



How Spydra Helped Raymond Combat Counterfeit and Streamline Trade Loyalty

A CASE STUDY

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Introduction

The impact of counterfeiting is felt across various industries globally. According to the OECD, this illegal activity represents about 3.3% of world trade, equating to a staggering \$509 billion annually^[1]. It poses a significant threat to businesses, governments, and consumers. The sale of counterfeit products can cause serious harm to consumers, irreparably damage brand reputations, and result in substantial revenue losses for businesses....

Counterfeiting has had a significant impact on the fashion and textile industry, with an estimated annual loss of \$73.7 billion ^[1]. Counterfeiting in fashion and textiles is a widespread and complex issue that has a significant impact on many different parties involved in the industry. From manufacturers to retailers to consumers, everyone is affected by the consequences of counterfeit products. Counterfeit products are typically of inferior quality, made from substandard materials and manufactured using non-standardized processes, and may pose a danger to consumers.

Counterfeiters can make significant profits from their illegal activities, which are often used to fund other criminal enterprises.

Raymond, India's largest fabric retailer, faces significant challenges due to counterfeit products in its supply chain. The company produces over 20 million meters of fabric annually, which is sold through its exclusive stores spread across 400+ cities, and its multi-level B2B network of wholesalers, MBOs, semi-wholesalers, and tag dealers. However, the current supply chain track is lost at the first level of B2B transactions, resulting in a trust-based paper trail system to transfer loyalty points to level 2 and beyond trade partners. This further results in onerous, time-consuming tasks of manual tracking and verification of invoices leading to faulty and delayed points transfer, causing dissatisfied trade partners to drop out of the program.

Problem

Raymond manufactures the product and ships it to distributors, who in turn ship it to wholesalers. The wholesalers then send the product to tag dealers, who then supply it to retailers, and finally, the end customer. Now, the counterfeit can be introduced by any participant in multiple ways in the supply chain.

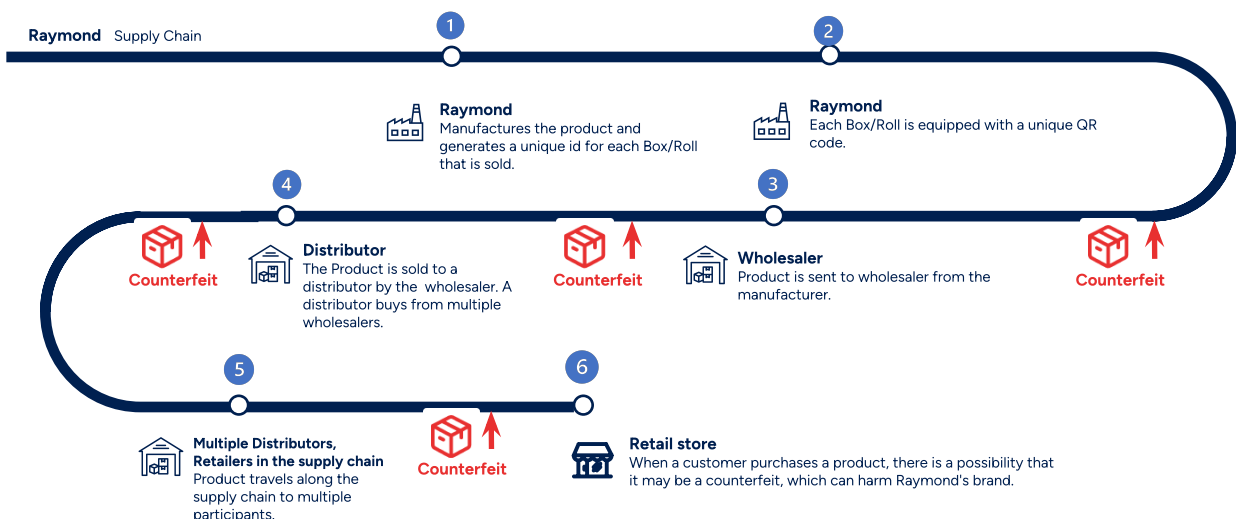
Case A : A wholesaler or tag dealer may create a fake product, add a fake QR code and sell it to downstream partners.

Case B : A wholesaler or tag dealer may create a fake product and add a real Raymond QR code of a genuine product.

Case C : A wholesaler or tag dealer purchases a genuine product from a upstream participant, then create fake copies of that product and use the QR code from the earlier genuine product to transfer to downstream participants.

