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PREVENTING RETAIL FRAUD

With Data Visualization and Link Intelligence

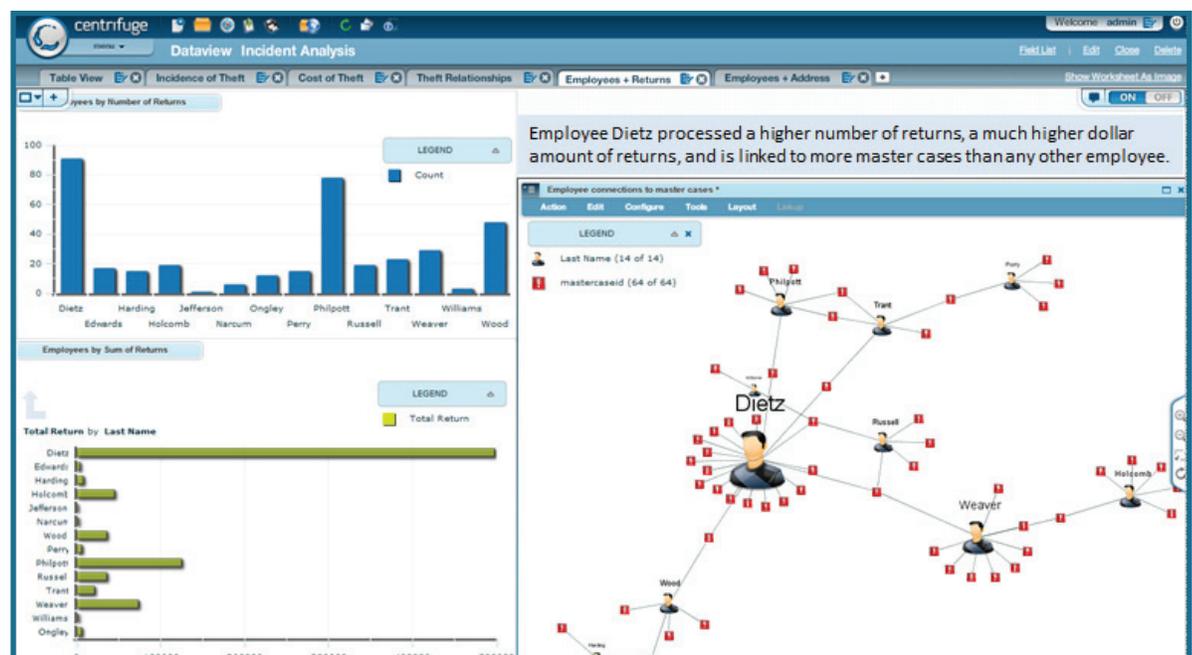
As data-driven decision-making has taken hold in the business community in recent years, it is only natural that retailers protect their operations in the same way they have been built. But the volume and disparate nature of fraud detection data points has made it difficult for loss prevention experts to monitor trends and design informed defense strategies.

The ever-expanding array of fraud strategies and vulnerabilities is leading retailers to an unavoidable conclusion: modern challenges require modern solutions. The most promising application of this concept appears to be coming from the field of big data analytics.

"The proliferation of big data has created even bigger risks and bigger threats," said Renee Lorton, CEO of Centrifuge Systems. "Traditional pattern-based discovery can't connect people, behavior and activities in a relationship map that can measure or profile the risk. Your business network is your relationship network is your revenue network. Organizations that don't take action will find themselves increasingly at risk."

The innovations recently made by pioneering companies such as Centrifuge Systems have revealed that the value of big data extends far beyond its roots in business intelligence. By applying the technology's principles to the area of retail fraud, for example, store managers can capture and interpret a wide variety of relevant variables in a short amount of time.

Data visualization is one area that has inspired excitement among fraud detection analysts. By integrating information from multiple sources and creating a visual representation, companies can go beyond the numbers to uncover surprising trends and draw novel conclusions. In addition, link, geospatial and temporal analysis can be used to clearly connect relationships based on timing, geography or additional variables.



For example, inventory and sales figures can be plotted with geographical data to show which store locations are hotbeds of illicit activity in a company's global chain. Alternatively, suspicious-looking online credit card transactions can be compared to the card holder's past purchases or those of customer's from similar demographics to determine if a fraudster may have acquired their credentials.

The technology is also well-suited to the dynamic nature of modern retail. As market trends and fraudulent tactics evolve over time, businesses can be confident that their monitoring tools will respond in-step to alert analysts of new vulnerabilities.

This kind of robust and efficient fraud analysis may soon become the new norm in the retail industry. As business managers struggle to protect both profits and reputations amid a climate of economic uncertainty, a reactive approach to loss prevention is no longer adequate. Instead, it will be the firms making smart investments in data visualization and advanced link analysis that will lead the competition in years to come.

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