

Case Study:

GM Europe Secures Its Supply Chain With "Genuine GM Parts"



| **Parts**



Business Challenges

In Europe, General Motors sells its vehicles in more than 40 markets. The company's European automotive brands are Cadillac, Corvette, Saab, HUMMER, Opel, Vauxhall, and Chevrolet. GM Europe (GME) has a global network of thousands of suppliers that produce and distribute auto aftermarket parts to service its European product lines. Spare parts from GME's suppliers are funneled to distribution centers and warehouses before reaching dealers and shops for sales and service. Charles Mann, Brand Protection Manager at GM Europe, heads a joint project team to secure the European supply chain against counterfeits. The team includes members from Logistics, Operations, and Brand Protection, and is responsible for coverage across Central, Eastern, and Western Europe.

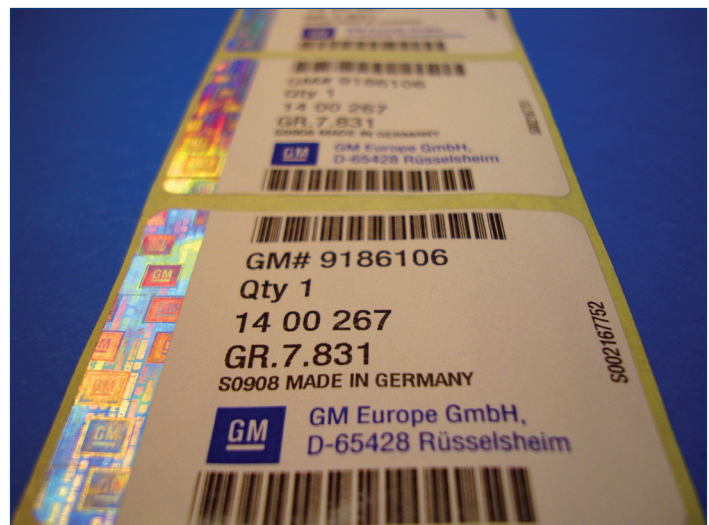
The goal of GME's brand protection program is to authenticate an annual volume of 100 million parts coming from GME's vast supplier network as "Genuine GM Parts". A solution is required that would enable field operators, dealers, servicing agents, investigators, and enforcement officials to quickly and easily spot genuine parts from fake ones.

OpSec Solution

In 2000, GM Europe began working with OpSec Security to launch a brand protection program to cover its parts in the auto-aftermarket. GME wanted to take proactive measures to prevent counterfeits from infiltrating its supply chain. Also, across its supplier network, GME wanted greater visibility into its parts shipments.

Solution Design

OpSec needed to design a solution to meet three key requirements – parts identification, anti-counterfeiting, and order tracking. OpSec developed a security label that consolidated variable GM parts data with anti-counterfeiting technology and serialization for itemized tracking. The novel solution design met the three-fold requirements in a single label construction. As a result, the label was easily integrated into the supply chain process flow.



Suppliers are required to apply the security label on all parts shipments. The quantities of labels ordered can be checked against the shipment of parts that each supplier is contracted to manufacture. A customized ordering system records the sequential numbering on each label and tracks information about the supplier, part, origin, and destination. The database allows GME to track the parts manufactured and shipped by each supplier. The program currently covers over 95% of GM Europe's auto parts suppliers.

Program Enhancement

In 2008, OpSec reengineered the security label to include enhanced security features and more efficient material usage. The brand protection program was updated to incorporate new advanced security technologies and a secure web portal for online ordering. GME expects a savings of €500K on label production costs over the next 5 years. In addition, GME plans to expand coverage to 100% of its European supplier network.

Anti-Counterfeiting Technology

The security device on the auto parts label is an Optically Variable Device (OVD) originated with advanced optical technology. The OVD contains multiple layers of overt and covert security. Overt features can be seen with the naked eye, and allows for quick verification of product authenticity by all parties along the supply chain. The "on/off" feature shows the appearance of distinct images from different viewing angles. Covert features provide an advanced level of security, and are revealed only to field investigators and enforcement officials. The multi-layer strategy allows covert security features to be disclosed only to relevant parties.

Supply Chain Visibility

Unique serialization on each label permits tracking of parts along the supply chain. Serial numbers are recorded in a secure online database which can be accessed to trace the territory, supplier, shipment date, part type, and other product information. The tracking capability gives GME greater visibility into the precise volumes of replacement car parts entering the marketplace.

OpSec consulted with GME to understand our work processes, and put a program in place that would secure the integrity of our supply chain in the auto aftermarket business. We have received positive feedback from the field in the relative ease of identifying 'Genuine GM Parts'. We have achieved significant benefits from greater visibility into our supplier network. The program has also been successful in preventing the infiltration of counterfeits into our replacement parts supply chain.

Charles Mann
Brand Protection Manager
GM Europe

Business Benefits

GME's security label enables all the parties across its supply chain network to easily confirm the authenticity of original parts. GME is able to ensure only authentic goods are delivered and sold to authorized dealers. Since the inception of the brand protection program, GME has yet to find a counterfeit part infiltrating its supply chain with a genuine label.

The online tracking component gives GME visibility into their complex supply chain operations. The ability to track parts back to each supplier puts security checks in place that deter gray market diversion. GME has also controlled the infiltration of counterfeits within legitimate channels and given its suppliers the ability to operate in a market nearly free of illegal competition.

OpSec Security, Inc.

3 Copley Place
Suite 201
Boston, MA, USA 02116
Tel: +1 617 226 3000
Fax: +1 617 226 3001
info@opsecsecurity.com

OpSec Security, Inc.

1857 Colonial Village Lane
P.O. Box 10155
Lancaster, PA, USA 17605-0155
Tel: +1 717 293 4110
Fax: +1 717 293 4117
info@opsecsecurity.com

OpSec Security GmbH

Inselkammerstraße 1
82008 Unterhaching
Munich, Germany
Tel: +49 (0)89 79078 300
Fax: +49 (0)89 79078 333
info@opsecsecurity.de

OpSec Security Limited

40 Phoenix Road
Crowther District 3
Washington, Tyne & Wear
NE 38 OAD, UK
Tel: +44 (0)191 417 5434
Fax: +44 (0)191 417 6591
sales@opsecsecurity.co.uk