Counterfeit products are often of such high quality that they cannot be identified through visual inspection alone. Typically, the only way to identify counterfeit products is by testing the fabric in Raymond's designated labs. This process is time-consuming and requires significant effort, making it infeasible.

Counterfeit products not only result in monetary loss but also damage Raymond's brand.



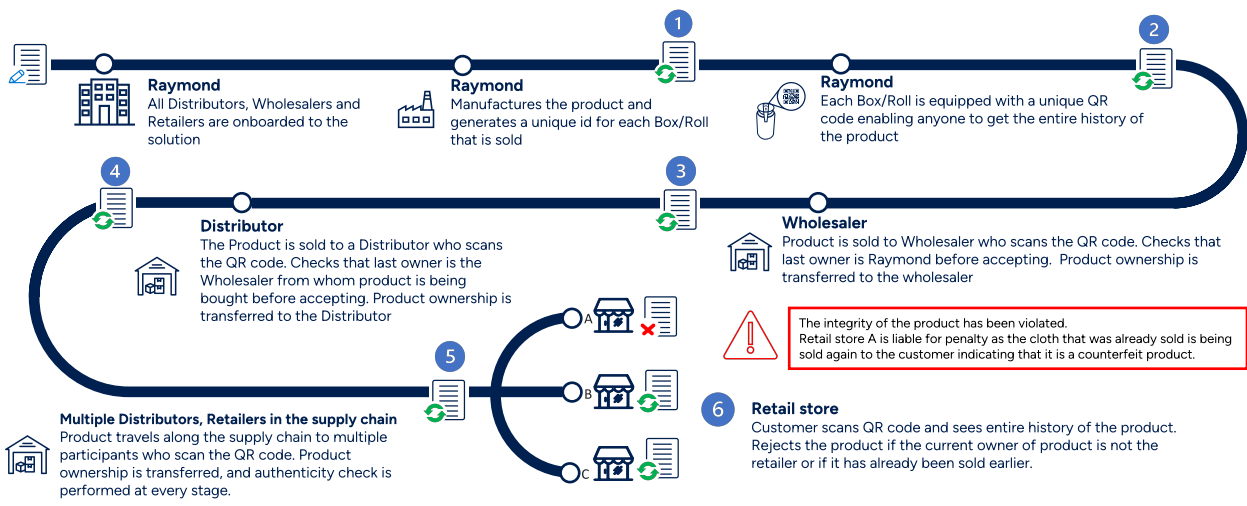
Solution

Raymond turned to Spydra's asset tokenization solution, which enables the creation of unique digital identities for each product on the blockchain. These identities contain information such as product details, manufacturing date, and ownership history. The blockchain network guarantees that the product is traceable and can be verified at any point in the supply chain.

Spydra leverages the advantages of using an enterprise blockchain solution - Hyperledger Fabric, such as:

- Invite-only private network.
- Configuration of roles and permissions for network participants.
- Consensus among the participants, ensuring transparency and security.
- Network ensures integrity of the data.

Spydra's low-code asset tokenisation platform utilizes pre-configured smart contracts to ensure traceability and transparency in the supply chain. This enables Raymond to track the entire lifecycle of its products. By creating unique digital identities for each product, Spydra's platform allows for efficient and prompt transfer of assets through its unique feature of requesting ownership transfer. This reduces the need for manual tracking and verification of invoices. Digitizing the process also enables the transfer of loyalty points.



At various points in the journey, the QR codes are scanned which updates the ownership and the authenticity of the product is checked at every stage.

Case A : A wholesaler or tag dealer may create a fake product, add a fake QR code and sell it to downstream partners..

When a fake QR code is scanned, the system will return that the product is not found in the system.

Case B : A wholesaler or tag dealer may create a fake product and adds a real Raymond QR code of a genuine product.

Scanning a genuine QR code will display the complete history of the product. During scanning, the seller cannot transfer ownership or push products downstream, as the owner will be someone else who has already bought the product.

