

GUEST COMMENTARY

How To Protect Yourself From Fakes

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Counterfeiting is one of the most challenging issues for the IT industry, with illegal replicas of brand-name high-tech products flooding the market. As many as one in 10 IT products sold may actually be counterfeit, according to interviews conducted with electronics industry executives.

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A recent study conducted by the Alliance for Gray Market and Counterfeit Abatement (AGMA) and the audit, tax and advisory firm KPMG LLP revealed that about \$100 billion of global IT industry revenue is lost to counterfeiters annually. Estimates by the International Chamber of Commerce suggest counterfeit goods accounted for 6 percent of world trade in 2003, valued at \$456 billion.

Because counterfeiting has escalated, IT leaders have developed processes to help resellers protect the [integrity](#) of the channel, ensure they are not victims of counterfeit issues and certify the legitimacy of their products.

The processes for protecting resellers and customers place checkpoints within the product life cycle to allow manufacturers to [monitor](#) the marketplace and to prevent abuse in the channel. For example, Microsoft's [Web site](#) has a page where resellers and end users can authenticate products. Other IT companies, including 3Com, Hewlett-Packard and Nortel, use holographic labels or other technologies to mark genuine products and augment warranty and support entitlement. It is important for resellers to [exploit](#) these programs to protect themselves from being victims of counterfeiters and to keep themselves in favorable standing with vendor partners.

Many OEMs have channel agreements in place that speak to which sources resellers should buy from to ensure legitimate products are entering the approved channel. Resellers should review their channel agreements and ensure they are compliant. Where channel agreements do not contain sourcing restrictions or guidelines, resellers should take their own precautions and pay close attention to product sources.

Be wary of greatly reduced prices. Any deal that seems too good to be true probably is. Resellers should be cautious when sourcing from brokers outside of North America where lack of reporting standards, restrictions and laws make it easier for counterfeiters to penetrate the market. Be leery of Internet deals. Also, use language in your purchase orders that specifically addresses the issue and dictates what products you are looking for, such as new, authentic, genuine, manufacturer-warranted. You also should require that your supplier be authorized by the manufacturer to sell the products.

Resellers should realize they are not alone in the fight against counterfeiters. There are places to turn. One such organization is AGMA, a nonprofit organization founded in 2001 and comprised of influential companies in the technology [sector](#) including founding members 3Com, Cisco, HP and Nortel.

AGMA encourages all illegal activity to be reported and provides a confidential tip line on its Web site at www.agmaglobal.org/resources/tip_line.shtml.

It's a fact: Counterfeiting is the industry's problem. Experience shows that counterfeiters will avoid resellers that are dealing with the problem and following best practices to identify and block illegal activity. So, take advantage of the processes put in place by manufacturers, get educated on the issue and tap a trusted source to expose the problem when illegal activity is suspected.

EDITOR'S NOTE: CRN welcomes letters on current news issues and guest commentaries from solution providers and executives from the annual CRN Channel Chiefs list. Limit your comments to no more than 550 words. Send suggestions to CRN Editor Heather Clancy at hclancy@cmp.com.