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Interviews & News!

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FaceKey Corporation's efforts to collect the best technology and features for their second generation EntryGuard™ product line gives them an edge on the competition



Technology
Biometrics
(FEKY-OTC.PK)

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Yevgeny B. Levitov, Ph.D.
President and Co-Founder

BIO:

Yevgeny B. Levitov Ph.D. brings electrical and mechanical engineering background and experience in international marketing, including Russia and Europe.

Dr. Levitov spent more than fifteen years working in the image recognition field and performing R&D for classified projects for the Russian Government. Mr.

Levitov served as the Vice President of Scientific-Production Union "Medoborudovanie", the largest Russian manufacturer of medical equipment. He headed the International Engineering Department where he managed the design, development and marketing of computerized medical equipment. From there he went to serve as Design Engineer/Product Manager for Kinetic Concepts where he managed design and development of mechanical, electrical and pneumatic systems for the newest medical equipment for critical care. Yevgeny then served as Product Engineer/Product Manager at Pass and Seymour/LeGrand one of the largest manufacturers of wiring devices where he headed research and implementation of their newest computerized PCB testing equipment as well as redesign of company products onto a modern component base.

Company Profile:

FaceKey Corporation, a development stage company, engages in the manufacture and sale of ID management products, which utilize biometric technologies, i.e. fingerprint and/or facial recognition, for identification. Today the company's EntryGuard product line includes access control, time and attendance and muster stations. In addition, the company has built a portfolio of patents related to fingerprint and/or facial recognition, which is available for licensing to others for integration into products to provide genuine identification of the individual. Its products are sold through a network of distributors, dealers and system integrators worldwide. The company was co-founded by Yevgeny B. Levitov and Annette H. Starkweather in 1999 and is based in San Antonio, Texas.

Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFOinterviews.com

CEOCFO: Dr. Levitov, what was your vision when you founded the company and where are you today?

Dr. Levitov: "When we founded FaceKey in 1999 it was clear to me that the world urgently needed biometrics for ID management. There was no way to identify people with any level of certainty. The major devices used for identification were things that people had or knew, such as a card, a PIN or a key. Any of these devices could be transferred to another person for use.

In 1999, biometrics was not well known and people were slow to accept this technology for several reasons. One of the reasons was that the earlier generations of biometric devices were not as accurate as they should have been. However, FaceKey's latest generation of fingerprint products can identify the fingerprints of a single person out of a database of thousands, almost instantly. FaceKey's major competition continues to be the companies selling card based systems. We find that these companies tell their customers that cards are as good as biometrics and that biometric systems do not work, which is not true.

Biometrics can prevent many kinds of loss and reduce risk, for example: errors or fraudulent time sheets for time and attendance or allowing unauthorized access to the customer's facility. Biometrics is a tool that can assist management to understand their risk as it relates to identity: Does their system restrict access to unauthorized persons? Is each employee being paid accurately? Is the workplace safe?

Currently, FaceKey has completed its development stage and has its second generation of products ready for the market. Now we are focusing on the development of our distribution channel.”

CEO CFO: What are your key products and who is using your offering?

Dr. Levitov: “We have two different types of products. Our EntryGuard™ line based on fingerprint recognition is available for sale. In addition, we are in the final stage of testing an access control system, which has both fingerprint, and face recognition.

The EntryGuard™ product line is designed for a wide range of industries and government applications: manufacturing, healthcare, education and homeland security applications. Any size of company can use our products effectively. For instance, to support a statement that EntryGuard™ time and attendance system can save you money, let me note this astounding statistic: customers with 100 employees using traditional time clocks are on average, experiencing a loss of \$60,000 each year due to errors and buddy punching.

The EntryGuard™ line, which is fingerprint based encompasses three types of products: access control, time and attendance and muster stations. This system is unique because it emulates each customer’s database software and shares a common database. This means that the customer does not bear the expense of reenrolling its employees in each system. The system records the event each time the fingerprint reader is touched, creating a permanent record. The building we office in uses our access control system. The muster station, the third product in the EntryGuard™ product line, springs into service during a crisis. Lives will be saved because emergency workers will have real time knowledge of who is missing and with our product’s help can then be directed to where help is needed.

