



Outline for Flex Presentation
Boston Congressional Field Form
October 28, 2003

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I congratulate Chairman Burton, Congressmen Gutknecht, Emanuel, and all of the members for organizing this forum. Thank you for allowing me to present information about a cost-effective anti-counterfeit solution in use today to protect pharmaceutical consumers.

My name is Ed Dietrich and I am Director of Sales and Marketing for Flex Products. Flex Products Inc., a JDS Uniphase Company, invented color shifting security technology.

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One key element of any pharmaceutical safety strategy is the ability of consumers to distinguish authentic, properly handled drugs from counterfeit products. This need arises whether people use their local pharmacies or mail order.

Pharmacists, hospitals and regulators need this assurance, too.

To be effective, this overt, or eye-verifiable element of the safety strategy must be easy to use and recognize, affordable, and difficult to replicate. This overt layer, as a first line of defense can then be effectively combined with other covert layers to comprise an integrated response.

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Today, there is an effective, affordable and robust alternative available as this overt security layer and the basis for an effective layered solution. Flex Products' OVP technology is already in use by many of the global leaders in pharmaceuticals as well as currencies worldwide. Color shifting security technology has these characteristics.

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Flex Products pioneered the use of Optically Variable Pigment® or OVP® technology as an overt security feature on currency in the early 1990's . OVP's robustness as a front line anti-counterfeit solution has been tested time and again. *USA Today* recently reported the U.S. Secret Service

found that color shifting inks were the one feature counterfeiters had been unable to reproduce on U.S. currency. Recent European reports on counterfeit €50 Euro bank notes also indicate that counterfeiters have been unsuccessful in copying the unique color shifting effect.

The U.S. Bureau of Printing and Engraving recently initiated a \$33-million public education campaign to help people understand the security features, including color shifting ink, on the newest edition \$20 bills.

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OVP is now a world standard that 89 countries use to protect over 25 billion banknotes. Large denomination notes of the new Iraqi currency have OVP. The most sought-after currencies include color shifting ink, representing about 80 percent of the world's total currency value.

In response to the growing problem of product counterfeiting, Flex Products launched **SecureShift®** in 2001, a line of color shifting solutions to specifically address this threat.

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SecureShift technology has gained rapid acceptance in the pharmaceutical industry. Today, 6 of the top 20 global, research-based pharmaceutical companies use SecureShift to protect 7 leading brands of ethical drugs against fraud.

These companies have been leaders in recognizing that an effective authentication program simply makes good business sense in today's complex global business environment.

Why is SecureShift Technology such an effective solution against counterfeiting?

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We have drawn on five decades of experience in optical design, interference physics, and high tech manufacturing to create a unique anti-counterfeit solution. Backed by a \$110 million investment in proprietary equipment and secure facilities, SecureShift Technology offers a combination of 4

key benefits that make it a cornerstone of a successful anti-counterfeit solution:

- First, it enables easy and positive **Authentication** by eye of genuine products with a minimum of education. The obvious color shifting effect is easily identifiable without the need for any special equipment and provides a strong deterrent to counterfeiters. This powerful authentication signature contains both overt and covert properties allowing verification at all levels – by the general public, investigators and forensic scientists.
- Second, SecureShift's unsurpassed adaptability to a variety of **Applications**, such as labels, blister packs, or closures, allows it to be easily integrated into existing packaging. Also, the product has the capability of layering with other security features as part of a multi-pronged anti-fraud solution.
- A third benefit is **Aesthetics** – SecureShift offers each pharmaceutical company a design element in a secure

channel that can be personalized to differentiate their product from other brands.

- Finally, the cost of a SecureShift solution is on a par with, or less than, other comparable security features. Our products' **Affordability** is primarily due to the fact that it is simply incorporated into pharmaceutical companies' existing labeling or packaging processes.

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SecureShift provides an effective, rapidly deployable, and affordable cornerstone for a multi-pronged strategy to combat counterfeit drugs. The pharmaceutical industry and the public are already benefiting from the overt protection provided by anti-counterfeit labels and packaging incorporating SecureShift Technology on several leading branded drugs.

SecureShift labels and packaging component solutions are available directly from Flex Products' secure facility or by incorporating SecureShift Technology in components provided by existing industry suppliers. The pharmaceutical

industry has immediate access to a wide range of flexible SecureShift options ready for use. Flex Products has a collaborative approach to working with industry and suppliers to ensure the best possible solution to protecting our nation's drug supply.

On October 15, I had the opportunity to participate in a public meeting convened by the FDA's Anti-Counterfeit Drug Initiative. Repeated throughout the day, one of the key preliminary findings of the initiative was clear, that being, that effective security for pharmaceuticals will require a multi-layered approach integrating both overt and covert technologies to achieve barriers against counterfeiting. Flex products supports this approach, and the leadership the FDA is demonstrating through this initiative.

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Flex Products is grateful for the opportunity to present this information about its on-going work to improve the safety of pharmaceuticals through innovative, cost-effective technology. We look forward to working with Congress, the

FDA, pharmaceutical manufacturers, and others to ensure that Americans have the safest drug supply possible.

Thank you, Mr. Chairman. I would be happy to answer any questions.