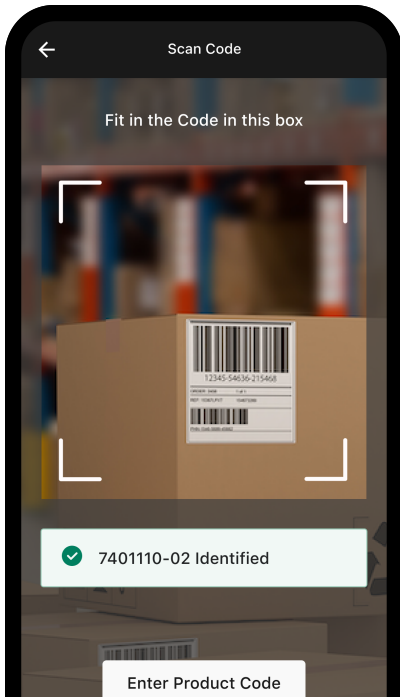
Case C : A wholesaler or tag dealer purchases a genuine product from a up stream participant, then create fake copies of that product and use the QR code from the earlier genuine product to transfer to downstream participants.

The seller will be able to transfer ownership for the first time. If another fake copy is scanned subsequently, the seller will not be able to change ownership since it was already transferred to another buyer, severely limiting the scale of counterfeiting.

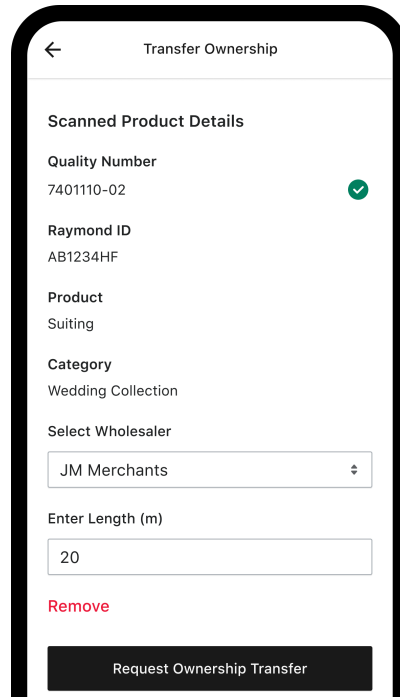
Integration & Working

Raymond's supply chain is an extensive network with over hundreds of distributors, wholesalers, tag dealers, retailers etc. Every participant is using systems like SAP, Tally kind of ERPs or in some cases everything is maintained on an excel sheet.

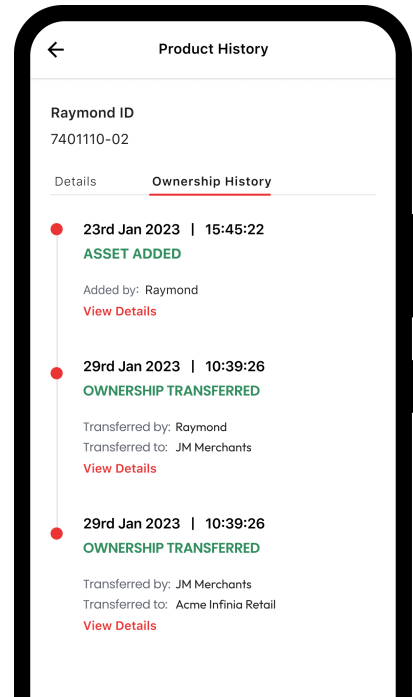
Once the product is manufactured by Raymonds, it is marked with a unique Id which is entered into their SAP system. Spydra SAP connector enters the data directly into the blockchain from SAP ERP. At this stage, Raymond is marked as the owner of the asset. Once the product is marked for shipment to the distributor, the barcode on the product is scanned which shows the product details and the current owner i.e. Raymonds. A distributor is selected from the distributor list and ownership is updated to the distributor.



The dealer can scan a QR code to identify a valid Raymond product. If the scan fails, the code can be manually entered.



The dealer requests ownership transfer by selecting a wholesaler and specifying the transfer quantity.



At any point, users can view details of a product, including ownership transfer information.

Once the product is received by the distributor, they scan it to verify their ownership. The distributor then repeats the scanning process and transfers ownership to downstream partners, such as wholesalers. This process is repeated every time the product changes hands. If a wholesaler receives a product without ownership being transferred to them, they can request the transfer from the current owner by scanning the product. The owner will receive a notification on their mobile device and can choose to accept or reject the transfer request.

In the whole process if there is a product which does not exist in the system, it immediately gets marked as fake. Even if fake products have genuine barcodes, scanning them will reveal the mismatched ownership history, exposing them. This robust system easily detects and catches counterfeit products, maintaining the authenticity of the supply chain.

