



# DigiLog UK Ltd Newsletter Winter 2009

## HAPPY NEW YEAR???

### Featured in this edition:

- *Queen's Speech features AVS*
- *Defeating benefit fraud*
- *Swift Screen—AVS for recruitment*
- *International news*
- *Digilog UK news*

**2009** will undoubtedly be a very challenging year for many parts of the UK economy, but there remain sectors which offer an extremely bright outlook for growth. The fight against fraud on all fronts gathered enormous momentum last year, with insurance, financial services and public sector organisations alike looking to DigiLog and its partners to radically enhance their detection and prevention capabilities.

Last year also saw DigiLog continue to build its reputation and success within the insurance industry, with extended AVS deals at major insurers including esure and Provident. And firmly on the national agenda has been our hugely successful partnership with Capita and a range of local authorities in England to help tackle benefit fraud.



## QUEEN'S SPEECH SIGNALS STRONG STANCE ON FRAUD PREVENTION



The recent Queen's Speech prominently featured the Government's determination to reduce fraud within the welfare system, and to build on its highly successful pilot programme which uses DigiLog's Advanced Validation Solutions (AVS) within local authorities to prevent and detect benefit fraud.

This major development comes on the back of a series of 26 pilot projects, imple-

mented since May 2007, where DigiLog and our partner Capita have seen a rapid expansion of interest in validation and some hugely impressive results. In the case of Harrow Council, defeating false benefit claims delivered savings of over £300,000 in the first three months alone.

The announcement was greeted by the media with huge interest, with the Telegraph describing it as part of a 'widespread government crackdown' on benefit fraud, and the Guardian calling the move 'the most striking shift' in government policy towards welfare reform.

"Our AVS solution continues to grow strongly within the UK Public Sector, where

we are being presented with tremendous opportunities to really show what we can do in terms of not only deterring and detecting fraud, but also in delivering enormously positive benefits to operational processing and customer service. Growing to 26 Government projects across the country in just over a year and featuring in the Queen's speech is a magnificent achievement for DigiLog and our partners. During 2009, we expect to strengthen our position further and will also target the Insurance and banking sectors where similar savings and efficiencies can easily be achieved" said Kerry Furber, Managing Director of DigiLog UK.

## Defeating benefit fraud—the national picture!

Local authorities throughout England and Wales will soon be making plans to implement DigiLog Advanced Validation to reduce benefit fraud, following successful trials in 30 regions.

Here is our at-a-glance guide to where AVS is in use today, and how the government's broader plans re expected to develop.



## Swift Screen—AVS for recruitment

The insurance and public sectors have become well known for their proactive efforts to defeat fraud with DigiLog as their partner. But fraud in all its forms is a problem which is blind to profession, industry or market, and DigiLog continues to develop solutions to meet the diverse needs of organisations across a range of sectors.

Following significant successes achieved with AVS in Eastern Europe, where DigiLog designed and implemented its first solution for risk assessment of staff, we have been working with partners from within the UK HR community and also with dedicated recruitment specialists. This has resulted in 'Swift-Screen', a new customised variant of AVS, designed specifically to bring its power into such areas

as pre-employment screening, candidate assessment and also absence management. Since launch in November 2008, Swift-Screen is already being taken seriously by a number of leading organisations and we anticipate that our first UK deployment will commence during first quarter 2009.

Swift Screen offers a powerful alternative to costly candidate selection and assessment routines, allowing screening activities to migrate to the telephone, thereby bringing enormous cost-efficiencies in addition to layering in the power of real-time risk assessment. It is inevitable that, as unemployment rises, recruitment risks increase. Swift-Screen enables employers to assess a variety of risks presented by candidates, including integrity,

work history and future career ambitions of the candidate—particularly useful where employers suffer the ongoing expenses associated with high staff turnover caused by those with only short term or stop-gap intentions. It also enables organisations to manage and just as importantly deter questionable sickness reporting.

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## The BOOM and BUST of Customer Fraud

**DigiLog UK's Managing Director, Kerry Furber examines the growing impact of the downturn on fraud across the economy.**

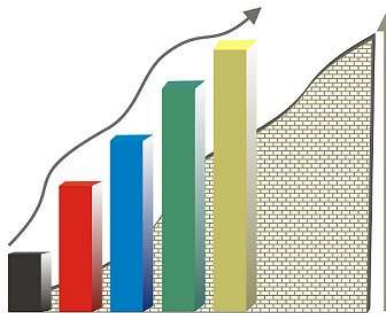
It must have come as a surprise to some that the last economic boom has been interrupted by another four letter word that many thought had been eradicated from the English language. However, it did not surprise us. It may well come as a surprise to some more that, as the teeth of recession bite, a million or more extra people will find themselves out of work. But it doesn't end there. There will be several more millions who, for the last 15 years or so, have enjoyed the fruits of prosperity and the river of credit, who now find themselves backed up against the wall by the stark reality of empty pockets and hungry mouths to feed. Water into Wine? Silk purse from Sow's ear or rob Peter to pay Paul?

