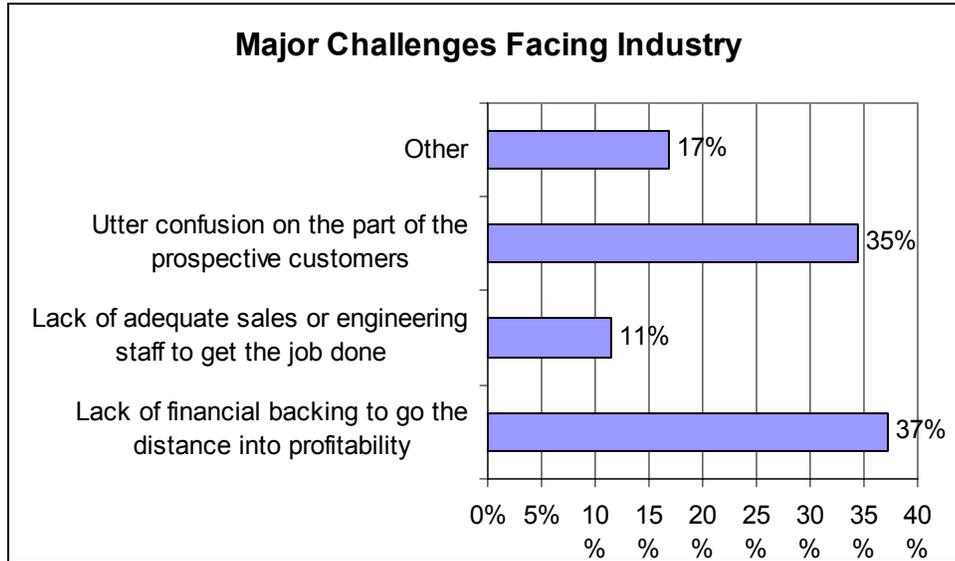


Biometric Survey Results

October, 2002

The following are the results of a “non-scientific” survey asked of subscribers to Biometric Media Weekly and Biometric Digest newsletters. Total responses were 220 representing more than a 10% return.

1. What are the major challenges facing companies in the biometric industry?

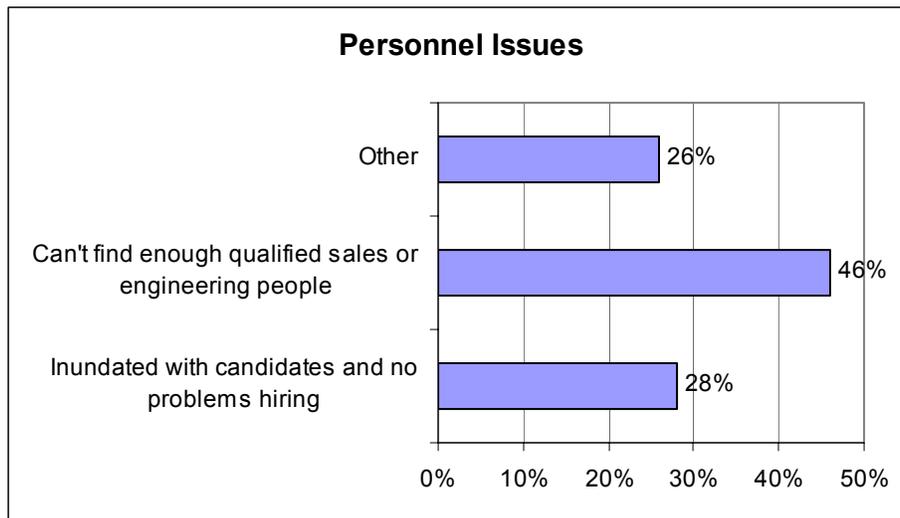


Responses to “Other” -

- Lack of long-term strategy and focus
- Low priority despite hype
- Standardization
- Selling the business case of biometrics to customers: the industry needs to show how much money biometrics can save!
- Cost speed accuracy
- The technology is unstable, and not suitable for large-scale mainstream
- Reliability of biometric systems needs to be improved
- Go out from niche market. Automotive market may be interesting.
- Unwillingness of customers to be a technology leader
- Lack of consistent measures of accuracy and false/stretched vendor performance claims AND system incompatibilities
- Lack of reliable / Secure systems
- FBI Submission paths laws regulations
- Some of confusion, but no utter
- Confusion due to unfulfilled promises by many companies coupled with integration hurdles
- We need to find the killer app and reduce cost to make it attractive to customers
- Inter-fighting in biometric industry
- The cost and time efforts that it takes to change from existing security systems into biometric ones
- Interoperability, too many "island solutions"

