



IdentityMind Enables Livescribe to Expand Online Presence by virtually Eliminating Online Fraud

Located in Oakland, California, Livescribe has developed a new low-cost mobile computing platform that enhances productivity, learning, communication and self-expression for anyone that uses pen and paper. The Echo and Pulse smartpens revolutionize the act of writing by recording and linking audio to handwriting, so users never miss a word.

Livescribe, faced serious fraud challenges with their online business. These challenges with online fraud were greatly hindering their ability to expand and further invest in ecommerce.

Consumer Electronics

The consumer electronics market is considered a high risk for fraud. Consumer electronics are easy to resell in secondary and international markets, with little chance of catching products that were acquired fraudulently. Fraudsters know this and focus on mid-size companies that, in general, cannot react to sophisticated fraud schemes.

The average cost of fraud per dollar is \$2.7. Which means that for many medium size companies incurring a high fraud rate can substantially hinder their ability to succeed.

How did they do it?

LiveScribe signed up with IdentityMind during the Summer 2012. After just two months of using IdentityMind's Anti Fraud Platform, Livescribe had reduced their chargeback rate to 0.05%, was rejecting less than 1% of bank accepted transactions and performed manual review on less than 6% of their transactions.

In addition to this reduction of fraud and associated costs, their online sales have also increased and they are ready to safely invest more in their online store.



Key Fraud Indicators to stop fraud

Issue	Solution
For ecommerce companies shipping physical goods, one of the first key indicators to flag a transaction is the mismatch between billing and shipping addresses. This is also true for Livescribe. Their fraud rate when the billing and shipping addresses match is negligible.	IdentityMind information and verification services established the legitimacy of the shipping addresses on the first time they were seen.
Common shipping addresses across multiple identities. In general multiple people don't ship to the same address, so transactions where the only commonality is the shipping address should be reviewed (unless the address is a corporate address, university, etc.)	The IdentityMind technology discovered a large fraud network leveraging established shipping locations for receiving fraudulent orders across multiple prior merchants.
Bogus email domains and suspicious email accounts. These are email domains that aren't associated to any active company, are not any of the well-known email services, or one-time email domain providers.	IdentityMind reputation services flagged transactions from suspicious email domains as well as looked at reputations for individual email addresses.
First time buyers: no history associated with the merchant.	IdentityMind leveraged their identity database and third party verification services to provide additional information on new customers.
Chargeback associations: track any parameters associated with a transaction that has been previously charged back.	IdentityMind flagged every transaction associated with fraudulent parameters.
Failed out of band authentication. End users fail to respond or can't be reached through the phone number provided.	IdentityMind performed automatic Out of Band verification to all orders that were scheduled for manual review.

Key Practices to lower the number of manually reviewed transactions

Automatic and integrated Out of Band Verification mechanism

Reach out to the consumer automatically and have them validate the transaction

Quickly identify good users

Keep track of your users, if they've purchased before, and have not committed fraud, likely they won't do it in the future

Blacklist fraudulent chargebacks

Consumers that commit fraud will try again, even trying to disguise themselves as "new" customers. Catch them through recognizing their identity from the collection of attributes seen.

“ IdentityMind has virtually eliminated fraud from our online store. Our sales have increased, as we are able to accept more transactions. We can safely expand our online presence into international markets and mobile users with IdentityMind,” said Frank Lucero, vice president of Finance, Livescribe Inc. ”



About IdentityMind™

IdentityMind™ Anti Fraud and Risk Management Platform offers the next generation in anti-fraud. Merchants benefit from IdentityMind's unique and patent pending technology to identify Internet users and their payment reputations, and its unparalleled visibility into the payment network backend. In addition to a comprehensive and automated fraud decision engine with over 450 fraud indicators, the platform is deeply integrated with a wide range of best of breed data and technology providers covering mobile platforms, Identity Verification, Device Fingerprint, IP Geolocation, Phone verification, email reputation, and more.

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