

# Press Release

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## Finding a cure: how big pharma can tackle counterfeiting

Page 1 of 4

*Counterfeiting poses one of the greatest threats to the pharmaceutical industry, but there are good reasons to believe that companies are tackling the problem head on. Stephen Ward of Pinkerton reports.*

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Even in the face of these challenges, the industry remains committed to combating counterfeit drugs, working closely with legislators, law enforcement officials and other medical and security organisations around the world to implement and enforce regulatory standards and legal protections in order to protect consumers. Appreciating the dangers posed by counterfeit medications, and understanding the strategic and tactical steps that are being taken to combat counterfeit drugs, are essential for anyone who wants to understand the scope of the problem and the range of possible solutions.

### Risky business

The growing threat posed by counterfeit medications is largely the consequence of a complex and sometimes chaotic global pharmaceutical market. For all the efficiencies and connectivity afforded by the internet, the regulatory and law enforcement challenges online can be significantly more formidable. The anonymity and flexibility of the web is extremely attractive for those who acquire, produce and

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sell counterfeit drugs. Today, it is all too easy for illegal online 'pharmacies' to put up a virtual storefront and quickly begin selling counterfeit medications to unsuspecting consumers.

While the digital dimensions of e-commerce present one kind of challenge, the geographic diversity of an industry that relies on complex supply chains from around the world presents another. Counterfeiting flourishes when it can exploit weak links in those supply chains, from manufacturing and distribution to labelling and packaging.

Page 2 of 4

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The health and wellbeing of patients/consumers is obviously the single greatest priority for the pharmaceutical industry. Counterfeit medications may include any number of dangerous ingredients, are often misleadingly labelled, and are nearly always unmonitored. The results of consuming these medications can be dangerous, even deadly. For an industry that produces and distributes substances designed to make people healthier, that can be catastrophic from a business standpoint. The damage in brand and reputation alone caused from counterfeit medications can be significant, and can result in reduced revenues in the near and long terms. On a macro level, if consumers begin to lose faith in the medications they consume, the industry as a whole could suffer.

### **Pushing back**

It is encouraging that the pharmaceutical industry not only recognises counterfeit medications as one of the industry's top threats, but is also taking meaningful steps to combat counterfeiting. Simple cooperation is one of the most effective strategies for preventing counterfeiting. Cooperative efforts on an international level have managed to make life more difficult for counterfeiters. Pharmaceutical companies have coordinated and collaborated with law enforcement and international health and welfare organisations such as Interpol and the World Health Organization (WHO).

While new collaborative efforts are launched every year, one of the most noteworthy examples began in 2008: Interpol's Pangea programme. Today, Pangea is a global force for anti-counterfeiting efforts, active in more than 100 countries. Around 200 participating agencies are a part of the Interpol initiative, which has effectively targeted the internet service providers of illegal online pharmacies and associated payment and delivery services.

The results of these efforts have, at times, been dramatic. In May 2014 Interpol reported the results of an operation that led to the seizure of 9.6 million counterfeit



medications—a cache worth more than \$32 million—and resulted in 434 arrests and the shutdown of more than 11,800 counterfeit websites.

On the regulatory front, a series of proposals in the US and overseas have specifically targeted counterfeiters, promising steeper fines and longer prison sentences for violators. The expectation is that speedy justice and harsh punishments will act as a deterrent to potential law-breakers.

### **Tech-nically speaking**

Page 3 of 4

Another weapon in the war on counterfeit medications is the use of technology. New and emerging technologies are helping to locate counterfeiters and identify counterfeit medications with a striking new level of speed and efficiency. Handheld detection devices make it possible to instantly determine if suspect samples are authentic or counterfeit, avoiding the time-consuming delays of shipping possible counterfeit drugs to lab facilities.

Mass serialisation is another tech trend showing great promise. Under this approach, a worldwide tracking system could be used to trace prescription drugs as they move through the supply chain. This could theoretically make it much harder for counterfeiters, but for this to be effective the US, Canadian and European markets (where the initiative is still pending) have to embrace it.

### **Proactive, not reactive**

There is no one single entity or strategy that is 100% effective in reducing the impact of counterfeit drugs; it takes a group effort. That said, the role of individual pharmaceutical companies is perhaps the most important. Pharmaceutical companies that take a proactive approach and embrace a global security plan will be the most successful in pushing back against counterfeiting.

Proactive investigation and enforcement begins with knowing your customers and watching for warning signs in consumer behaviour. It means using available data, watching for unusual regional sales patterns, and not dismissing consumer complaints or concerns. Pharmaceutical decision-makers should implement aggressive and sustainable anti-counterfeiting programmes and policies, using tools such as market surveys and product or sales erosion assessments. Rigorous training for all employees (not just security personnel) is also essential.

Vigilant pharmaceutical companies prioritise the security of their supply chains. They map every step, testing for potential vulnerabilities. In addition to counterfeiting, cargo theft and sabotage/contamination are on the rise, and a dedicated international team of investigators, security professionals and logisticians



can help put the right processes in place to reduce risk, secure the supply chain and minimise losses and damage.

### **Reasons for optimism**

While it is impossible to entirely eliminate all counterfeit medications, it is possible to dramatically diminish their prevalence and reduce the threat they pose to consumers. Today, the WHO estimates that approximately 10% of all medications are counterfeit. While that number is sobering, there are reasons for optimism as industry groups and partner organisations around the world continue to make progress in reducing the impact of counterfeiters.

Page 4 of 4

Collaborative partnerships, clear and consistent communication, proactive risk management, and the strategic application of new technologies, new ideas, new programmes and new initiatives show great promise in limiting the impact of counterfeit medications. The result of those efforts will be enhanced patient safety and a more prosperous and secure pharmaceutical industry.

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