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For General Release

Information Services International-Dentsu, Ltd.

ISiD Begins Providing Electronic Watermark Solution for Preventing Counterfeit Drugs

*Through Alliance with AlpVision of Switzerland, Offering Simple Authentication
Using Invisible Watermark*

Information Services International-Dentsu, Ltd. (Head office: Minato-ku, Tokyo; President, CEO & COO: Setsuo Kamai; hereafter “ISiD”) has agreed on a business alliance with AlpVision SA (Head office: Vevey, Switzerland; CEO: Fred Jordan, hereafter “AlpVision”). Through this alliance, on June 23 ISiD will begin providing Cryptoglyph, an invisible digital authentication solution of AlpVision, which is used by some of the world’s leading pharmaceutical companies to prevent counterfeit drugs. ISiD is the first company to offer this solution in Japan.

■ Background ■

The threat of counterfeit drugs are a growing globally. In Japan, the volume of counterfeit drugs in circulation in Japan is increasing, as distribution routes grow more diverse as a result of the deregulation on Internet sales. Counterfeit drugs pose a serious threat to patients, and as counterfeit drugs are sometimes difficult to distinguish from genuine products, there have been cases in which pharmaceutical manufacturers unknowingly accepted returns of products that were counterfeit.

Under this circumstance, Japan joined PIC/S*, the international Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme in July 2014. Based on this scheme, pharmaceutical companies in Japan are working to establish standards for the distribution of genuine pharmaceuticals. Japanese pharmaceutical companies have taken such approaches as applying special inks and holograms to package exteriors and adopted a number of anti-counterfeit measures as monitoring the distribution routes. However, no fully satisfactory solutions have been found, prompting the need for stronger measures throughout the distribution system.

In Europe and the United States, legislation on drug distribution is already being drawn up that makes stricter anti-counterfeit measures obligatory, so addressing this issue is urgent for pharmaceutical companies expanding their operations globally.

■ **Overview and Characteristics of the Solution** ■

The Cryptoglyph solution involves creating minute irregularities that cannot be seen with the naked eye on the exterior surfaces of pharmaceutical products (boxes and labels). If drugs are suspected to be counterfeit, then a smartphone can be used to easily determine their authenticity. This solution has been adopted by leading pharmaceutical companies around the world, and is currently being used to ensure against counterfeiting on tens of billions of packages each year.



< **Figure 1/ Printed Cryptoglyph image** >
Varnish printed on the outside surface contains minute irregularities that cannot be seen with the naked eye.

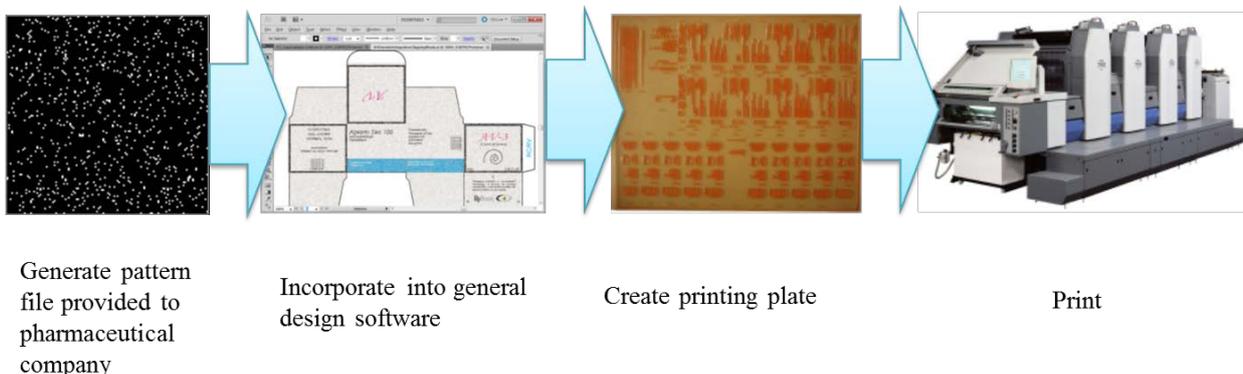


<**Figure 2/ Smartphone authentication**>
A specialized smartphone app detects whether or not a product is genuine.

The main features of this solution are as follows:

- ✓ Invisible to the naked eye, making counterfeiting difficult
- ✓ Available with general printing technologies, holding down additional costs
- ✓ Authentication possible simply by holding a product up to a smartphone; no training required
- ✓ Easily deployed at various locations globally
- ✓ Less expensive to deploy than conventional anti-counterfeiting measures

This solution generates watermark pattern files, either by company or by product, and provides the client company with the pattern files and the smartphone app to recognize them. The pattern file can be incorporated into general design software and added to the plates for printing product exteriors, requiring no changes to conventional printing processes. If a drug is suspected of being counterfeit, its authenticity can be quickly verified as no special equipment is needed to determine whether products are genuine or not.



< **Figure 3/ Cryptoglyph application process** >

■ **Pricing (Excluding Tax)** ■

- Demo kit: From ¥700,000
Cryptoglyph pattern file and smartphone app, one set each

- First-time introduction fee: From ¥9 million
Initial setup
Cryptoglyph pattern file, pattern file, smartphone app and quality control software, one set each

- Annual usage fee: separate (calculated according to the number of boxes)

■ **About AlpVision SA** ■

A global leader in invisible digital authentication solutions, AlpVision develops and sells electronic watermarking and digital fingerprint technology used to protect against counterfeit drugs. The company provides specialized solutions in this field throughout the world. Its solutions are currently used by customers in the pharmaceutical, tobacco and central banking sectors on tens of billions of packages each year as a guarantee against counterfeit products. Established in 2001, the company is based in Vevey, Switzerland. Company website: <http://www.alpvision.com>

Going forward, ISiD plans to further expand the solutions it offers in the life sciences field, helping to enhance the competitiveness of the Japanese pharmaceutical industry.

* The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (jointly referred to as PIC/S) is a group of government authorities on pharmaceuticals in many countries, centered on Europe. PIC/S works toward international harmony with respect to standards for drug manufacture, quality and distribution and promotes reciprocal inspections. Japan was recognized as a PIC/S member in July 2014.

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Note:

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