



# Building trust in global supply chains

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It is a pleasure to be able to contribute to this *World Commerce Review* edition focussing on combating counterfeiting. SICPA has long been at the forefront of those in the private sector providing solutions to combat this scourge in its many forms and the allied crimes of illicit trade - be it through sale of counterfeits, contraband, tax evasion, avoidance of quality controls or theft of intellectual property. These crimes damage governments' revenues, undermine policies and put at risk public health and citizens well-being.

## **The threat is asymmetric and requires a flexible solution**

Safe international trade is essential for the economic growth our governments are currently seeking but globalisation has meant that supply chains have become ever longer and more complex, presenting new opportunities which criminals can and do exploit. Securing these supply chains has thus become ever more important. The threat is asymmetric.

Success requires exploitation of the latest technology and as well as flexibility and collaboration among the many stakeholders - to match the agility of the criminal organisations. The work of international organisations such as the OECD, WCO and standards organisations in promoting cooperation and best practice is crucial to tackling the issue.

So is direct action by individual rights holders and national governments to reinforce their own capabilities and build robust systems which can be linked across borders to build an interoperable international network.

SICPA has spent many years investing in developing up-to-date tools for governments so they can meet these challenges now and in the future. Our SICPATRACE® platform is designed to accommodate numerous products, to protect licit industries and provide them with a level playing field, to help promote the conditions suitable for economic development and investment.

Our approach builds on our long experience providing security inks and security features to protect bank notes and value documents in working in partnership with governments. SICPA has developed a modern tool box which can be implemented in a modular way and adapted to take account of national needs.

At the core of the approach is secure track and trace which

provides transparency and control across the length of complex supply chains which criminals are so adept at exploiting.

## **Digital technology is crucial but needs to be complemented by material based security**

Secure track and trace is based on marking legitimate product securely so as to guarantee authenticity and gives each item a unique identity so that it can be monitored through its life cycle from manufacturer to consumer. Digital technology is essential for monitoring and for the full exploitation of data, but to protect against the vulnerabilities of cyberspace secure marking needs to use material based features such as high security inks.

To be effective a secure tracking and tracing system should be fully integrated but modular and adaptable to a wide range of products - be they excisable goods, medicines, sensitive equipment or other goods which are targeted by criminals. At each stage there are benefits. At the beginning of the supply chain benefits include production control which tackles the mis- or under-declaration which can result in tax losses. As the products moves on to wholesalers and bulk traders there are gains from preventing diversion frauds, adulteration, illegitimate re-packaging. At inspection stages there are tools to counter corruption.

Business intelligence, risk profiling and reporting modules exploiting 'big data' ensure best use of enforcement resource. Real-time information of evidential quality improves enforcers' 'hit rates' for seizures and prosecutions. And at the end of the chain features can be provided which give consumers certainty about the legality and quality of the products they are purchasing.

## **Implementation requires a holistic approach and expertise**

SICPA knows from its experiences across the globe that implementing a successful track and trace system requires a holistic approach and proven expertise. It needs to address the needs of all stakeholders. Permissive legislation needs to be in place. A good system is un-intrusive and has minimal impact on production processes - it copes with difficult industrial environments and is seen as enabling by manufacturers. The integrity of data capture is crucial - it has to be error free and acceptable to all supply chain actors. It requires a fully reliable and secured system of aggregation so



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that eg. a bulk package does not require unpacking. Checks by the authorities need to be quick and easy, compatible with trade facilitation schemes based on AEO and contain anti-corruption safeguards.

The cost of counterfeiting and illicit trade is high. The benefits of combating it are significant. The technology now exists to do so successfully. It is a tool par excellence to promote economic well-being. We stand ready to provide advice and input to those who want to make it happen! ■