

Backgrounder

Touch Enabled Wireless Solutions – Security, Convenience, Personalization

Biometrics – Securing the Digital Wallet



With the growing popularity of biometric cell phones, service providers soon discovered benefits well beyond protecting phones and stored files. Operators throughout Asia were looking for new revenue opportunities and ways to add new features and services to differentiate their offerings. Mobile commerce offered the perfect opportunity. Enabling cell phone users to purchase items from stores, vending machines, or via the wireless web created tremendous new opportunities. But security was a major challenge. How do you protect users from theft or fraud, and service providers from costly repudiation issues? Fingerprint sensors solved the problem conveniently and cost effectively. Users

could simply authenticate their transactions with a convenient swipe of their finger over the sensor. In 2004 and 2005, the FeliCa network was born – transforming mobile commerce in Japan. Soon there were more than 20,000 different m-commerce locations, a variety of new biometric cell phone models, and additional service providers who quickly jumped on board. As a result, users today can now securely purchase items from convenience stores and vending machines, access trains and subways, check in at airline terminals and perform other services with their phones. The advent of m-commerce also expanded to Korea in the form of mobile banking, where service providers teamed up with one of the country's leading financial institutions to offer wireless banking solutions, known as BankOn. The bank and service provider expanded their offerings, and cell phone users can now securely and conveniently access their accounts, transfer funds, make payments and other activities even when stuck in traffic or commuting on a train. The m-commerce evolution has truly taken hold – and is now primed to expand into new services in Asia, and new regions such as Europe and the U.S.

Biometrics – Protecting Phones with Convenient Security

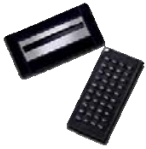


For more than five years, AuthenTec has been the undisputed leader in fingerprint biometrics for wireless – with more than 95 percent of the market -- and 5 million sensors in cell phones and other wireless devices worldwide. Leveraging its TruePrint and TrueMatch technologies, the company introduced one of the first fingerprint sensors specifically designed for wireless devices in 2000. The sensor was quickly adopted by one of Japan's largest operators, NTT DoCoMo, whose first biometric cell

phone had broad consumer appeal, and became one of their fastest selling phones. Users were excited by the reliability, performance and added security the AuthenTec sensors provided -- protecting their phones and personal information. Following its initial success, NTT DoCoMo rapidly expanded its biometric phone offerings, using AuthenTec sensors exclusively. At the same time, AuthenTec continued pioneering new sensor innovations – introducing one of the first slide sensors for wireless devices, and launching its unique Power of Touch, which combines enhanced security with new convenience, navigation and personalization features that are all controlled by the swipe of a finger. In 2005, the company launched the world's smallest, lowest cost, and highest performance sensor in the industry – the EntréPad 1510 – which helped speed adoption by cell phone manufacturers and operators even further. Today, the company's sensors are used by more than 20 different phone models – and growing -- by NTT DoCoMo, LG Electronics, Samsung, KTF, and Pantech, with others to be introduced later this year.

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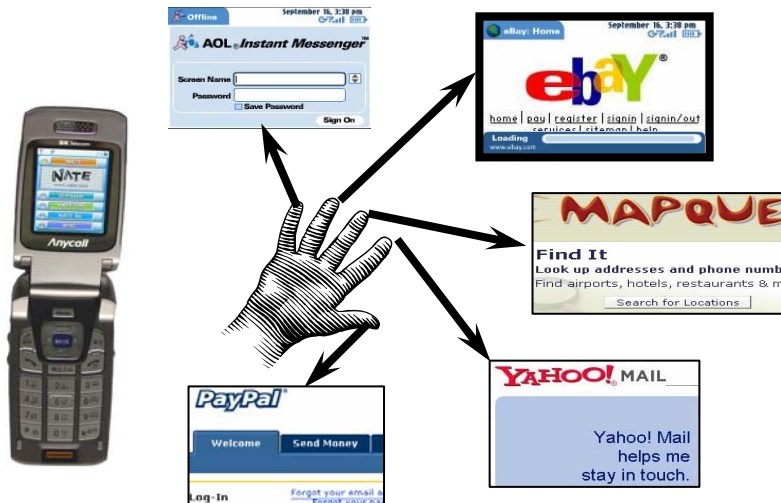
Expanding the Value Proposition – Security, Navigation and Personalization



The future of m-commerce worldwide will be driven in part by innovative new features and functions made possible by biometric fingerprint sensors such as AuthenTec's new EntréPad 1510 – the smallest high performance sensor for wireless devices. The sensor provides The Power of Touch – combining advanced security with high user convenience -- all at a price point that creates a compelling value proposition and ROI model for today's service providers. This enables them to provide users with compelling value added services. For example, when the sensor's highly optimized navigation performance is combined with mobile password vault applications, users can navigate effortlessly through menus and find content quickly on the wireless web. Web based content is easy to locate and manipulate. Logging into a VPN or secure website from a phone is as easy as swiping a finger to decrypt and release a highly secure password to a secure portal. The sensor also enables users to individualize their phones like never before. Business users can swipe one finger to launch a corporate VPN – performing a secure log in. Swiping another finger launches their email application. A teenager can swipe one finger to launch a full-motion 3D game made more dynamic by the touch pad like performance of the sensor, while swiping another finger sends him to a download site to purchase new games. Another user can swipe one finger to launch his or her MP3 player application. A second finger swipe picks their preferred music genre, and they can then navigate fluidly through a long list of songs. Users can create their own quick launch links to their favorite web-sites, secure corporate network access, or payment applications. For the user, it's all about me. My phone...tuned to me.



For service operators, the easy content discovery and simple non-repudiated downloads for subscribers are key drivers for increased ARPU. And with these advanced personalized features, operators can now market their services to a segment of one. Content discovery made simple, downloads made secure, all with the swipe of a finger. Whether it's conveniently locking a user to a SIM Card to a GSM Operator to an operator service; or only allowing trusted users on your network, the Power of Touch enhances the user experience while providing a high level of security to both the user and the operator.



As m-commerce systems quickly expand – and wireless devices rapidly evolve into communications, electronic wallet, and entertainment systems -- the ability to perform simple, convenient and highly secure monetary transactions makes phone-based biometrics even more compelling. And these touch-enabled features that create a tightly coupled bond between subscribers and operators, up to now only offered in Asian markets, are now ready to be deployed in the U.S., Europe and beyond.