FROST & SULLIVAN

I.   Market Overview/Key Challenges

The widespread adoption of fingerprint biometric technology for physical access control, secure identity documents, and transaction authentication has led to the tremendous growth of the biometrics market over the last few years. Numerous companies and biometrics products cater to different vertical markets and applications. The growing demand and interest from both government and commercial sectors has led to an influx of innovative products created to meet customer needs.

However, the main challenge is the integration of fingerprint biometric technology into existing software. Application software developers who cater to different verticals have to endure the costs and efforts of utilizing a software development kit (SDK) to add fingerprint recognition capability to their products. This is an expensive and time-consuming process, which can delay or cancel the adoption of fingerprint technology.

II.   Award Categories and Relevance

The recipient of the 2007 Frost & Sullivan Biometrics Technology Innovation of the Year Award was judged based on the following criteria:

- Technology innovation contrasted against competitors
- New product/process introduction
- Adoption rate
- First to market

M2SYS Technology has invented a technology that allows for the seamless integration of fingerprint technology into application software. By reducing the work and costs associated with SDK development, the technology allows application developers to focus on their core competency. The Bio-Plugin™ product has been accepted across a wide range of vertical markets.

This unique solution has had a significant impact on the biometrics industry, and M2SYS Technology deserves the 2007 Frost & Sullivan Biometric Technology Innovation of the Year Award.

III.   2007 North American Biometrics Technology Innovation of the Year Award

Award Description

The Frost & Sullivan Award for Biometrics Technology Innovation of the Year is presented to the company that has demonstrated technological superiority within its

industry. This Award recognizes the ability of the company to successfully develop and introduce new technology, formulate a well-designed product family, and make significant product performance contributions to the industry.

Research Methodology

To choose the recipient of this Award, the analyst team tracks emerging and existing technologies, as well as R&D developments. This is accomplished through interviews with major market participants and extensive secondary research. Also considered are elements such as product launches, customer acceptance, penetration rates, and time to market. Finally, competitors are compared and ranked for relative positions. Frost & Sullivan then presents the award to the company that received the number one industry rank.

Measurement Criteria

In addition to the methodology described above, specific criteria are used to determine the final competitor rankings in this industry. The award recipient has excelled based on one or more of the following criteria:

- Technology innovation contrasted against competitors
- R&D expenditures
- New product/process introduction
- Price premium
- First to market
- Adoption rate
- Penetration rate

2007 North American Biometrics Technology Innovation of the Year Award
Award Recipient: M2SYS Technology

The 2007 Frost & Sullivan Biometrics Technology Innovation of the Year Award is presented to M2SYS Technology in the biometrics domain for demonstrating technological superiority through its Bio-Plugin™ solution.

Company Overview

M2SYS is an industry leader in fingerprint identity management technology. Bio-Plugin™ is its flagship, patent-pending solution. It is fully functional, turnkey fingerprint recognition software that rapidly integrates into third-party programs, in many cases with no additional development required. M2SYS also offers several stand-alone applications and desktop security products that leverage its biometrics engine to help protect assets, lower costs, and reduce risk.

Significance and Advantages of the Bio-Plugin™ Solution

Bio-Plugin™ solves the problem of low level biometric software integration. It enables the rapid integration of fingerprint recognition with existing software by eliminating the development work and challenges that software engineers would otherwise face. It is a completely developed, scalable solution, and it runs independently of the host application.

This solution has altered the manner in which software developers previously integrated biometric fingerprint technology into their applications. It can be incorporated into any Windows or Web-based software with only a couple hours of development and it supports any biometric technology SDK. It is also currently the only solution of this type in the market.

The advantages of the Bio-Plugin™ solution are as follows:

- Drastically reduces the significant time and resource investment required to develop a robust and scalable biometric fingerprint recognition system
- Allows software developers to rapidly integrate an end-to-end, server-based biometric fingerprint system
- Eliminates the expense associated with supporting and maintaining the fingerprint system on an ongoing basis
- Operates with complete run-time independency from the host software
- Enables software providers to remain focused on their core products
- Works in both Citrix and Terminal Services

Widespread Adoption

The significant time and cost reduction offered by implementing the Bio-Plugin™ product has enabled M2SYS to penetrate a wide range of vertical markets.

The company initially found its niche in the law enforcement and detention facility sector. With the rise of the commercial sector's demand for biometric solutions, M2SYS's technology is being utilized in educational institutions, childcare centers, fitness and leisure centers, point of sale and banks, and in the healthcare vertical.

M2SYS expects banking and healthcare areas to offer maximum growth opportunities in the long term. A prominent Fortune 500 banking and financial services firm selected the M2SYS system for integration into a Web-based application to identify employees who are performing mortgage-related transaction operations.

Similarly, in the healthcare sector, a Fortune 500, global medical products and services company integrated Bio-Plugin™ into its facility management software to identify blood donors at 57 centers across the United States. As a result of this

partnership, the M2SYS fingerprint system also received approval from the Food and Drug Administration (FDA).

Delivering More than Just Technology

M2SYS is renowned for its outstanding customer support. It works with its customers from the initial to the final stage, with a dedicated M2SYS engineer to be involved in the entire integration process and to provide support as required. It also utilizes a preemptive approach toward technical support, by periodically contacting the integrators to obtain feedback, ideas, and suggestions on the system, and to address issues before they become escalated.

With respect to marketing, M2SYS works with its customers' marketing department to assist with various sales initiatives. It shares ideas on how to address typical end-user concerns and maintains a close partnership to ensure a fast ROI for its customers.

Conclusion

The combination of M2SYS's Bio-Plugin™ technology and customer service practices has earned it an outstanding reputation in the biometrics industry. The Bio-Plugin™ solution has enabled fingerprint technology to be integrated into any software.

The company's innovative technology has had a discernable effect on the growth of biometric technology adoption in the global marketplace. In recognition of these achievements, Frost & Sullivan is pleased to present M2SYS Technology with the 2007 North American Biometrics Technology Innovation of the Year Award.

About Best Practices

Frost & Sullivan Best Practices Awards recognize companies in a variety of regional and global markets for demonstrating outstanding achievement and superior performance in areas such as leadership, technological innovation, customer service, and strategic product development. Industry analysts compare market participants and measure performance through in-depth interviews, analysis, and extensive secondary research in order to identify best practices in the industry.

About Frost & Sullivan

Frost & Sullivan, a global growth consulting company, has been partnering with clients to support the development of innovative strategies for more than 40 years. The company's industry expertise integrates growth consulting, growth partnership services, and corporate management training to identify and develop opportunities. Frost & Sullivan serves an extensive clientele that includes Global 1000 companies, emerging companies, and the investment community by providing comprehensive

industry coverage that reflects a unique global perspective and combines ongoing analysis of markets, technologies, econometrics, and demographics. For more information, visit **www.frost.com**.