

With Some of the Largest Application Providers Around the Globe Integrating their Technology as Part of their End User Solutions, BIO-key International, Inc. is Truly Developing Advanced Identification Solutions to Protect the Future



**Biometrics
Software
(BKYI-OTCBB)**



**Michael W. DePasquale
President and CEO**

BIO:

Mr. DePasquale career highlights include over 20 years of successfully directing innovative companies at the VP/CEO level. Prior to accepting the role as CEO of BIO-key International, a global leader in biometric fingerprint identification technology, DePasquale was President and CEO of Prism eSolutions, a professional consulting

services specializing in online solutions for ISO-9001 / 14000. Subsequent to Prism, Mr. DePasquale served as Group Vice President for WRC Media, Sr. Vice President of Sales and Marketing with McGraw-Hill. DePasquale also held positions at Digital Equipment Corporation, including Director of Marketing and Group Sales Manager. Mr. DePasquale holds a Bachelor of Science Degree in Industrial Management and Engineering from the New Jersey Institute of Technology and has attended both the Harvard University and Babson College Executive Development Programs. DePasquale is an active member of the Board of Directors of the International Biometrics and Identification Industry Association.

Company Profile:

BIO-key International, Inc., headquartered in Wall, New Jersey, develops and delivers advanced identification solutions to commercial and government enterprises, integrators, and custom application developers. BIO-key's award winning, high performance, scalable, cost-effective and easy-to-deploy biometric finger identification technology accurately identifies and authenticates users of mobile and enterprise applications. Our solutions can be found as an embedded OEM product with leading integrators and support some of the world's largest identification deployments to improve security, guarantee identity, and help reduce identity theft. BIO-key's technology is available direct through the company or by market leading partners around the world.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. DePasquale, what is the focus for BIO-key?

Mr. DePasquale: BIO-key develops and markets advanced finger identification solutions for access to all kinds of information and enterprise infrastructures. For example, our finger biometric technology can be used to access information such as patient records at a healthcare facility. In retail, we have customers using our solutions to gain access to point of sale terminals. Government customers use our technology for large-scale civil identification programs. One of our most recognizable customers is the FBI; they use BIO-key technology for their new Next Generation Identification system. BIO-key technology is applicable across virtually every segment of the economy.

CEOCFO: Are there competing technologies for identification or is fingerprinting the preferred method?

Mr. DePasquale: Certainly, yet fingerprint technology has the longest history of utilization and has gained universal acceptance because of its high accuracy rate and overall convenience. Traditional identification solutions which most of us use today include passwords, pins, cards, and sometimes tokens to access information; but those technologies, as declared by some of the largest technology companies have seen their better day. In fact, in December Bernie Meyerson who is the Vice President of Innovation for IBM declared the "password" dead. Simply stated passwords are a dated authentication

methodology that can no longer keep pace with the requirements for advanced security. Virtually every day we hear news of a new password breach. There are other methodologies for access and authentication, but none as convenient and secure as our fingerprint offerings. Keep in mind that even identical twins, do not have the same fingerprint.

CEOCFO: Most people know fingerprints are unique but how does the technology work?

Mr. DePasquale: BIO-key is proud to say that our technology development team owns six patents and recently the team was asked to provide support for one of the world's most renowned integrators BIO-key takes great measures to ensure that our biometric fingerprint software is the best in the industry. According to the results of the most recent National Institute of Standards of Technology (N.I.S.T) test scores, BIO-key achieved top scores for speed and accuracy.

Let me explain when makes us special. During the enrollment process we take a picture / image of the fingerprint and enhance the image, more than 40X to capture over 2,100 data points. The datapoints are then interrupted and a mathematical model / template is generated. The template is then compared to the records in the database stored on the server. Also, please note that the process is encrypted and secure. With the popularity of smartphones and tablets, mobility presents the next area of opportunity for the growth at BIO-key. Today, we offer identification solutions that operate on several mobile devices including the iPhone, iPad, Android and WinMobile platforms, which allow us to scan a finger and to positively identify the individual who is behind that device. No other authentication technology can do that today.

CEOCFO: What are you providing and how does the revenue model work?

Mr. DePasquale: BIO-key is a software company. We provide a device-independent, platform-independent software technology that can be inte-

grated into any application. This truly is our differentiator. Whereas other companies can make their software work on one device or platform, we unite them all. We sell our technology mostly through application providers. For example; Allscripts or Epic, two of the largest EMR-EHR healthcare providers, Radiant Systems, which was recently purchased by NCR, one of the largest providers of point-of-sale terminals and Lexus Nexus who are integration into their identity management systems. Our model is to work with the application providers, integrate our finger biometric technology as an alternative to their current scheme, which is passwords, pins, tokens, and have them resell this technology to their end users. That is our business model and fundamentally that is the way we generate revenue. Our technology is sold on a per user basis, depending upon the size and magnitude of the deployment. It is a very simple software model. We also charge a maintenance fee for

ongoing support on a go-forward basis.

CEOCFO: Where is the largest concentration and where do you see the most growth?