- Lack of standards against which products can be evaluated, and vendors making claims that are unable to be substantiated through practice.
- Check-signers are not convinced
- Small as I am, getting bigger every day
- Finding a biometric accurate enough to work in the law enforcement community
- American companies spoiling the market with outrageous and untrue performance claims
- Convincing management on the low false alarm rate of biometrics readers
- Market doubts about reliable and consistent performance
- Lack of market understanding on the part of the industry
- Integration issues
- Public perception
- Lack of a biometric Bill Gates
- Product cost and efficacy
- The lack of standardization which is reflected in the fact that the US does not have a clear definition of signature, biometric and encryption standards which should have been addressed by the Bill Clinton e-signature act of 1998.
- All the above
- Privacy
- Consumer adoption
- Customers during early adoption phase of biometrics
- Lack of compelling solutions
- Getting a reliable product at a price competitive to non-biometric locks

2. What personnel issues are you facing?

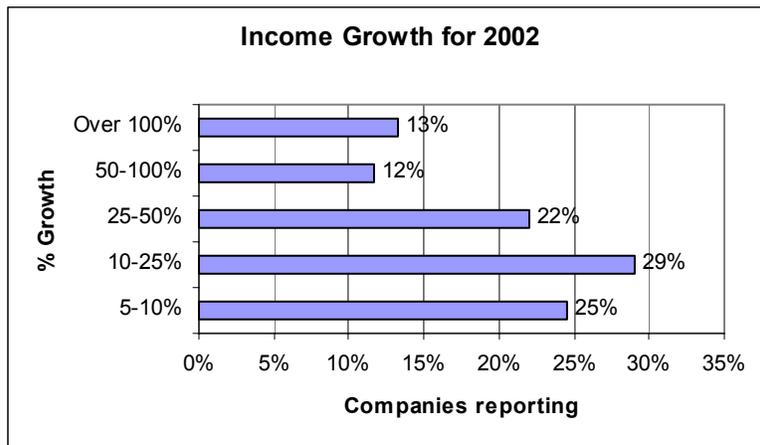


Responses to "Other"

- Find useful projects to keep the
- Lack of customer commitments
- Getting started
- Finding interested companies with money to spend.