Our newest product combines face and fingerprint recognition for access control. This is for high security applications and

carries a higher price tag than the fingerprint based system. In addition, we have a significant intellectual property portfolio which we are offering on a license basis in product areas that we do not intend to develop.”

CEO CFO: What is the revenue model?

Dr. Levitov: “Our goal is to market our products through trained integrators who in turn resell and install the products for their customers, a common distribution model within the industry. This model is common in the industry, because the integrators understand their customers’ needs. FaceKey is currently working through a manufacturer rep firm serving a five state area and will contract with other manufacturer rep firms to get our

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- Yevgeny B. Levitov, Ph.D.

products into other states. We believe that this model will allow FaceKey to cover the market without building its own national sales team.”

CEO CFO: Are people using face technology today or is that still in the future?

Dr. Levitov: “We believe we are still ahead of the market with the face recognition technology. We are anticipating huge growth in the use of face technology because it is fast, nonintrusive and very convenient and we are seeing a lot of interest this year. With that growth in mind, we have been issued several patents for facial technologies. Along with the facial access control technologies, we have face technologies suitable for the video surveillance industry. Our face

finding and face extraction technologies as well as our face recognition advisory technology are designed to reduce investigation time and improve the investigation process. For example, when England had explosions in their subway, our system would have picked out the pictures of the suspects almost immediately as opposed to the month authorities spent going through the recorded video.

Although we may be ahead of the curve with our access control system with the face and fingerprint recognition combo, several units have been sold to the Malaysian government for their offices.”

CEO CFO: There are many companies in the biometrics field; what sets FaceKey apart?

Dr. Levitov: “The short answer is that FaceKey’s team has been working in the biometric area for a long time and understands how to apply the technology effectively. I am from Russia and have been working in the field since early in the 1970’s. In that time, naturally, most research was for military applications: such as the recognition of military objects like missiles, military ships and so on. Right now, many companies are doing some biometrics research and development, but our strength is in our high level of expertise. That said, we have collected the best technology and features in our EntryGuard™ line. For example, we are using readers that can work indoors or outdoors. We

are using fingerprint recognition technology based on pattern recognition, and are analyzing the entire fingerprint not just points on the fingerprint. Pattern recognition gives us a much higher accuracy rate. In addition, our system runs on the corporate network, which makes training and installation much cheaper and easier for customers and installers. In addition, our price points, compared to card systems, are very attractive and have little if any on going expense. Card systems have significant ongoing costs: cards are lost or wear out; replacements, card printers and related admin costs are expensive. Most card systems require proprietary cabling unusable by other systems.”

CEOCFO: Development is expensive; what is the financial picture of the company?

Dr. Levitov: “Our major development is complete and we do not anticipate the development of additional products in the near future. Currently, FaceKey is traded under the symbol FEKY on the Pink Sheets and our financials are posted on Pink Sheets web site. We do not as yet have sufficient sales to break even. Currently, FaceKey is seeking funding to build a national marketing program and to expand our distribution channel.”

CEOCFO: In closing, why should potential investors be interested?

Dr. Levitov: “I believe biometrics is the identification technology of the future and that biometrics will be the major identification technology of business and

government. Biometrics, which relies on the biological characteristics of the person for identification, is the only technology that automatically identifies a person with a significant level of certainty. People are just beginning to understand that the devices they have relied on cannot identify the person. All business processes rely on the ability to identify authorized users whether it is access to facilities, paychecks for employees, machine operators or storage of valuables – ID management is the controlling force in business today and growing.

We appreciate those investors who have already invested in us who have vision and patience as this technology evolves. We see biometrics, because of its ability to

identify persons, becoming the leading technology for products that require identity, i.e. ID management. ID management will be used not only in specific areas like security or time and attendance, but in the future, critical equipment will also require ID of the operator. From front doors to CNC machines – biometrics will be crucial to ID management. FaceKey has excellent biometric based product and robust technology. The major task in front of us is marketing. With sufficient marketing funds FaceKey will be a leader in the biometric based ID management industry.”



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