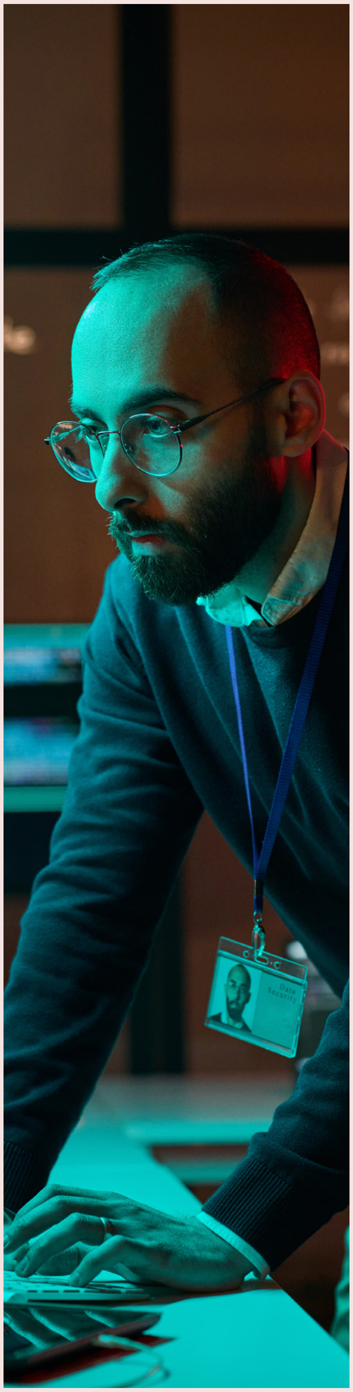
CASE STUDY



SMARTLY DEFENDING AGAINST FRAUD WITH SMART ANALYTICS

Abstract

Josh Conway, Global Profit Protection Director at a leading global sportswear manufacturer, oversees its fraud detections and loss prevention in collaboration with Infosys BPM. This case details how Infosys BPM found revenue leakages in the company's point of sale (PoS) systems across regions, conducted fraud analytics, and addressed vulnerabilities at the source, enabling Josh to implement corrective measures that resulted in additional annual savings of ~$270K.

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When fraudsters disrupt the game

Josh Conway is the Global Profit Protection Director at a leading global sportswear manufacturer. He plays a vital role in safeguarding the manufacturer's financial interests by overseeing fraud detection and loss prevention across 2,500 physical stores worldwide and a vast e-commerce network.

The manufacturer enjoyed a long-standing partnership with Infosys BPM, which provided it effective fraud analytics and management solutions. Throughout the course of the partnership, Josh worked closely with Akhil Bakshi, the Infosys BPM team lead, developing comprehensive risk workbooks and mitigating vulnerabilities across the company's global operations. Akhil and his team would consistently investigate various fraud patterns, assisting Josh in saving costs and finances.

During a routine assessment, Akhil observed abnormal revenue leakage across Asia Pacific, Latin America, Europe, Middle East and Africa regions. Upon closer investigation, he noticed something peculiar; the revenue leakages were a result of the fraudulent application of VIP discounts at the point of sale (PoS) systems.

Josh's firm often extended exclusive discounts to celebrities, athletes, and sports academies, as well as VIP and loyal customers. However, cashiers were misappropriating these exclusive discounts and applying them to ineligible product categories, in complete violation of policies. Taking note of the findings, Akhil immediately flagged the issue for Josh's notice.

Akhil explained the situation to Josh and conveyed that if this became public, the impact would go beyond revenue and adversely affect their reputation, particularly among loyal customers. Akhil, along with his team, immediately sat with Josh to discuss how they could identify and address the source vulnerabilities contributing to these PoS frauds.

