MicroDOT AUSTRALIA

MicroDOTS Identification & Authentication

Brand Authentication & Anti-counterfeiting Program

Overview
&
Usage Summary

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For Proprietary Products

Commercial in Confidence
Version 1.1

Table of Contents

Commercial in Confidence 2
Supplier Contact 2
Executive Summary 3
MicroDOTS 4
The MicroDOT Authentication Model 5
MicroDOT Kits 6
Usage Summary – Samples of Authentication Needs 7
- Automotive 7
- Alcoholic Drinks 7
- Artworks 7
- Pharmaceuticals and Over-The-Counter Medicines 7
- AgroChem 7
- Health & Beauty 7
- Tobacco 7

Benefits Analysis - Authentication 8
Acknowledgements 8

Commercial in Confidence

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Supplier Contact

MicroDOT Pty Ltd t/as MicroDOT Australia

Neil McCormack
Managing Director

Telephone: +61-1300-411-144 | Mobile: +61-(0)419-296-511

E-mail: neilm@microdotaustralia.com.au

Executive Summary

The global economic impacts of counterfeiting and piracy is estimated at $US4.2 trillion.

For the designer and/or manufacturer, this rapidly rising global trend produces products that may be dangerous and ineffective, with enormous impact upon the reputation and revenue streams of the legitimate brand owner, and often stifling future creativity and innovation. Industry research in the automotive sector claims that counterfeit parts alone, cost the automotive industry $US20 billion annually and put the lives of consumers at risk daily.

Imitations of genuine whole products or of some replaceable parts of those products, are often presented as authentic, without any proof of legitimacy available to the end user for proper authentication. As distribution goes global, visibility into the supply chain is often obscured, intensifying potential counterfeiting replacement issues. To combat these risks, brand owners need to partner with trusted third-party brand protection solution providers to provide effective and simple product authentication and subsequently, brand protection.

Generally, counterfeiters seek products with minimal authentication features. Some brand owners have been slow to adopt a mature brand protection function, making them ripe for counterfeiting and end-product tampering. Brand owners prepared to detect, measure and prevent potential risk in their supply chain can minimise or avoid damage altogether.

In the past, anti-counterfeiting measures may have been seen as an extra feature that only added cost to a product. However, with the rapid escalation of the problem, brand owners now realise the importance of adding product authentication features to their products as critical brand protection requirements and a compelling investment in the future of their business.

Optical security technologies can provide a valuable component in product authentication. Property marking has long been recognised as a crucial measure in discouraging and detecting crime and should therefore be considered when adopting a comprehensive product authentication model. MicroDOTS provide the simplest practical method of property marking available in the global market today.

Property marking with MicroDOTS, associated signage, supply chain education and the resultant brand culture from those measures, all act to reduce the attractiveness of products as counterfeit targets. It is recommended that this approach be undertaken for any proprietary product that may be a target of counterfeiting.

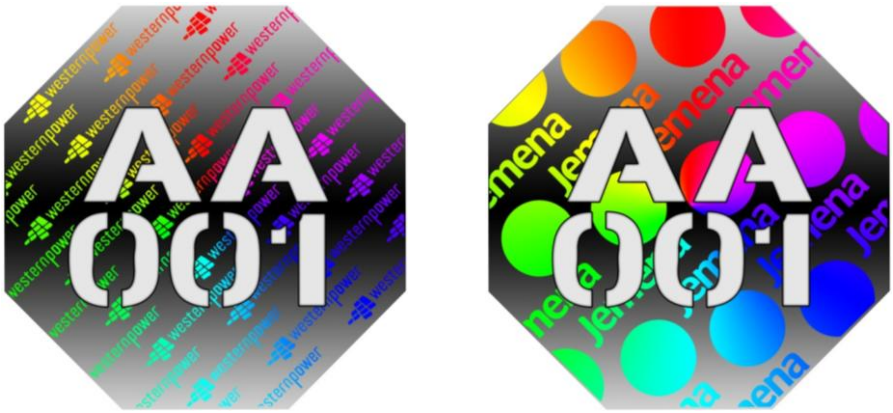
MicroDOTS

Leading-edge MicroDOTS employ a nickel substrate, which is electrically etched with a unique identifying code and cannot lose any information as a result of sunlight, high temperatures or usage time. They can withstand temperatures of over 1,000°C without oxidising, and have a melting point of 1,453°C. MicroDOTS are a very robust product and have significant advantages over older microdot technology, which typically uses a plastic substrate that is subject to destruction in sunlight and/or high temperatures, heavy degradation over usage time and de-lamination within its own adhesive after 6 or more months. None of these issues exist with MicroDOTS.

