

COMPANY PROFILE

Verify Brand - Providing Value Through Visibility

In last month's edition of *Authentication News*, we went to press with the announcement that De La Rue Security Print, a division of the banknote and security papermaking group, had formed a partnership with Verify Brand LLC. DLR plans to use the Verify Brand software platform as the basis of its De La Rue Verify™ item level identification and web-based authentication, tracking, alert, event management and reporting system. To understand better the Verify Brand company and system, *Authentication News* conducted an exclusive interview with company president Kevin Erdman.

The tie-up with De La Rue is the latest in a series of strategic selling partnerships which includes 3M, CCL Label, Meyers Printing companies, and on+qor (pronounced 'encore') a division of All-Pak Inc. Verify Brand also has technology support partners including CDW, who provide secure hosted data management support, and also Motorola, who provide scanning equipment as part of Verify Brand's single source solutions.

The company is based in Minneapolis and according to Erdman, 'a key strength is that its roots lie in secure serialization and security printing by way of its parent - The Meyers Printing Companies. It was the realization in 2001, while Meyers was working with a major software company, that unique codes printed on secure documents provided not only the means to track a product or document, but also a way of authenticating its authenticity.'

This insight led to the filing of a patent application in November 2003, which forms the basis of Verify Brand technology. The official formation of the company is October 2003, that being the date when the company was incorporated as a subsidiary of The Meyers Printing Companies, a privately held printing company located in Minneapolis, Minnesota.

The products offered by Verify Brand are internally developed software for a SaaS (Software as a Service) model supporting secure data management, secure serialization, brand protection, product logistics, brand promotion and govern-

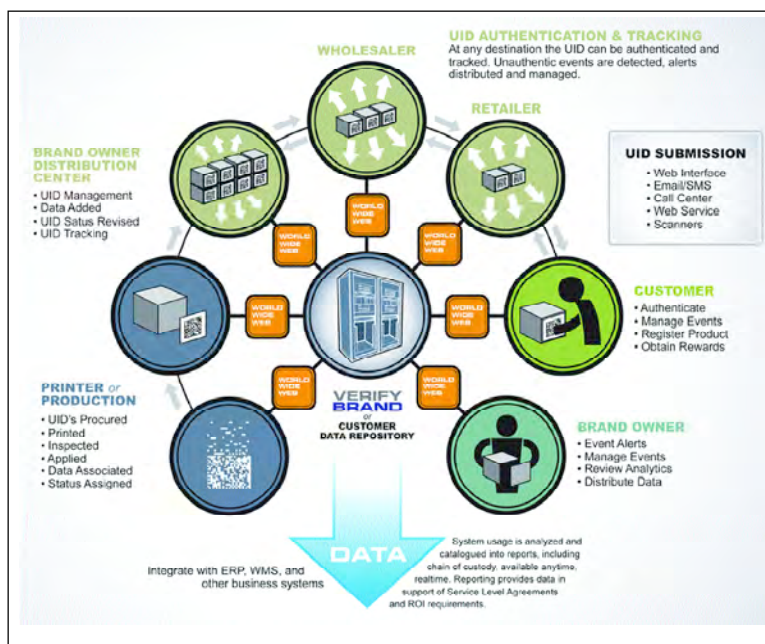
ment security document solutions. All this Erdman summarizes as 'DATT'.

That neat little acronym was created by Erdman a year ago and sums up not only what Verify Brand offers but the direction that the authentication business is taking, namely Digital Authentication with Track and Trace, a

The generic term for the technology underlying Verify Brand's solution, meanwhile, is 'Call-in Numeric Token', as in a random, non-sequential code 'printed' on a product, with the codes stored in a central and secure database and authenticated by customers calling or logging in to a website. This technology has been

referred to by Los Alamos Laboratory as the 'best anti-counterfeiting technology going'

Another way of expressing what the company offers is summed up in the diagram (left), which encapsulates a complete system and the components, capabilities and locations therein providing a graphical menu of options for the customer. Importantly the data generated by the solution implementation is ultimately what drives results and return on investment.



means of better defining and distinguishing security-based track and trace from non-security based applications, e.g. shipping.

