

Any company that manufactures or consumes electronic components in their products has always had to deal with a volatile component marketplace. But now globalization and outsourcing are making the situation significantly more challenging. In particular, companies are struggling with how to protect their intellectual property in a rogue world—particularly when outsourcing to low cost regions. One Tier 1 global enterprise (Whose name remains confidential for security purposes.) found that the combination of setting up an “intelligence” department within the company, and a new Brand/Intellectual Property Protection software solution from New Momentum helped them protect their brand and their revenues.

Problem:

There were four key issues that were the catalysts for finding a more effective way protect the company’s brand and IP.

- As this company expanded its operations globally, quality issues began to appear in customers’ products. Research into these problems revealed that remarked or counterfeit parts were used—a problem that could lead to a loss of both reputation and revenues.
- There was a potential loss of revenues from existing partners buying “excess” products on the open market, instead of at “good partner” prices.
- Since their business plan focused on moving to more of a royalty-based and less chip-based business model, they needed to find a way let partners know they were serious about protecting their IP and their brand.
- As one of the few companies who started early developing patents and investing **huge** amounts in partner development, much of this company’s culture was built around knowing what’s coming, out-engineering and investing the competition, and then winning in the stage of world trade. As a result, they were concerned that their features would begin appearing in competitors products, causing their reputation and culture to suffer.

Originally, these issues were handled in the legal department, within the gray-market committee meetings. Once they discovered that their own partners must be “dumping” their products, they knew a stronger focus was required. Because their strategy was to move to an increasingly royalty based business model, it necessitated their investment in a group focused on the gathering/monitoring side of IP protection so they could “caution” the partners.

The initial product the “intelligence” team selected for brand and IP protection had a packaged series of reports that created some basic activity statistics: Quantities by product line/part with trend lines up and down; activity by region, as in new companies within country; Top ten data (most quantities, biggest selling companies). However, unlike New Momentum, which is focused on the high tech/electronics industry, this solution’s main focus was luxury brands and pharmaceuticals.

Reasons for Selecting New Momentum

- Since New Momentum focused only on the high tech/electronics industry, the company understood the gray market and its dynamics.
- New Momentum’s ability to gather unstructured information from a variety of open market sources and provide access to several kinds of data including email-based data was important because this problem is bigger, more multi-dimensional, and more at the street level than management had previously thought.

New Momentum's ability to quickly tune our data, change formats, search in different ways, etc. makes it easier for the customer's intelligence team to get the different kinds data they need rapidly.

The Solution

The first step—setting up search criteria:

New Momentum began our process with a four-part group of search criteria that the customer created: Software – the SDKs that allow a carrier (or unauthorized channel) to program each chip type for use on a carrier network; older chips; current chips; and the newest chipsets.

For all these groups, there are multiple “strings” which are actually searching for the same physical item – each chip has both a product family part number and a “street” part number. Using their advanced technology, New Momentum gathered unstructured data from market web sources, XML data sources and gray market emails. They then combined any results around the designated product family. Recently, a whole new dimension of advanced searching by “features”, or “capabilities” rather than chip names or product family codes has been added.

The next step-- import and confirm visibility

In this step New Momentum gathers all the raw data which could include duplicates, market echoing, misnamed products, and other products that aren't our customers' products but show up anyway. At this point, New Momentum cleanses the data, filtering out the “noise” and confirming the visibility of their products.

Step three- effective market monitoring and search services

We combine our market data with our customer's structured enterprise data, which includes product information, authorized partners, private client data and customer risk models. The result is much more effective market monitoring and search services which cast a “wide net” across thousands of open market selling and buying sites, forums, and individual companies. For this customer, thousands of relevant “buy or sell” listings were automatically retrieved that contain detailed information about the actual parts being sold or requested. The individual selling or buying company's name, location, country, and contact information such as email and telephone numbers is also captured.

At the customer's request, New Momentum implemented a monitoring processes around an analysis designed to produce a standard set of outputs that are “meeting” or “boardroom” ready. Armed with these outputs, the intelligence group can attend high level or even board level meetings to discuss changes in the gray market landscape, new brand, IP, or counterfeiting risks which may be appearing, These risks are then reduced with follow up or on-going legal action, and an overall strategy for setting priorities based on product families or technology groups.

These reports, which are provided in both a summary and detail level, consist of: trending charts across all product families; by customer assigned product family types showing change in market activity; by individual part or part family within the product family; by geographical region for quantity, number of buy/sell offers and number of new companies interested in the customer's products. The reports also include top ten-style rankings of individual companies who trade in the largest quantities of the customer's products and who do the most number of transactions, regardless of total quantity.

All of the summaries and analytics above can always “drill” back to the original open market buy/sell transaction that contributed to the total or summary. This data is maintained historically and archived so that as patterns of activity or risk emerge in the analytics, record by record research can be done back to the original time period where the pattern started.

Results

The initial results surprised our customer. Within the first 30 days the New Momentum identified over 500 instances of products that were either unauthorized or counterfeits that had not shown up using their previous system.

On an ongoing basis, this customer continues to find new, unauthorized companies that are selling their products; high quantities or unexpected quantities of products being bought and sold, which usually indicates counterfeits or gray market sales; patterns of activity that are characteristic of unauthorized sales or counterfeits.

With the data the New Momentum solution provides, this customer approaches partners who are selling unauthorized products, brokers buying and selling on the gray market or companies buying/selling counterfeits and makes an effort to turn them into legitimate distributors selling authorized products at the appropriate price and quality levels. The result is that the violators either become authorized distributors or they know they’ve been found out, and they cease operations. This company believes that the combination of their internal intelligence group, management participation and the New Momentum solutions helps them better protect their brand, IP, quality and revenues on an on-going basis.