- <> Integrate with existing systems
- 🔄 Proof of transfer via approvals
- 📄 Supply chain traceability
- 📁 Product identity and ownership history

After Effects

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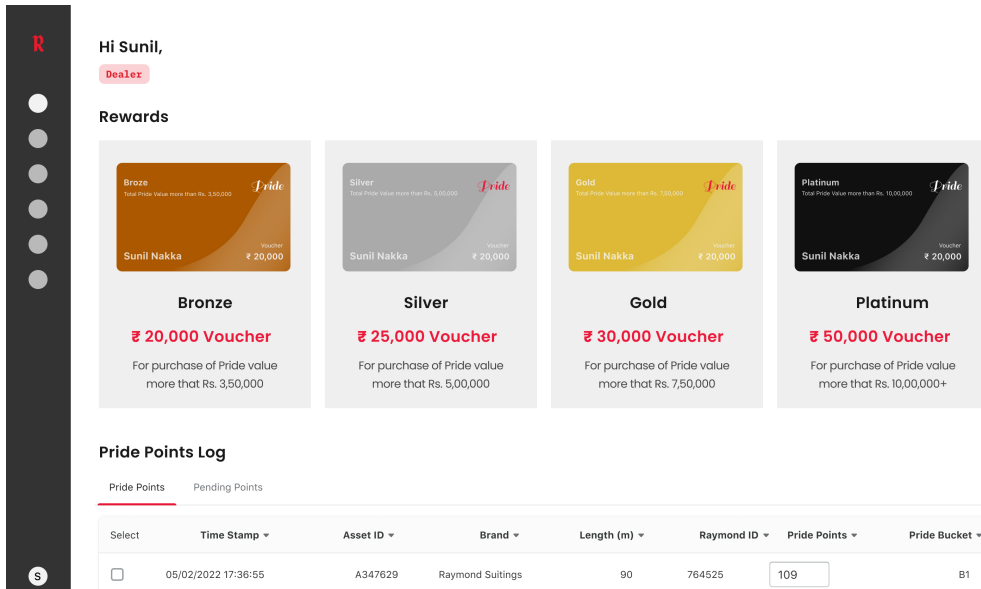
million assets tokenized to date, Raymond leverages blockchain technology to combat counterfeiting and incentivise ownership transfer.

By utilizing blockchain, Raymond now benefits from the following:

1. **Enhanced Visibility:** The entire product flow from manufacturing to the customer is transparent and traceable. Geo-data captured during ownership transfers enables accurate mapping of inventory distribution across the country.
2. **Improved Inventory Planning:** Through the data generated by the blockchain, Raymond gains valuable insights into demand trends, including popular designs, styles, and materials. This data-driven approach enables more effective inventory planning.
3. **Streamlined Supply Chain:** Bottlenecks in downstream participants are identified through the blockchain data, allowing Raymond to take proactive measures and optimize its supply chain processes.
4. **Counterfeit Detection:** The system automatically triggers alerts whenever a scanned product is identified as fake or counterfeit, ensuring the authenticity of Raymond's inventory.

Through the adoption of Spydra's Asset Tokenization platform, Raymond achieves unprecedented transparency, efficient inventory management, and a robust defense against counterfeiting, ultimately enhancing customer trust and driving business success.

Additionally, Raymond leverages blockchain to issue loyalty points based on successful ownership transfers, incentivizing customers and other stakeholders to actively participate in the ecosystem. This creates a network effect and strengthens the integrity of the traceability system.



Raymond's reward and loyalty points system calculates loyalty points using MRP value based on factors such as the type of action, user contribution, requested length, and network goals.

In summary, Spydra's asset tokenization solution provides a powerful tool for businesses in combating counterfeit products in their supply chains. By creating unique digital identities for each product, the solution facilitates the transfer of ownership and loyalty points, ensuring that transactions are prompt and secure. Additionally, the solution provides transparency and traceability in the supply chain, enabling businesses to track the entire lifecycle of their products, from manufacturing to retail.

Estimated impact for Raymond- **\$121** million saved annually, **1400+** hours saved monthly

[1] <https://www.oecd.org/newsroom/trade-in-fake-goods-is-now-33-of-world-trade-and-rising.htm>

Spydra application in other industries.



Insurance



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Trade Finance



Carbon
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