

CUSTOMER SPOTLIGHT

Authentix helps Middle Eastern National Oil Company uncover fuel smuggling and recover lost revenue.



THE SITUATION

The sole provider of petroleum products in its country, this Middle Eastern national oil company also manages the distribution of these products to major and remote bulk plants via pipeline networks, trucks, and marine shipments.

The oil company suspected that some domestic subsidized products transported to and from the company's refineries and bulk storage plants by third party-operated trucks were being diverted and sold to unauthorized entities for smuggling purposes.



THE CHALLENGE

Subsidized diesel was being smuggled and sold in neighboring countries with product intentionally mislabeled and often mixed with other

products to hide its presence during smuggling. This illegal activity resulted in hundreds of millions of dollars in lost revenue annually.



RESULTS

- ✓ Program return on investment more than 10x in first year of program
- ✓ Estimated smuggling losses at borders reduce more than 80%
- ✓ After 1st year, program was expanded nationwide

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THE SOLUTION

Since 2013, Authentix has been providing this national oil company with an advanced fuel integrity program which marks subsidized diesel (giving diesel a fingerprint) at multiple locations to help detect its smuggling and internal feedstock abuse.

Authentix provided the best technology and price amongst all competitors. Serving this customer for nearly seven years, this very important program is saving the organization over \$1+ billion per year, with continued and expanding business today.

The large volume of marker production needed was readily achieved early into the program and the marker concentrate is now securely blended in country. The fuel marker is added to

the diesel fuel at six refineries and a bulk tank farm, while auto-injectors are used to simplify the process.

Authentix uses a fully integrated laboratory testing system with over 15 analyzers and an information management system to manage the laboratory workflow, with web-based management reporting dashboards built to provide near real-time reports.

Samples are taken at all borders, ports and suspected industrial sites and sent for testing and analysis at four independent labs. Additionally, quality control tests are conducted on marked diesel at all marking sites to maintain correct marker dosing rates.



THE OUTCOME

The program has proved to be highly effective in detecting and measuring marked diesel while revealing losses far greater than originally conceived. Through limited enforcement efforts and ongoing monitoring, the oil company was able to significantly curb smuggling at the country's border, with an estimated savings of over \$1 million per day. This represents a program return on investment of over tenfold.

Additional positive results include:

- A substantial reduction in smuggling in the border area, due to 14 smuggling-implicated plants being closed by the nation's government
- Several hundred million U.S. dollars in subsidies saved every year

- A reduction in diesel demand with the reduction in smuggling and product diversion
- Revocation of the export permits of the companies involved in illicit activity

The sampling component of the program has also demonstrated great success. Over the course of the program, the number of samples that fail testing has decreased to under 5 percent, as well as a decrease in the volume of suspect samples. The losses, measured in U.S. dollars, are now less than 20 percent of what they were before the fuel marking program was originally put in place. The program has since expanded nationwide as a result of its continued success.

ABOUT

As the authority in authentication solutions, Authentix thrives in supply chain complexity. We provide advanced authentication solutions for governments, central banks and commercial companies, ensuring local economies grow, banknote security remains intact, and commercial products have robust market opportunities. Our partnership approach and proven sector expertise inspires proactive innovation, helping customers mitigate risks to promote revenue growth and gain competitive advantage.