ANTI-PIRACY: A Partnership Story

Prevent counterfeiting by giving each product a unique, dynamic identity

Lois Leslie
Senior Innovation Product Manager, HP
Michael Shea
SVP, LSC Communications
Bret Foster
Strategic Account Manager, Brady Corporation

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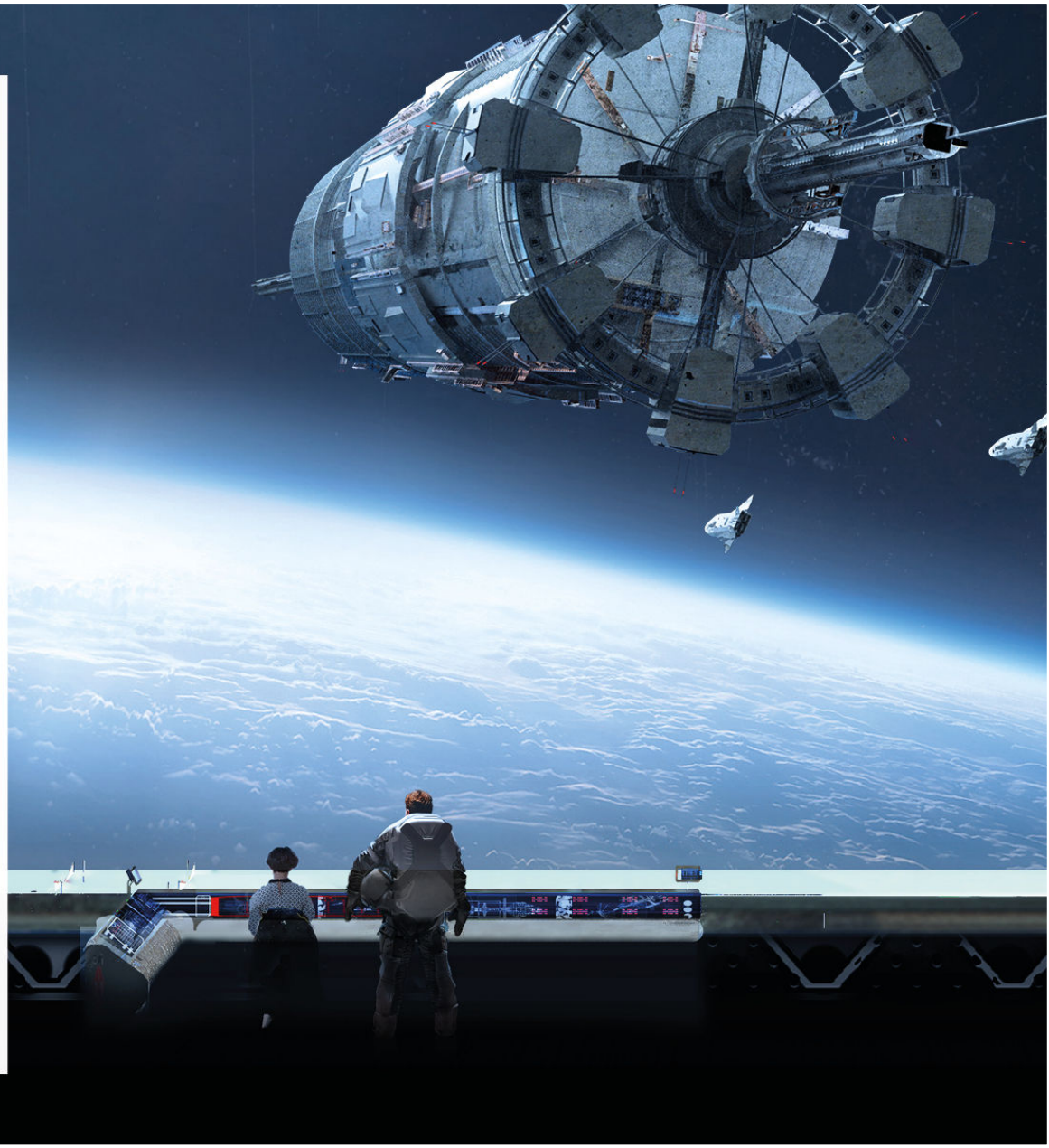
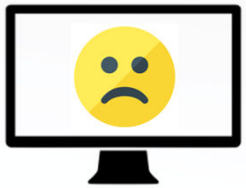


Counterfeiting is a pervasive and growing problem
…. driving the need for serialization

ICC estimates **global counterfeiting could reach** **US$2.3 Trillion** by 2022[1].

