



CASE STUDY

Global Haircare Brand Deploys Digital Product Authentication to Secure Its Supply Chain from Product Diversion

Customer

A prestigious, fashion-forward manufacturer of haircare, cosmetics and personal care products that include shampoos, conditioners, hair sprays and moisturizing creams. The brand currently sells through its salon channel only, providing elite customers with product and sales exclusivity while protecting their image and reputation.

Challenge

Nineteen new products were scheduled to rollout in Spring 2018—all at significant risk of diversion. The brand recognized the need for an anti-diversion strategy in their launch plan to secure the supply chain.


These high-value products were prime targets for diversion. Without a brand protection solution in place, the brand would be exposed to financial risks and diminished reputation if products leaked out to unauthorized distributors—ending up at brick-and-mortar and e-commerce retailers at reduced prices.

In researching solutions, there were technologies that could track and trace the products—from RFID tags to holograms to specialized printer inks. But none of these hit the mark. They were all additive solutions that were not designed to detect and prevent diversion.

It became time to implement a cost-effective solution before the rollout to:

- Authenticate individual products.
- Prevent revenue loss.
- Secure the supply chain.
- Maintain integrity of validated results.

These needs drove the brand's decision to partner with Systech, the global leader in supply chain security and product authentication.



“ Systech’s authentication solution is a cost-effective, anti-diversion measure that helps protect our high-value products, reduces the risk of revenue loss and maintains our brand’s global reputation. ”

“ Our supply chain is now more secure and resilient to the potential risks of product diversion and enables us to compete more effectively on a global scale. ”



Systech is the global technology leader in supply chain security and product authentication. For more than 30 years, we have defined supply chain best practices across industries. Systech pioneered innovations in serialization, machine vision and packaging line inspection.

Today, Systech is revolutionizing brand protection. Our software solutions ensure products are authentic, safe and connected—from the factory floor to the consumer's hands.

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Solution

The manufacturer deployed a combination of product authentication and track-and-trace solutions from the Systech brand protection suite. Systech provided the technology, tools and expertise to close vulnerability gaps in the supply chain and reduce product diversion.

Systech's non-additive, real-time mobile authentication solution works with ex-isting package barcodes and a simple smartphone app. Its patented technology analyzes the random micro-variances in native barcode printing to derive a unique digital signature—or e-Fingerprint®—that enables product authentication and tracking from the individual item level to the case and palette levels.

Here's a snapshot of the authentication workflow:

- Palettes of product manufactured by five CMOs were delivered to a distribution hub in Texas.
- Individual product bottles were set up in two quality-controlled, automated e-Fingerprint production lines integrated with Systech hardware.
- Existing barcodes were e-Fingerprinted.
- Authenticated bottles were re-packed, and carton labels generated.
- Orders were fulfilled and shipped globally.

The Systech solution reduces incidents of diversion by enabling the brand to quickly identify and document the potential source. It's covert, easy for supply-chain partners to validate, and affordable to implement and scale.

Results

Systech delivered the ability to authenticate and track products at the individual item level and leverage aggregation to move a case or an entire pallet of items with one scan. This enabled the brand to secure its supply chain, mitigate product diversion risk and protect its revenue.

Systech's support team worked closely with the manufacturer to ensure a successful implementation. Since the rollout began they have:

- Increased product throughput to over 500,000 unique, e-Fingerprints.
- Solved the “brushed metal” challenge—some product bottles were made of brushed metal with high-gloss and abrasive finishes, making it difficult to consistently capture e-Fingerprinted barcodes.
- Improved risk management and control through centralized authentication.

Next Steps

The brand's successful deployment of this anti-diversion solution translates to a competitive advantage built on resilient brand protection and a secured supply chain. Based on the rollout success and stakeholder buy-in, the brand's parent company offered Systech an opportunity to implement the solution for another line of health and beauty products.