MicroDOTS can range in size from 0.3mm to 3.0mm and can be packaged to mark items with a high-usage brush-on process, via a rapid application pressure-pak spray or very simply from a "brush-wand" applicator. Specific application processes can also be developed to fit in with unique production lines. Each MicroDOT contains a hologram, which can be customised with a Corporate Name and/or logo (see images below), if desired. In addition, all MicroDOTS in a dispenser contain a unique PIN, which is subsequently allocated against the owner of the marked property. Signs, labels and stickers can be similarly customised.

MicroDOTS are simply a modern, very effective and simple way to "engrave" property with identification. MicroDOTS are very easy to apply and can be extremely difficult to detect and remove, depending upon application procedures. Items of all shapes and sizes can be marked with MicroDOTS in just a few seconds. Used with warning signs, warning labels and item stickers, MicroDOTS provide a very effective "hardening" layer of security for assets of all shapes and sizes.

In an authentication model, if the MicroDOTS are NOT present, then the item is NOT authentic. This means that covert placement is not necessary, in fact it is probably beneficial for the MicroDOT marking to be in a pre-defined overt location.



Samples of Holographic Corporate Logos on Customised MicroDOTS

The MicroDOT Authentication Model



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MicroDOT Kits

***MicroDOT* Identification Kits**







MicroDOT identification kits are provided in a "brush-wand" form, as a can of propellant, or as a plastic jar, each including the unique identifying MicroDOTS inside. This identifying code on the MicroDOTS can be generic or can be produced with a holographic Company logo as the MicroDOT background.

MicroDOT identification kits, can be enhanced with the addition of supporting signage, labels & item stickers. These supporting items provide overt announcements to would-be thieves that property is marked for irrefutable verification.

Standard kits are provided with product support materials, such as Application & Registration Instructions.

MicroDOT identification kits provide a very fast, mobile and easy way to deliver identification to virtually any item that may need permanent identification for authentication needs, in particular proprietary products.

MicroDOTS are also commonly used where there are items of value to be marked for identification as a primary loss prevention strategy. Some copper & semi-precious metal items commonly marked are copper grounding straps, copper cables, copper & aluminium reels, air conditioning units, water piping, power cables, window frames, generators and motors with copper windings. Equally, the kits are also very useful for marking tools, plant, equipment & machinery, laptops, PC's, flat screens, digital projectors, mobile phones, and other office equipment & business assets.

A MicroDOT solution can be effective in virtually any circumstance where there are items of real or intrinsic value that may be a target of counterfeiting or theft.



Expanded View of a MicroDOT

Usage Summary – Samples of Authentication Needs

Automotive Vehicles & parts. Counterfeit parts alone are estimated to cost the global auto industry $US20 billion annually, and put the lives of consumers at risk daily.
Alcoholic Drinks Wine and spirits. Counterfeit alcohol is estimated to make up 25% of alcohol consumed worldwide.
Artworks Artworks, including paintings, etchings, sculptures & other oeuvres, are subject to copying by other artists and reproduction by illegal means, to create a multi-billion dollar illegal global industry that robs the original artist of appropriate recognition and reward. Without an effective authentication methodology, it is often impossible to identify real artworks from fake ones. In some quarters, up to 50% of all artworks are said to be fake.
Pharmaceuticals and Over-The-Counter Medicines At least one million people die annually from consuming counterfeit medicines.
AgroChem It is estimated that counterfeit and adulterated chemicals poison over 3 million people annually and result in over 200,000 deaths.
Health & Beauty Counterfeit and adulterated cosmetics cause eye, nose and throat issues, and can also be flammable and poisonous.
Tobacco Illicit trade is so extensive, accurate measurement is impossible. Counterfeit products often contain poisons that cause illness and sometimes death.

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Benefits Analysis - Authentication

- Mark proprietary products with unique identification. With associated warning signage & labelling, this provides a unique "hardening" layer of security for each item.

- Announce clearly to would-be counterfeiters, staff, suppliers, customers, business associates and the community at large that proprietary products are all marked with unique MicroDOT identification for authentication purposes.

- Full commitment to a MicroDOT solution will significantly increase the difficulty for counterfeiters attempting to produce "copy" products. This further encourages them to seek other products with minimal or no authentication features.

- Higher difficulty of production and wide customer knowledge of MicroDOTS on original products, will significantly reduce the attraction of counterfeiting.

- Proprietary products marked with MicroDOTS can be inspected for authenticity at any point of the supply chain.

- Less counterfeiting, means significantly reduced interruptions to business processes and far less imposts on staff caused as a result of counterfeiting.

- Lower potential for counterfeiting of proprietary products, will have an immediate impact upon the "bottom line". An investment in product authentication is an investment in the future of the business.

- Less risk of counterfeiting, will help to
    - protect the product and corporate brand – improves brand trust
    - protect the product and business reputation
    - encourage future investments into existing and new proprietary products
    - limit the potential of false warranty obligations
    - reassure customers who purchase knowing that brand quality is original and uncompromised by a third party
    - protect shareholder value

Acknowledgements

- International Chamber of Commerce
- Authentix Inc.