Homeland Security reported a total of **US$1.38 Billion** (MSRP) in **Intellectual Property related seizures** in 2016.[2]



1 in 4 US consumers have been deceived into **purchasing counterfeit items online**.[3]

1 in 3 Pharma companies are **not ready** for the **serialization requirements** stated in the FDA's Drug Supply Chain Security Act.[4, 5]

America's food industry has a **$55.5B** **safety problem**[6]**.**

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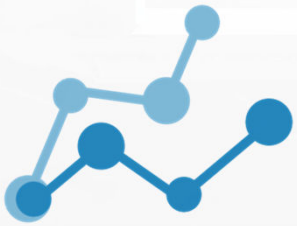
Multi-faceted strategy for brand protection

Multiple technologies

The "scare" factor

Forensic authentication

Rules-based system & analytics



End-to-end solution

Keep adapting

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HP Confidential

Link from HP -- Protect and track your product

A platform and set of tools to provide every unit its own identity and then protect it, track it, and enable engaging experiences from it.

Assign a unique & deterministic identity
to each pack/product

Connect all marks & metadata
e.g. product & tracking specific info

Track & authenticate through digital experiences

Capture behavior data, analytics & insights
to improve your business

ALL WITH 1 SINGLE DIGITAL MARK -- hidden or visible

1 BRAND PROTECTION

Authentication
Anti-counterfeit
Product diversion

2 TRACK & TRACE

Supply Chain Efficiency
Shrinkage/Product Loss
Print Production Control

3 CONSUMER ENGAGEMENT

Brand promotion
Acquisition & Retention
Behavior tracking

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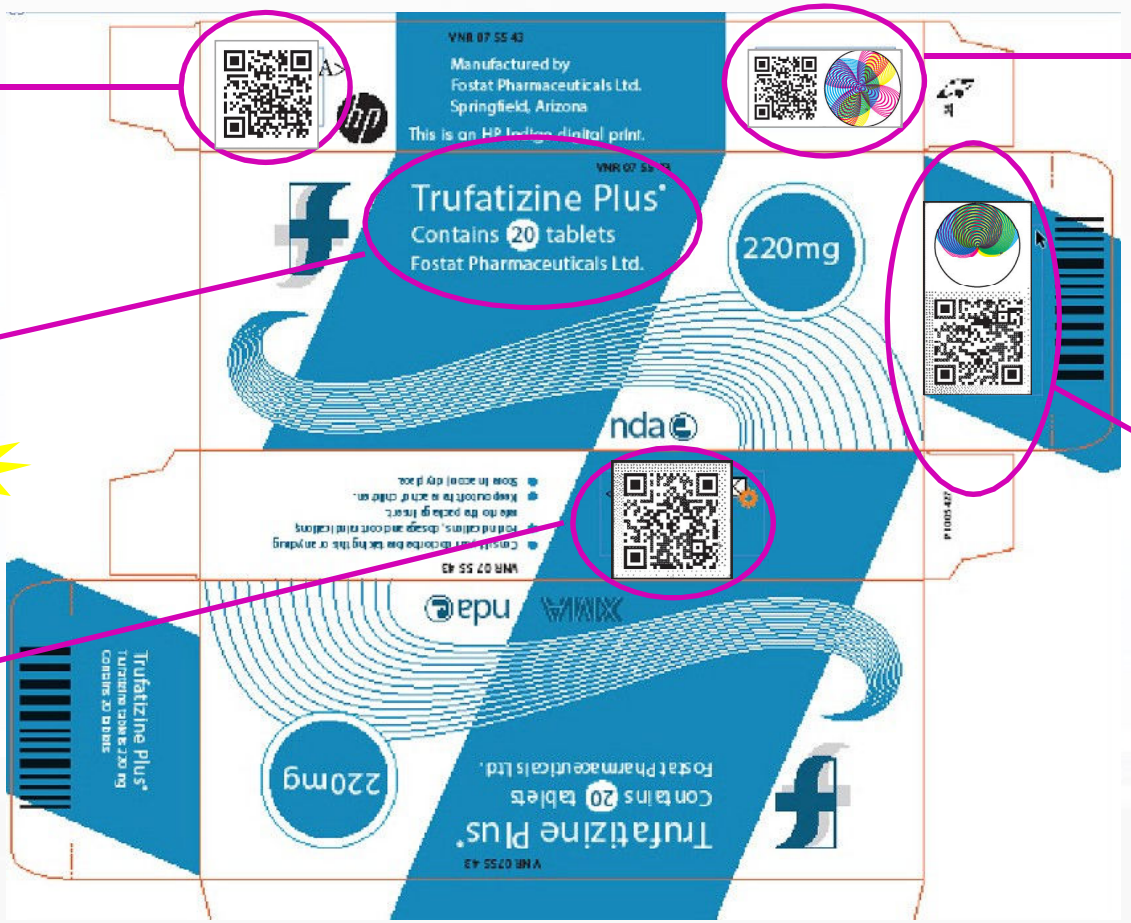
Examples of marks supported by Link

