

Impact of Counterfeiting

Market surveys by leading industry anti-counterfeit consortia have indicated that

“As many as one in ten IT products sold may actually be counterfeit”¹

“As distributors hunt for fakes, an ‘epidemic’ of bogus chips, routers, and computers cost the electronics industry up to \$100 billion annually”²

¹ AGMA Urges Manufacturers to Take Steps to Protect Products from Counterfeiters
Business Week, October 3, 2007

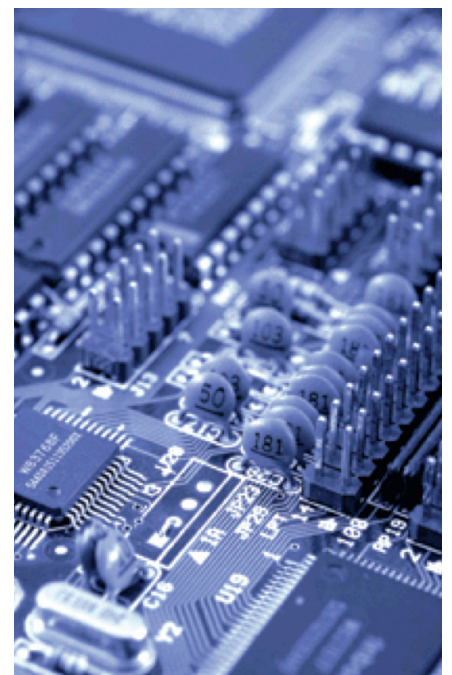
² Fighting a Flood of Counterfeit Tech Products
Business Week, March 1, 2010

Lenovo Computers & Peripherals turn to Izon[®] for state of the art authentication solutions

Lenovo (Beijing, China) group was established in 1984 when China started its economic reform. Today, Lenovo has become the #1 personal computer company in China and represents >10% share of the global PC market. The company rapidly expanded with its acquisition of IBM's PC business and has become one of the fastest growing suppliers of PCs in the world. By the end of 2009, annual sales reached \$16.6 billion. As a result, Lenovo's brand soon came under attack from counterfeit operations especially in their Software and Peripherals (S&P) Department which includes a broad range of products such as hard drives, USB flash drives, mouse/keyboards, printer materials, and PC bags.

The company's S&P Department had implemented several different anti-counterfeiting solutions to discourage fakes in the market. Unfortunately, those security systems were quickly compromised and the Lenovo brand name began to lose credibility in the market.

Lenovo then turned to the De La Rue Authentication Solutions team for their recommendations of a comprehensive brand protection program including state of the art Izon[®] authentication. They needed a solution to discourage counterfeit goods, protect their customers from low quality and potentially dangerous electronic equipment, and regain customer confidence in their products.



Izon[®] security label protects Lenovo against counterfeiting

Members of the De La Rue Authentication Solutions team evaluated the counterfeiting landscape and current security vulnerabilities. They found that the Lenovo brand was under the greatest threat in the S&P market. The team developed a multi-layered Izon[®] security labeling system, and identified Lenovo's well know S&P business as the priority product portfolio to protect.

"Initially, the Lenovo S&P Department had implemented a combined security label by incorporating both color shifting ink and a digital coding system.

Unfortunately, this combined security solution was quickly compromised and counterfeit Lenovo Software and Peripherals appeared in the market soon after it was launched", stated Lenovo's Director of S&P Procurement.

"Lenovo S&P started to adopt the Izon[®] security label system in late 2008 and the impact was immediate. The unique 3D hologram image contained easily identified security features on each side view, so our customers could readily distinguish between genuine and counterfeit products without the use of any special tools or readers".



left right top bottom



Izon[®] holograms provide a fast overt means to identify genuine Lenovo products by tipping the image on all four sides to see the deep 3D image.

"We have been using Izon[®] authentication labels for over 2 years, without encountering any counterfeits in our product's supply chain", added Mr. Wu Di, Director of Idea S&P. "Our customers are confident that they are buying genuine product from Lenovo when they see the deep 3D holographic label, which has not only provided high-tech security, but also strengthened our product image in the marketplace".

"Counterfeiting is an \$800 billion illegal enterprise impacting companies and governments worldwide," said Peter J Waker, President, De La Rue Authentication Solutions. "Our Authentication Solutions team works closely with our customers to help them meet their financial goals by protecting their brand and thereby minimizing the negative impact of lost revenue, brand value erosion, and litigation costs associated with counterfeits. We are extremely pleased with the positive results at Lenovo".



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