry fellows.

Finally, counterfeiting is an interesting criminal field.

Whilst in every other criminal activity, the criminal and the victim are clearly identifiable and categorizable, in the field of counterfeiting, both sides are sometimes behaving like criminals and other times like victims. Let me explain this oxymoron. A consumer who buys an expensive watch and trusts the genuineness of his purchase is a victim, when he is cheated on the real provenience and quality of his acquisition.

Turning around the corner and going into a rogue shop, when buying a copied handbag for the birthday of his girlfriend, he is clearly behaving as a criminal. In the same logic, an entrepreneur trying to ensure, that his distributor network is only reselling genuine products of his production is surely a victim, if some ill-disposed dealer is putting fakes into the market place. But our entrepreneur refusing to mark his products with an authentication and tracking marker, because he doesn't want a customs agent to reconcile his declared sales figures with his real ones, is clearly behaving like a community defrauding crook.

Some will say, that all this is all too human. True it is. Still, the problem needs obviously solving. Without moving towards a nanny world, government and legislators are meant to address these little human weaknesses with adequate laws and put in place the right solutions to protect the clear majority of people against the bad deeds of a few.

Based on this logic and having assessed many possible alternatives without finding other valid solutions, it seems that the stick-and-carrot policy should work one time more.



In the same way as the geographic provenience must be clearly declared on the packaging for all products in Europe nowadays for consumer information and protection, the legislator should impose on each and every product a clear marker for authentication of and traceability to its manufacturer. This doesn't mean, that one single technology should be imposed. Many technologies can still concur to win the approval of manufacturers, but they must achieve authentication and traceability at a defined level of accuracy, and this with a simple mean like for example the ubiquitous smartphones. By doing so, controls will become omnipresent by all stakeholders: manufacturers and their competitors, retailers and their logistics partners, consumers and the public authority will all be part of a highly efficient chain of custody. Due to the sheer volume of controls and with so many inspectors enabled, the mesh will be so tight, that it will be very difficult for counterfeiters to pursue their damaging activity.

For the end-consumer, it will mean a high level of safety about provenience and certainty of the performance of the product they are buying, even if the purchase is done via e-commerce. E-commerce must extend this kind of marking to the packaging used for transport and the machine-readable markers used on automatic dispatching lines will filter out the fakes from the real stuff in the supply chain and avoid them looming liability claims. And for the girlfriend's gift, the eager lover can still buy a cheap, but nice looking copy, clearly identified as such. It might have less appeal to the girlfriend, but trust me: she knows already that you were not offering her the true thing anyway!

Regarding the suppliers, this system will help them to clearly authenticate, trace and localize all of their products, maybe to the despair of some ill-intentioned re-seller, but much to the benefit of the whole chain-of-value creation. And if some of them are longing for the good old days of black money, they can still venture into the drugs or prostitution business, which is more indicated for this kind of dirty business, for sure at the heightened risk to finish in prison, with a shot in the kneecap or – even worse –, dangling at the end of a rope in some dark Asian or Arabian neighbourhoods.

The tone used on this white paper shouldn't induce to think that the proposal is a joke. It was meant to highlight a feasible solution in an emotional appealing way. It is a dead serious and very efficient solution to stop the bleeding once and for all, a mean to moralise whole sectors of economic activity globally and to bring more justice into an otherwise already suffering and highly dysfunctional society.

Where does this leave ViDiTRust and its ViSeQR® technology? Obviously, the ease of deployment, the ease of inspection and the high safety at very low cost of the ViDiTrust technology pre-destines it to become a silver bullet, in the quest for a world largely freed from counterfeiting and illicit trade.



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