

## The three-card Monte on a global scale

**The organized crime groups are now playing the same confidence trick as the dealer in three-card Monte. The main difference is the target of a dealer is called “mark”, while a person buying a counterfeit product in a good will is just a... client. While the worst could happen to you in a classic three-card Monte game would be losing some money, using counterfeit medicines could be plain deadly.**

In a global society where the top brands are almost worshipped by the consumers, consumer goods' counterfeiting is booming. In 2013 – the latest available data - the estimated the value of international trade of counterfeit goods is estimated at € 338 billion and amounts to 2.5% of world trade. It is even worse if you take a look at EU imports – 5% of it, worth up to € 85 billion. The trend leaves no illusion – the customs administrations of EU-member states opened almost 87'000 cases of detention counterfeit consumer goods in 2013 while in 2002 there were only 7'553 such cases. But before you think it is rather a problem for legitimate goods producers, there's another quite chilling statistics from European Commission – in 2013 25.2% of the products detained were for daily use and would be potentially dangerous to the health and safety of consumers, because those products can include harmful chemicals.

It shouldn't come as a surprise due to extreme profits that can be made on counterfeit consumer goods. Even quite simple scheme of selling counterfeit cigarettes can yield profit more than twice as high as old school heroin trafficking. And “slinging dope” by gangsters is really a small potato money-wise if you compare it to a counterfeit medicine production and distribution where USD 1000 invested yields USD 500 thousand return – according to International Institute of Research against Counterfeit Medicines. As if it couldn't get any worse, an EY study now indicates terrorist groups are funding themselves with illegal profits from counterfeit consumer goods. The Real IRA has flooded Republic of Ireland with counterfeit cigarettes and the 2004 Madrid train bombing incident was funded through the sales of pirate CDs.

Almost everything of value is vulnerable to being counterfeited – from medicine, food, designer clothes and cosmetics to electronics and automotive parts. Market players are well aware about the problem and already invest heavily in sophisticated systems to prevent their products being counterfeited. Yet it is simply another instance of classical spear vs. shield arms race. The spear will always win against shield since the spear has an initiative and the cost of the shield cannot be too high. The shield in this context takes a form of holograms, micro- and UV-printing, water indicators, encrypted micro particles (sometime even DNA is used), serialized barcodes and even RFID chips. Each of mentioned solutions adds to the price of products yet at the same time can be broken and rendered useless by organized crime groups involved in global counterfeit consumed good trade who work relentlessly on mimicking any form of protection they are able to.

Quite often a company comes with a proprietary anti-counterfeit system like – for example – Lumileds, the producer of Philips xenon lamps for car. Each Philips branded product has an individual “Certificate of Authenticity” that customer can check on dedicated website. While it is quite successful, it required an investment and involves constant reminder to the clients via PR activities to keep it viable. But is it the best a company can do in this field?

Here enters Cypheme, a French start-up that simply knocks out the table on which the global three-card Monte is being played. Take a product's label with your smartphone, send it to Cypheme via Facebook Messenger or WeChat and receive answer within second free of charge. Unlike in the three-

card Monte where you just can't beat the dealer as the whole game is rigged, Cypheme will always bring you the correct answer – either it's an original product or a counterfeit.

The efficiency of Cypheme mirrors the determination of one of its founders whose mother nearly died after using counterfeit medicines. That experienced pivoted company away from the original goal of protecting sensitive documents using state-of-the-art technology to an anti-counterfeit crusade. What distinguishes Cypheme from a vast number of other solutions readily available on market is the probably lowest cost of the protection for the client. *“Cypheme is an artificial intelligence capable of detecting counterfeit products by analyzing the brand's packaging's unique signature, using only a cellphone camera. Our client needs only to provide us with scans of the labels that will be stored in our database”* explains Charles Garcia, one of the Cypheme's founders. While the printed content of any labels can be counterfeited, there is just no way to match the exact characteristics of a packaging used to produce the labels. Precisely the quick and efficient recognition of packaging characteristics is what Cypheme excels at.

One of the first clients of Cypheme was the French company Teqoya specialized household and in-car air purifiers. *“Cypheme solution is easy to implement for us, easy to use for our client and it is quite cheap. But most importantly it reassures our end customers that they have bought a genuine product”* summarizes Pierre Guitton, CEO of Teqoya.

#### **About CYPHEME**

Cypheme is an artificial intelligence capable of detecting counterfeit products by analyzing the product's packaging with a neural network, using only a cellphone camera. The Cypheme technology allows anyone, anywhere, to verify the authenticity of the products adopting the solution. Read more at [www.cypheme.com](http://www.cypheme.com)

#### **About TEQOYA**

Breathing clean air is a vital need. Air pollution, since it detrimentally affects human health, is one of the biggest challenges facing modern societies. In 2014, TEQOYA embarked on a mission to provide clean air while respecting the environment. Our breakthrough innovation relies on air ionization and is based on patented technology developed through 15 years of research. Presented at CES 2015, TEQOYA has become a point of reference in air purification sector. Strengthened by the success of its ionizer range, TEQOYA received an award at The French Touch Conference 2016 in New York. TEQOYA has since been chosen award recipient by Scientipôle Initiative and The French Tech Tour China. For more information: [www.teqoya.com](http://www.teqoya.com)

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