Both history and current research suggest that the reality for many will have to be the latter. Many industries are already beginning to wake up to the possibility of a storm surge in their exposure to customer misrepresentation and fraud. 15 years ago, and KPMG reported a significant rise in corporate fraud cases. Today, the fraud-related headlines are becoming more frequent—what were just prediction and expectations only a few months ago are turning into real reports and figures about just how bad the problem is becoming.

According to accountancy firm, BDO Stoy Hayward, employee fraud boomed significantly in the first half of 2008 compared with the same period in the previous year, the increase being a mind boggling 770%.

Financial publication Moneywise recently reported that mortgage fraud carried out by brokers is on the increase, as they face increasing pressure to manipulate applications to ensure approval. Remember the early nineties? Haven't we seen it all before?

It doesn't end there: according to data from CIFAS more people are lying on application forms for credit and store cards in order to cover up a bad credit history. Serious increases in ID and banking frauds are also being reported and all linked to rising economic hardship.



So, where are we heading and what can be done about it? Most experts would have us believe that we are in the early phase of recessionary turmoil with the end predicated to be several years away so those charged with preventing and detecting fraud now find themselves on the front line of a major battle. Just as we're told that we are heading into a period of significant economic challenges, we can be sure that the armies of opportunist fraudsters will charge headlong down the hill at us.

As for defences—well it is surely imperative to understand that an army charging down the hill has to be tackled head on. Would you prefer to be a soft target or a little better

prepared? Pro-activity in tackling fraud risks is now a financial imperative—as appropriate and strong fraud prevention must no longer be deemed a business cost, it is a business saviour. However, striking the right balance between customer service and business protection is essential; the Kevin Keegan ethos of all-out attack and no defence has yet to win a trophy. Solutions exist today that are much more Scolori or Ferguson, where powerfully built fraud defences are complemented by slick, crowd pleasing strategies such as enhanced experiences for genuine customers, claimants and applicants. Identifying these customers quickly increases their satisfaction, reduces your costs and presents your own opportunity — that of making profit.

Effective validation at vital stages of customer contact really does need to happen now in those organisations who are exposed to customer misrepresentation. Targeting fraudsters, fast tracking the genuine and sharply focusing investigative resources are all now a very real possibility. Until recently, the cost of fraud has largely been paid for by us, the honest majority, regularly contributing our inflated taxes, fees and premiums in order to offset impact. That is very likely to change. Where businesses fail to respond and face up to their responsibilities in protecting their stakeholders' interests, then our cost will soon become lost confidence, lost dividends and ultimately lost jobs. That's an especially sensitive issue in the midst of the current economic climate, where every business needs to minimise the effect of such avoidable problems.



The fight against fraud in Colombia is gathering pace, with the work carried out by DigiLog generating a great deal of media and public interest across the country. We currently have a total of 16 solutions deployed in Colombia across 4 companies. These range from Insurance claims screening, through loan and leasing applications to anti-money laundering and debt management. Prospects for growth elsewhere in Financial Services and the Public Sector look strong.

As a result of the significant successes achieved by AVS with a client in the Czech Republic, the New year will see the solution expand into neighbouring Slovakia during first quarter 2009, with further expansion expected to follow in other countries later in the year.

**Sally Goodman** and **Sam Blackshire** have recently joined the DigiLog UK team at our HQ in Amersham, bringing with them invaluable experience at a time of rapid development.

**Sally** is our new Business Development Manager and will be working closely with Lior Koskas to expand further our UK client base across a broad range of industries.



**Sam** joins as Personal Assistant to Managing Director Kerry Furber and will support other key players and activities as DigiLog continues to expand.



St Mary's Court  
The Broadway  
Amersham  
Bucks  
HP7 0UT

Phone: 01494 582021  
Fax: 01494 432434  
E-mail: [enquiries@digiloguk.com](mailto:enquiries@digiloguk.com)

**Advanced Validation Solutions**



**[www.digiloguk.com](http://www.digiloguk.com)**