



Frequently Asked Questions

General Questions About AGMA

Q. Who are the founding members of AGMA?

The Alliance for Gray Market and Counterfeit Abatement (AGMA) is a non-profit organization incorporated in 2001 and is comprised of leading technology companies committed to addressing the global impact of the gray marketing and counterfeiting of technology products. Founded by 3Com, Cisco Systems, Hewlett-Packard, Nortel, and Xerox. AGMA is a 501(c) 6 not-for-profit corporation.

Q. What are the goals of the organization?

The goals of AGMA are to protect the authorized distribution channels and intellectual property of authorized goods to improve customer satisfaction and preserve brand integrity.

To achieve these goals, AGMA will engage in the following activities:

- Promote channel compliance and risk assurance
- Develop and encourage industry best practices for brand protection and related issues
- Investigate all legal avenues to deter criminal activities that feed gray market and counterfeit goods
- Educate the industry, customers, investors and other stakeholders
- Enlist domestic and foreign governments, state and local law enforcement

Q. Who should join AGMA?

Alliance participants are executives and senior managers involved in brand protection, quality assurance, customer satisfaction, operations, finance, security, channel management, sales, marketing, law and other fields.

Q. Do member companies pay a fee to join AGMA?

Yes, AGMA members fund the organization to ensure that the planned initiatives are fully attainable. AGMA offers flexible membership types to accommodate a company's needs, such as Global, Regional and Digital.

Q. How often do members of AGMA meet?

The members of AGMA meet on a quarterly basis in North America, Europe and Asia. As appropriate, special guests and speakers of interest that specialize in gray market fraud and anti-counterfeiting products, services and solutions are invited to present at member meetings.

Q. How do I join AGMA?

For more information on AGMA and how to join visit www.agmaglobal.org. You can submit an application for membership under the JOIN tab on the website menu.

Q. What programs and initiatives have AGMA accomplished to date?

The AGMA program consists of educational initiatives, benchmark studies, formulation of non-binding best practices, white papers and, as appropriate, public policy advocacy in areas such as law enforcement and customs.

Q. Why is there a need for AGMA?

Reducing counterfeiting and improper gray market activity is important for maintaining the highest possible standards of product quality and reliability and ensuring that customers' service and support requirements are met. The financial impact and customer satisfaction issues resulting from the gray and counterfeit market could be significant.

The inherent value of IT brands is strengthened when products are delivered through approved distribution partners, ensuring the highest quality product and the best possible service and support for our customers. In addition, by addressing unauthorized gray market activity, a level playing field is created for authorized distribution partners. Once products become diverted, they are often misrepresented, and unsuspecting customers have no assurance that the products they're buying are new, genuine and have not been tampered with.



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Importance of AGMA and the Mitigation of Gray Market and Counterfeit Product FAQs

Q. What is the importance of fighting gray market goods and counterfeit products?

Overall losses to manufacturers, channel partners and consumers are immense. It is estimated that over \$40 billion in legitimate products move through the gray market each year, resulting in \$5 billion in lost profits annually to manufacturers. However, more important is the impact on channel partners and consumers. When counterfeit and gray market goods enter the marketplace, channel partners not only compete with heavily discounted products, but they are also dealing with the associated customer satisfaction issues that arise. For customers, when products leave the authorized channel there is no mechanism in place for ensuring product integrity and authenticity. When such nonauthentic products reach consumers, the business interruption and other issues caused can be catastrophic.

Q: What steps can be taken to address the issue of counterfeit goods?

Individual companies can take several actions

- Implement controls to prevent excess components from entering the gray market
- Better protection and control the Intellectual Property
- Implement rigorous disposition and destruction of excess components and inventory
- Ensure adequate inventory controls of all materials, components and proprietary information
- Educate personnel on what to look for in substandard products and packaging
- Educate your channel and end-customers about the impact of counterfeit goods
- Regular Audits of Supply Chains and Distributors
- Penalties and Legal actions

Working together, we can analyze the global gray market network, educate the industry about the impact of gray marketing on the industry's financials, develop best practices and improve customer satisfaction.

For more information visit www.agmaglobal.org