Plugging leaks, strengthening defences

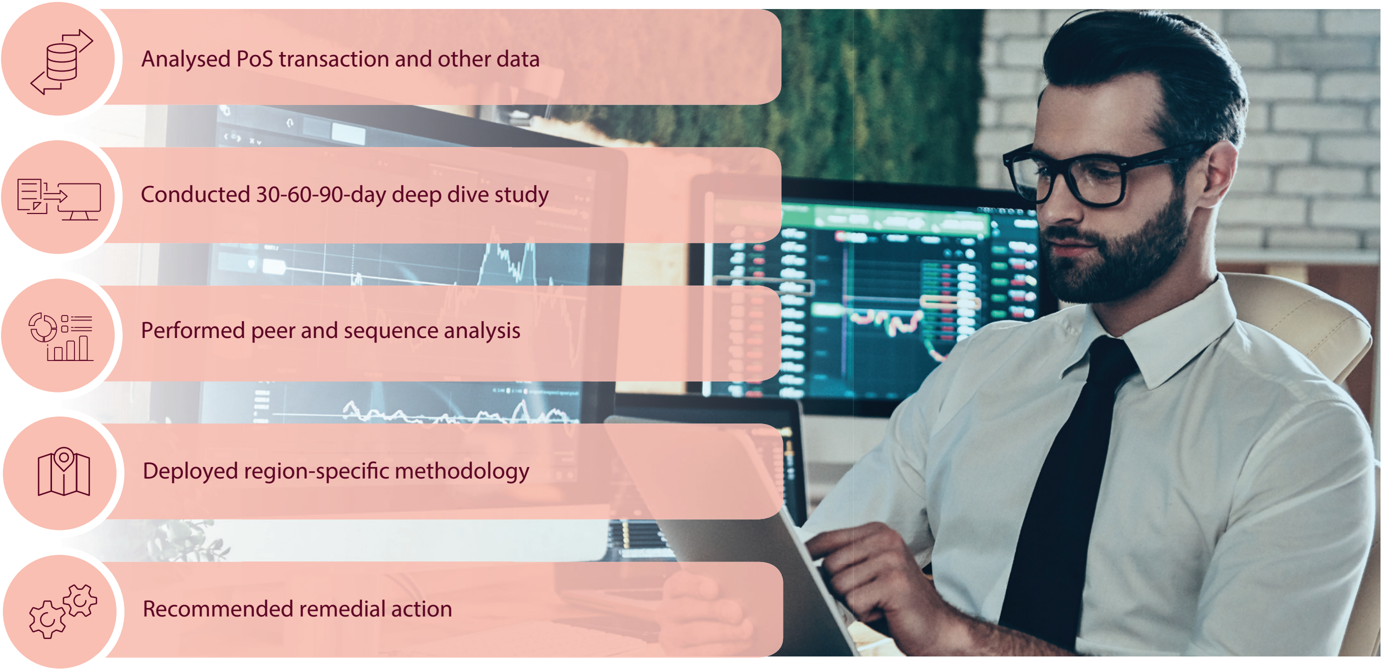
As he began further investigations, Akhil realised that cashiers had access to VIP customer loyalty details at the time of billing and were misusing the special discounts, along with additional discounts, to make personal purchases. Over time, these fraudulent transactions were adding up, causing significant loss for the manufacturer.

Akhil knew that timely detection was crucial in minimising and preventing this fraudulent behaviour among employees.

He worked with his team of fraud detection experts for a holistic analysis of transactions, employees, customers, payments, and discount data to identify suspicious patterns. The team conducted a detailed peer analysis by comparing discount patterns among cashiers within a store, along with a 30-60-90-day deep dive to understand the percentage of discounts applied by cashiers during these periods.

They supplemented the study with a sequential analysis to detect instances where multiple employee transactions were combining VIP discounts with other promotional offers. The team also developed key performance indicators (KPIs) to track the misuse of discounts by customers or employees.

Approach summary



Analysed PoS transaction and other data

Conducted 30-60-90-day deep dive study

Performed peer and sequence analysis

Deployed region-specific methodology

Recommended remedial action

As the project progressed, Akhil discovered nuances and patterns within the discount data and realised that he needed to alter his approach to detect fraud that was dynamic in nature.

After multiple discussions and brainstorming sessions, his team developed and deployed a region-specific and customised methodology. This new methodology refined their detection approach to account for regional nuances and specific fraudulent behaviours. The team found that by leveraging localised insights and working closely with regional profit protection managers, they were able to enhance the effectiveness of their fraud detection measures.

Akhil's team then meticulously analysed transactional data and scrutinised discrepancies in discount applications to pinpoint irregularities indicative of fraudulent activities. They were thorough in their investigation to avoid flagging legitimate transactions as suspicious.

Throughout the project, Akhil collaborated with Josh, conducting regular reviews and adjusting fraud detection and mitigation strategies, in response to evolving fraud tactics and market conditions.

As he concluded the investigation, Akhil recommended key remedial actions and suggested discontinuing the application of VIP discounts during employee-facing transactions to prevent further PoS fraud across regions.

Fraud defeated; profit protected

Akhil's team investigated over 200 potential fraudulent cases involving the misuse of VIP discounts, delivering an ~85% case conversion rate. The insights delivered by the team did wonders for Josh as it enabled him to swiftly deploy corrective measures.

Key benefits

- 200 cases raised and investigated
- ~85% case conversion rate
- $270K potential additional annual savings unlocked

To his immense relief, Josh managed to unlock ~$270K in potential savings for the year just through preventing the misuse of VIP discounts, thereby helping to reverse the decline in profits. Moreover, he was pleased to know that the fraud detection and prevention solution fortified the sportswear manufacturer's defences against future fraudulent schemes, thereby preserving the manufacturer's integrity in the long run.

Josh was delighted with his newfound ability to mitigate PoS fraud and recognised the relentless support and expertise of Akhil and his team in achieving this feat. The trust established by the Infosys BPM team further led to discussions on broadening the project's scope to include the management of e-commerce business fraud.

**Names have been altered to preserve the identities of the people involved.*

For more information, contact infosysbpm@infosys.com

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