Mr. DePasquale: Today we are seeing very strong adoption in healthcare and in the government space. I believe going forward we are going to see more and more in the financial services industries and certainly we anticipate strong growth in retail. As the mobile market continues to evolve, individuals are going to be using their mobile device to access all kinds of information including bank accounts. How are we going to know who is behind that device? We all know that devices get lost, stolen and are shared; therefore, the most secure and convenient way to identify the end user is by using fingerprints.

CEOCFO: Do employees of different organization still have some reluctance to provide a fingerprint?

Mr. DePasquale: Less and less. In fact, Unisys publishes a number of

studies on an annual basis around authentication and identification including biometrics. The majority of the population today is more than willing to utilize finger biometrics to protect access to their accounts. With the increase in data breaches that we have seen over the last two years, people are becoming more cognizant of secure access and authentication to information. We are starting to see a migration in behavior. That is a big shift for us here in the United States. Because, if you look back five years ago, people were concerned about privacy, they were concerned about the use of fingerprints as it, for example, relates to the forensic market, the criminal justice market. Today, the technology that we are using has no crossover to the forensic market. It is commercially viable, and used in practical application daily however it the technology does not have cross-pollination capability to the forensic market and the criminal justice system.

CEOCFO: What is the global reach for BIO-key?

Mr. DePasquale: We are an international company. I would say about forty percent of our business is international, primarily large scale civil ID projects. Today we are involved in a number of large projects in the third world to identify individuals for various reasons and purposes. Here in the United States, along with government projects, we cover and sell in virtually every sector of the economy such as healthcare, retail, general and financial services. We have customers utilizing our technology in virtually every venue. At BIO-key, we like to say that we are already a part of your everyday life.

CEOCFO: How has the economy over the last couple of years affected Biokey?

Mr. DePasquale: The only negative impact that the economy had was really in the financial services industry. This is one industry we thought would be one of the first markets to gain traction for biometrics. Surprisingly the market has not reacted yet, even with drivers such as ID theft and data breaches. Today our current focus is on healthcare, government

"If they are good enough for the Fortune 100 should BIO-key be on my investment radar screen?" - Michael W. DePasquale

agencies and mobility. We believe that in time, the financial industry will join this group and when they do, we anticipate accelerated growth once the early adopters open the gates.

CEOCFO: What is the plan for the next year or so?

Mr. DePasquale: Very simple. We have integrated with highly visible marquee partners who provide applications in each of the sectors we are targeting. Our goal now is to grow year over year and a percentage of the increase will be positively influenced by the overall adoption rate. We also are committed to educating our partners and providing additional marketing support to the applications providers' as they go out and present the more convenient secure option to their customers, option to passwords, pins, and tokens. Essentially our focus is to help the application providers, multiply the adoption rate and to grow our business as a result.

CEOCFO: What is the financial picture today for BIO-key?

Mr. DePasquale: BIO-key is a lean organization. We employ some of the most talented individuals within the industry and prioritize efficiency and performance. BIO-key is a profitable and publicly traded company under the symbol (OTCBB: BKYI.OB). The goal of the company is to continue to be profitable, to continue to invest in the furtherance of biometric technol-

ogy and to continue to improve on a monthly and an annual basis. The vast majority of our revenue is generated by partners; therefore, we will continue to market our technology to larger technology integrators that can represent BIO-key software to their customers and prospects. We anticipate that our investment in the partner channel which is already generating substantial revenue; will pay tremendous dividends in the very near future. As a software developer, our gross margins are generally in the eighty to ninety plus percent range and as our business grows, we expect to drop more and more to the bottom line. We have a business model that I think is very conducive to high levels of profitability. We also benefit from managing several revenue channels. As I mentioned earlier, when the financial market took a step back between 2008-2010 BIO-key was able to generate revenue from the healthcare and government sectors. This is a core strength of our company. We are capable of providing large-scale solutions for the world's leading growth areas; healthcare, government, retail, schools, transportation and one category we have not discussed, the consumer. Eventually the security processes embraced by the enterprise and government will become commonplace for the consumer and BIO-key is already making strategic plans to address this market.

CEOCFO: Why should investors pay attention to BIO-key International and what might they misunderstand about the company?

Mr. DePasquale: BIO-key is a small in size, therefore we are under the traditional radar of most investors. Yet we are integrated and partnering with the best of the best; this might cause an investor to ask "If they are good enough for the Fortune 100 should BIO-key be on my investment radar screen?" Some of the largest application providers on the globe in various segments have integrated our technology as part of their end user solution. The same solution that they market to their prospects and existing customers. There is a reason they are choosing BIO-key. We are the only company in this space that has a fully interoperable device-independent, platform independent solution that is very high quality, very high accuracy, very high scalability. We future proof every project! I think the greatest compliment we received was when one of the most recognizable technology companies *asked us for help*. It validated our technical expertise and service capabilities at the highest level. As CEO, it was a proud day, witnessing our small company side by side with a leading global integrator; developing advanced identification solutions to protect the future.



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