'Track and Trace' has become a hackneyed term meaning different things to different people and the RFID lobby confused the whole issue by claiming that an information trail related to an item (electronic pedigree) automatically conferred authenticity. Thus, 'digital authentication' coupled with 'T&T' neatly sums up what the technology platform offers. Erdman has successfully registered Digital Authentication, Track and Trace® with the US Patent and Trade Office.

Said Erdman, 'I think it is important to understand that what Verify Brand has seen in the market is a wide range of customer requirements that need to be facilitated by a flexible company and solution approach for everything from UID (Unique Identification) structure, to printing and UID carriage, managing serialized products in distribution centers, the types of users in the supply chain and methods of interacting with the central data repository'.

According to Erdman, the latest adopter of DATT, De La Rue, researched many of the players in the field and determined that Verify Brand had most

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competence and credibility, as well as the broadest experience in varying systems implementation in numerous industries and locations. A key area of deployment for the combined De La Rue/DATT solution will be tax stamps, a market where the ability to manage data and verify the authenticity of tobacco and alcohol products as well as the payment of excise duty is increasingly coming to rely on digital solutions.

Exactng Standards

The first customer for the system was a Fortune 50 medical products company. This is significant because those who have worked with the pharmaceutical industry are aware that the standards required are more exacting than most other industries. These quality requirements in addition to FDA standards were amply met. Verify Brand operates up to six sigma quality standards and conforms to ISO 9000 and cGMP working practices.

This project was followed by leading clients in dental products, agribusiness, health and beauty and crop protection, who are based throughout North and South America, Europe, Asia, the Far East, Africa and Australia. Verify Brand's sales offices are based in Minneapolis and the Netherlands, with much of the spread of the technology attributed to the strategic selling partnerships listed

earlier.

The company does not tend to name contracts, but one satisfied customer is Intelligent Nutrients, whose deployment of the technology provides a snapshot of how it works. The young Minneapolis-based company sells a certified-organic line of personal care products such as pure-seed face serum that sells for \$60 per 1.7-oz bottle. Since the product launch, bottles, cartons, cases, and pallets have all carried the unique identification numbers that are tied into the DATT system.

'Diversion in the salon channel and other channels we move through has become such a problem that we wanted a way to identify where our product was at any given point in the chain, from manufacturing to consumers in their homes,' says Rick Goldberg, directing manager at Intelligent Nutrients. 'DATT emerged from the pharmaceutical industry, where certain drugs have to be tracked every step of the way. It's an extremely effective defense against diverters and counterfeiters.'

For each bottle, Verify Brand generates a unique code that is printed in both alphanumeric and 2D bar-code format on the label. Corrugated cases and pallets of cases also get unique codes, and in each case, the codes establish a parent/child relationship. So the case code identifies the case as the parent of all the bottles it holds, and the pallet code identifies the

pallet as the parent of all the cases it holds.

A neat feature of the system is that consumers are encouraged to access the web portal because not only does the unique code enable them to verify the authenticity of their containers, but they can also redeem purchase points that can be used to win gifts. When a consumer enters the code, a code-check mechanism built into the Verify Brand software automatically converts that code's status from 'active' to 'redeemed' to prevent consumers from redeeming a code more than once.

Decreasing Costs

Intelligent Nutrients estimates that the cost of implementing the complete system is around 20 cents per bottle but, as with all such systems, the cost would decrease significantly as volume increases.

Verify Brand currently has 12 or so employees, including corporate support staff, but expects this to grow to more than 20 in 2010. It does not disclose financial figures, but states that it has experienced triple digit sales growth in each of the last three years. With the current pipeline of prospective opportunities, meanwhile, it expects significant growth going forward in multiple industries and governments on a global basis.

Contact: kevin.erdman@verifybrand.com;
www.verifybrand.com