QR



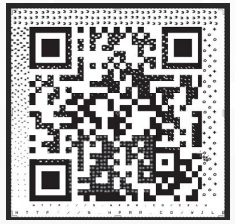
QR + Guilloche

Trufatizine Plus®
Contains 20 tablets
Fostat Pharmaceuticals Ltd.

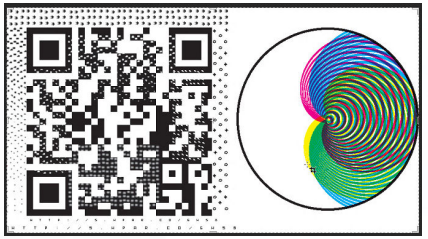
Watermark

DIGIMARC

NEW! SGTIN



Secure QR



Secure QR + Guilloche

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Saving HP millions through fraud identification

Millions saved thanks to mobile authentication identification and Link Secure QR codes

Product Authentication

- A unique secure QR code on the holographic labels
- HP real time analytics of authentication for Brand Security Team
- Enables pre-purchase marketing opportunities via smartphone.

✓**On laser & inkjet supplies**
✓**1.5B authentication codes**
✓**Several million dollars saved**

People authenticating through Link Reader Mobile app:

- Law enforcement, customs, and auditors
- Channel partners
- Government contract bid requirements
- Consumers

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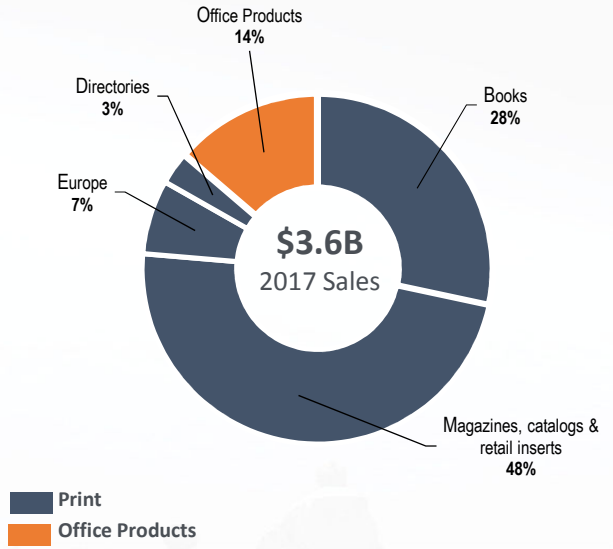
LSC Communications: A Global Leader

