EQUINOX
Information Systems

Using Equinox Protector for Fraud Management

"Protector has saved us hundreds of thousands of dollars since its deployment in 2010. The averted fraud losses have more than paid for the entire Protector installation project and allowed us to actively protect our customers from fraud!"

Mark Iannuzzi, President,
TelNet Worldwide

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INTRODUCTION

TelNet Worldwide, Inc. began building its network and business in 1998 by offering wholesale connectivity and infrastructure services to enterprise accounts, ISPs, and other providers. In 2007, TelNet expanded and aligned resources to offer the same caliber of service direct to small- and medium-sized businesses in Michigan. Throughout it all, TelNet focused on the entrepreneurial spirit, rewarded innovation, and tasked each of their employees with improving the customer experience.

One primary way to improve the customer experience is by saving money and passing the savings on to their customers. TelNet Worldwide has been able to do just that with the help of the Protector fraud management system (FMS). In 2010, TelNet choose Protector to identify and defend against costly fraud. Their selection of Protector was based on cost, reliability, and customer support. TelNet implemented Protector across their entire switched network to protect their customers and business partners from communications fraud. Since its deployment, Protector has enabled TelNet to:

- Avoid hundreds of thousands of dollars' worth of losses due to fraudulent use of their network;
- Take a proactive approach to fraud management, because Protector can identify a compromised PBX, voicemail, or VoIP web portal based on a single call attempt to a known fraud test number;
- Increase customer satisfaction through minimized fraud exposure for their clients; and
- Realize substantial returns on their investment in a very short time period.

Protector has successfully mitigated TelNet's and their customers' exposure to fraud, with averted losses already well into the six figure range. Furthermore, the amount of recurring averted losses surpasses the ongoing ownership cost of Protector. This type of financial responsibility characterizes TelNet's commitment to cost effective operations and to their clients who might otherwise be responsible for these costs.

UNDERSTANDING THE FRAUD RISK

According to a 2011 survey, the Communications Fraud Control Association (CFCA) places global telecommunications fraud losses at $40.1 billion (USD) annually. Such figures substantiate that fraud is an enormous drain and must be purposefully combated. The top reported categories of fraud losses are:

- Compromised PBX/voicemail systems
- Subscription/identity theft
- Revenue share fraud
- By-pass fraud
- Credit card fraud

Fraud is harmful to telecommunications service providers, as it both increases costs to the consumer and may damage the relationship consumers have with the provider. Despite explicit policies in place by telecom service providers that assert client responsibility in cases of fraud, end-user business customers often do not accept accountability for fraudulent charges. The good news is that these numbers represent an overall decrease from the previous (2009) CFCA survey, bringing losses in line with those seen in 2003. The relative decrease is fraud is attributed to growing global revenues, which have outpaced the growth in fraud losses. Another major factor is improved fraud management systems

combined with an increased collaboration of anti-fraud professionals within the industry.

THE PROTECTOR FRAUD MANAGEMENT SYSTEM FROM EQUINOX

Fraud management is defined as: detecting usage anomalies indicative of fraud in real time. Protector accomplishes this goal by identifying instances in which a customer's actual usage varies from expected usage in a manner that suggests fraudulent activity. To address the ever-changing challenges of this industry, Protector employs dynamic usage profiling and customer-defined rules to distinguish fraudulent usage from legitimate usage. When it encounters potentially suspicious activity, Protector generates alerts that are displayed onscreen and can be sent to designated recipients by email, SNMP trap, or pager. If desired, Protector can be configured to disable at the switch to stop fraud at the source. The system's integrated case management tools give access to data, including details of resolved fraud cases, to aid in investigation.

TelNet's President, Mark Iannuzzi, was visiting one of his customer's offices in Kalamazoo, MI. During his visit, one of the staff members thanked him and his company for recently alerting them to phone calls being made to a foreign country. It turns out that the phone calls were authorized and legitimate in this particular case. Nonetheless, the customer expressed gratitude that TelNet was watching their network activity for potential fraudulent events. As explained in the preceding paragraph, Protector creates profiles based on regular or expected usage. Once that threshold is exceeded, Protector generates an alert. It was that very alert system (the call, though legitimate, was outside normal usage patterns) that caused Telnet to contact the staff member regarding the calls to a foreign country.

As Mark is quick to point out, "It's not a matter of if or when your network will be attacked; instead, it's a question of how often and how quickly you'll be able to detect and shut the fraud down." Over the last twenty-five years, Protector has saved carriers billions of dollars in fraud losses by distinguishing communications fraud from legitimate customer usage. This case study illustrates Protector's fraud management capabilities in a real-world situation. If you're interested in mitigating your exposure to fraud and avoiding hard dollar losses, contact Equinox to discuss how Protector can help you.

ABOUT TELNET WORLDWIDE

Headquartered in Troy, Michigan, TelNet Worldwide, Inc. is a full-service provider of essential business communications products and services, including converged voice, data, Internet, and connectivity. TelNet's customer-focused professionals, fully redundant network, and innovative solutions empower businesses to improve productivity and performance. For more about TelNet, visit www.telnetww.com.

ABOUT EQUINOX

Equinox Information Systems offers a full range of business assurance solutions for the telecommunications industry and has served hundreds of customers worldwide since 1986. In that time, Protector has earned a reputation as the most reliable and affordable fraud management system on the market. The system currently processes over one-billion call records per day. Equinox offers solutions in areas critical to profitability and network efficiency, including revenue assurance, fraud management, expense management, network analysis, and custom application development. For more information, visit Equinox at www.equinoxis.com or call +1 615-612-1200.