PTEC Case Study: Cellular Provider

The Problem

Our partner for the PTEC product is LIT located in Israel. They were approached by a large cellular-communications provider that was facing a warranty scam. The company security officer had reported that a relatively large number of malfunctioning batteries had been replaced by the company as warranty items. The number was far greater than would be expected under normal circumstances.

Investigations had shown that many of the replaced batteries carried fake warranty labels. Like their genuine counterparts, the fake labels had holographic images that included a tamper-evident feature. It was in fact quite difficult to distinguish between the fake labels and the genuine ones. The cellular provider suspected that the fake labels were brought in large quantities from outside the country.

Solution Utilizing PTEC Security Measure from H.W. Sands Corp.

It was suggested that the cellular provider prevent further labeling scams by switching to PTEC pressure sensitive labels with the warranty expiration date marked on them and a latent image for authentication.

Since the cellular provider was primarily concerned with large scale counterfeits rather than tampering (attempts to modify or transfer individual labels), the labels we recommended did not incorporate standard tamper-evident material we usually recommend in similar cases. This made it possible to use our proprietary pressure-sensitive labels. These labels can be covered entirely by a latent image, which we felt would look optimal in their intended locations. Although the labels are not tamper-resistant, they are perforated, which makes it very difficult to peel them without tearing them.

Because the batteries have a warranty of one year, an implementation period of one year was set. By the end of this period, all batteries under warranty would have the new warranty labels.

When implementation began, all of the cellular provider's relevant service personnel were supplied with polarized lenses that had the company's logo printed on them. In addition, all of the provider's cellular-phone suppliers were requested to add the new warranty labels to the phone batteries they supplied.

Results

In the first three weeks after implementation began, about 700 battery-replacement requests were rejected. Six months after project implementation, the rate of battery replacement had dropped by about 20%.
One year after project implementation, the monthly battery-replacement rate had declined by about 33% compared to the rate a year earlier. Furthermore, in the same period, the number of active cellular phones serviced by the company increased by 7%.

Conclusions

The case described here is a classic case of a professional counterfeiter attack. The fake labels were of very good quality and it was very difficult to differentiate between them and the original ones. Because of this, customer-service representatives either did not notice the differences or had to confront angry customers who did not accept the representatives' judgment.

The solution provided by a custom produced PTEC security label brought the problem to an immediate stop and saved the company millions of dollars.

This case demonstrates some of the major benefits of PTEC security technology:

- PTEC security labels are almost impossible to fake, even by sophisticated counterfeiters.
- The PTEC security authentication method is easy to understand and explain. This makes it simple to implement on a large scale. It also makes it simple to show the customer the "problem" with his warranty, which prevents unnecessary conflicts with unsatisfied customers.
- The PTEC security authentication device is a low-cost polarizer. As a result, authentication devices can be distributed in large quantities, making immediate, large scale implementation feasible.
- The PTEC security solution is 100% safe and allows organizations to give great service without relying on expensive, real-time computerized databases.