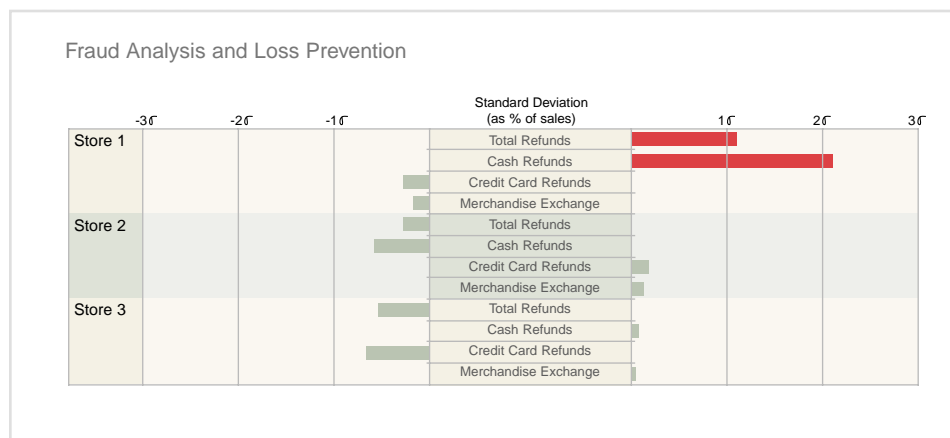


Fraud Analysis and Loss Prevention

Fraud and theft are major cost components in retail environments, where large numbers of employees and customers have easy access to products and even the cash receipts of the business. By understanding what is normal and what is anomalous in daily operations, regional, store and risk managers can identify and proactively address fraudulent behavior to minimize loss. Loss prevention results in reduced operating costs, increased profits and better managerial controls across the organization. Business intelligence allows real-time detection of pre-defined fraud patterns and consequent notification by email, page or wireless device to proper authorities. Statistical and data mining functionality enables fraud patterns to be uncovered and intricate profiles created for future detection, as well as predictive analysis of loss.

Sample Report: Refund Fraud Analysis by Payment Category



This report compares refund rates of different stores with respect to the mean to show potential areas of fraud. Here, Store 1 is significantly above average in its cash refunds, signaling an employee or group of employees is likely stealing cash from registers. Regional, store and risk managers use this type of report to spot unusual activity, and drill into suspect stores to show refunds by employees, time of day, and register ID to narrow down the likely source of the fraud.

Key Performance Indicators

- % Merchandise Returned
- # of Cash Refunds
- Rate of Credit Card Fraud
- Total Loss per Product
- Annual % Change in Loss
- Top 10 Suspect Transactions
- Suspect Transactions over \$10,000
- Top 25 At Risk Products
- Top 50 Employees by # of Returns

COMMON BUSINESS QUESTIONS

- What types of sales have the most fraudulent returns?
- Where in my supply chain is most of the anomalous behavior occurring?
- Which products are subject to the most fraud?
- What is the total cost of the loss associated with cash refunds?
- Is most of my fraud risk from employees or customers?
- What are the details of the transaction immediately following a return?
- Which employees are associated with fraud pattern x?