LSC AT A GLANCE

- Global leader in traditional and digital print, print-related services and office products
- Serves the needs of publishers, merchandisers and retailers
- Service offering includes logistics, warehousing, fulfillment, supply chain management and e-services
- Serves over 3,000 clients

EXTENSIVE PRODUCTS & SERVICE CAPABILITIES



GLOBAL PLATFORM WITH SIGNIFICANT SCALE

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(1) See reconciliation of non-GAAP financials in appendix

“IN THE BOOK PUBLISHING INDUSTRY, TEXTBOOK PIRACY HAS LONG BEEN A PROBLEM FOR THE INDUSTRY AND IS AN INCREASING CONCERN FOR ALL PUBLISHERS. LSC IS INVESTING IN INNOVATIVE TECHNOLOGIES TO HELP PROTECT OUR CLIENTS’ EXCLUSIVE INTELLECTUAL PROPERTY AND TO STEM THE TIDE OF PIRACY.”

- Tom Quinlan, Chairman and CEO of LSC Communications: Q4 2016 Earnings Call

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Piracy Problems in Book Publishing

- Counterfeiting of legitimate product is easier than ever
- There are many avenues to market counterfeit product
- Consumers aren't concerned about product authenticity
- Lack of aggregated data and insights to identify Piracy Hot Spots

Book piracy .....is costing publishers worldwide billions of dollars annually.

Source: https://www.internationalpublishers.org/policy-issues/piracy

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The evolution of IntercepTag

- **2015** – Customer look to LSC for a solution to counterfeit books
- **2016** - LSC and CXL explore anti-piracy options – White Paper
- **2017** - LSC partners with HP and Brady to leverage HP Link technology
- **2017** - LSC develops SIMS – Secure Identity Management System
- **June 2017** – LSC goes live with IntercepTag Production & Technology Platform.
- **2018** – Pearson, Macmillan, McGraw Hill, Norton, Dover commit to 20M units

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IntercepTag Ecosystem

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LSC IntercepTag Platform

ANTI PIRACY

Good Book / Bad Book
Data-driven insights

TRACK & TRACE

Units,
Cartons,
Palettes
.

CHANNEL MANAGEMENT

Terms of sale,
Distribution,
Returns

VIRAL SOCIAL REFERRAL

Leverage the enthusiasm of your readers

KNOW YOUR CUSTOMER

Detect, analyze and predict trends in content consumption

OTHER USES OF CODES

Rentals
Access Codes

InterceptTag: Forensic-based features identify “first fake”

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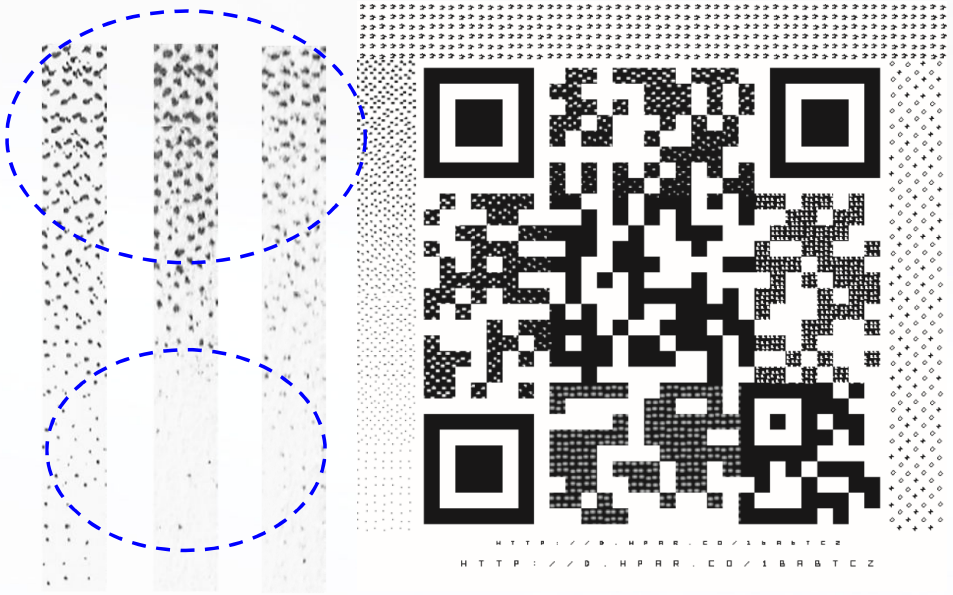
IntercepTag – HP Link SQR Scan

cluster shapes heavier, smeared

dots lighter and/or absent

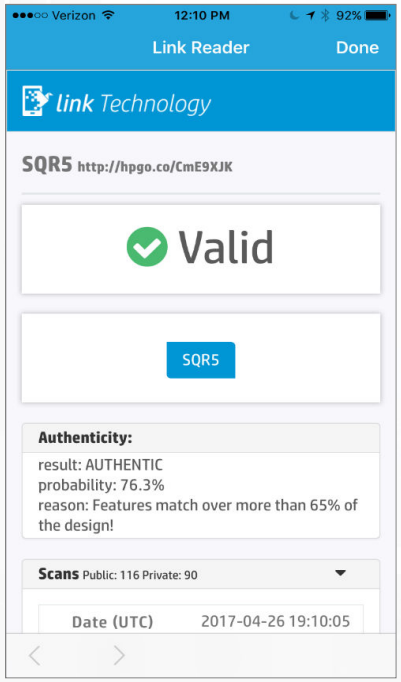


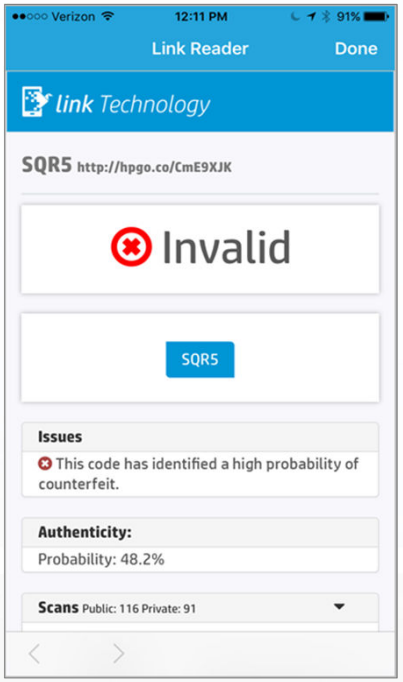
original B&W copy color copy

Authentication – detection with Link App

Scan Validation – Authentic or Counterfeit

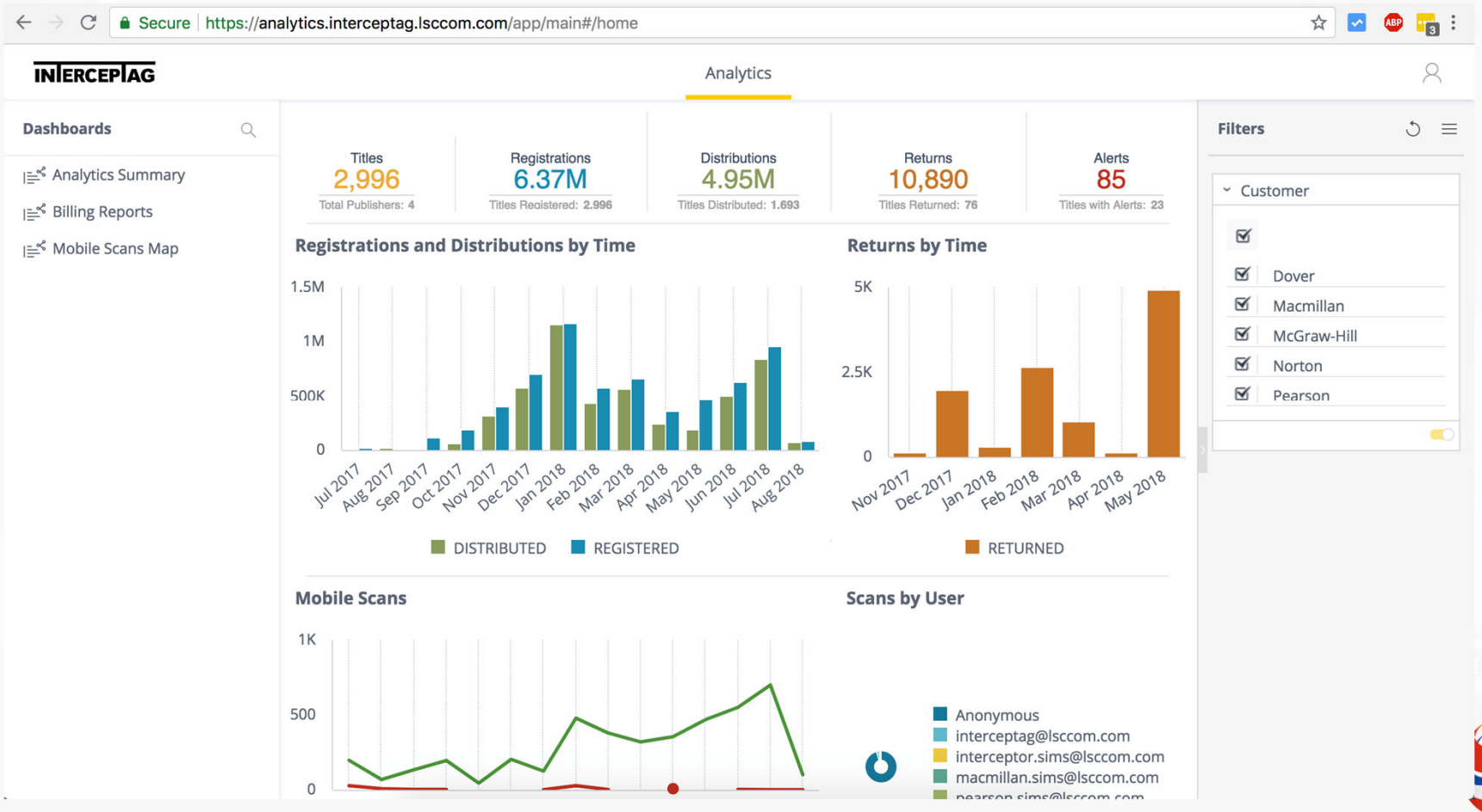
Mobile Application (iOS or Android)





Desktop Application with High-definition Scanner

Analytics



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WHEN PERFORMANCE MATTERS MOST™

Brady Corporation....

A valued LSC Partner

LSC COMMUNICATIONS

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Why LSC Chose Brady

- **Extensive Experience Working with Large Volume Clients**
  - Great working relationship with HP since 2009
  - Many additional Fortune 100 Clients
- **Experience in Large Volume Variable Text Printing with Indigo**
  - Ability to understand and design effective processes to manage large volumes of variable text to meet LSC's needs
- **System Integration and Data Management**
  - Ability to download and store large volumes of Link serial codes
  - Ability to manage the data effectively without duplication
- **Fast Turnaround of Large Scale Program**
  - 4 week turnaround from first contact

BRADY

Why LSC Chose Brady

- **Direct Access to Design Engineer**
  - Worked closely with design engineer to discuss layers of security features
  - Quick proof signoff process
  - Short lead time
  - Cost competitive solution

- **Certified as a Best Practice Security Provider**
  - Certified by NASPO International (ANSI / NASPO standard)
    - Milwaukee, WI USA since 2004
    - Chain of Custody Documentation

- **Financial Stability**
  - 104-year-old company with F'17 sales of US$1.1 billion

Brady Corporation

We create solutions that identify and protect people, products and places – helping businesses be safe, secure and productive.

- Founded in 1914
- Headquartered in Milwaukee, WI, USA
- F17 revenue of $1.1 billion
- 6,400 employees worldwide
- 31 manufacturing facilities
- Doing business with 89% of the Fortune 100 companies

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Thank You!

Find Link in the **HP Security Solutions booth** to learn more.

lois.leslie@hp.com

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