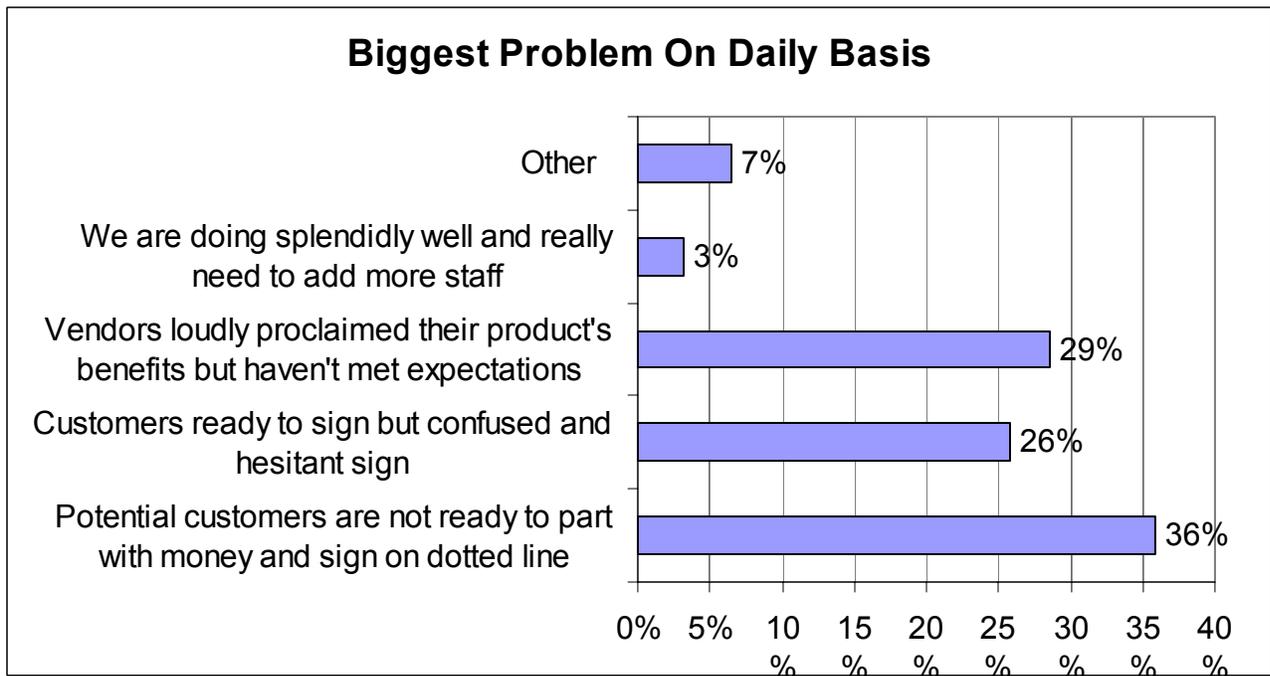
- So far, not make any business happen
- Economy too weak to hire
- Implementing biometrics
- Manufacturers provide poor quality tech and customer support
- Headcount freeze
- Leadership
- Effort/cost of sales for pilots and small sales quantities
- We are a startup
- Everything is an issue
- A start up waiting for funding. Skills availability will be a problem
- Work Force Reduction
- Lack of quality work ethics
- Cannot afford to hire
- No problems
- No funding for hiring.
- Getting traction in the market place
- Not looking
- Lack of education about what biometrics can do for customer
- Market growth rate, adoption
- None, not inundated, but have good HR
- Difficult find good business development manager.
- Getting projects from pilot to rollout
- Customers have other pressing concerns
- Can't find employment as a biometrics pre-sales tech evangelist
- Fully staffed
- Finding individuals with enough knowledge to do adequate research
- Lack of understanding and appreciation of concept and benefits
- Board of Directors
- CEO and co-founders who knows nothing of the market
- No one is hiring consultants.
- Cash flow
- Education
- Upper Management don't understand it
- No problems regarding personnel- salary expectations
- Technology still not mature
- The time and expense required finding the right people and the budget to hire them.
- Lack of biometric experience
- Cutbacks

3. What income growth do you anticipate in 2002?



Thirteen percent of biometric companies project an income growth over 100% for 2002 with an additional 12% reporting projected growth of more than 50%.

4) What is the biggest problem you face on a daily basis?

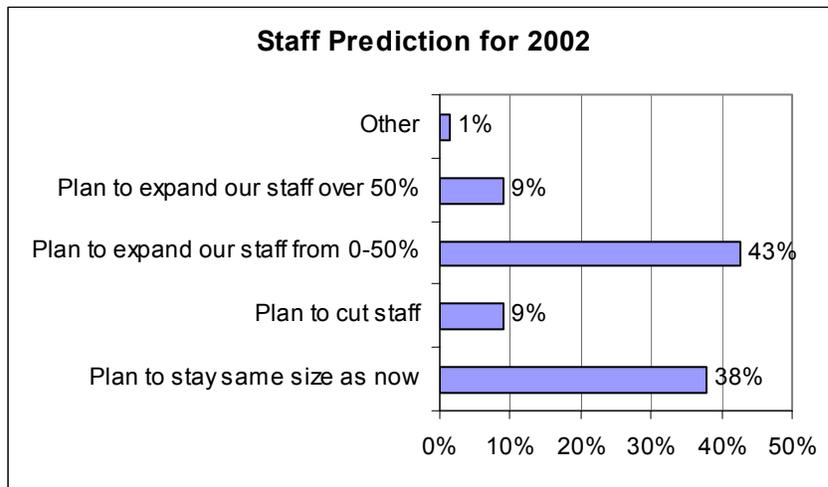


Responses to "Other".

- Getting started
- We are searching to make big contract for middle-big market.
- Product is in the testing phase
- Price

- Product is not final yet
- Too many vendors selling one biometric technology direct to end-user. i.e. end user then becomes confused and "blinded with science"
- No real problems
- Possibly dampening ridiculous expectations.
- Uncertainty of potential customers towards biometrics in Europe
- Those who need security most are the most hesitant to embrace
- Better marketing to my execs
- Maturity (quality) of the products offered. Potential risk (fraud) using biometrics
- Obtaining clear customer requirements
- Slow adoption of biometric

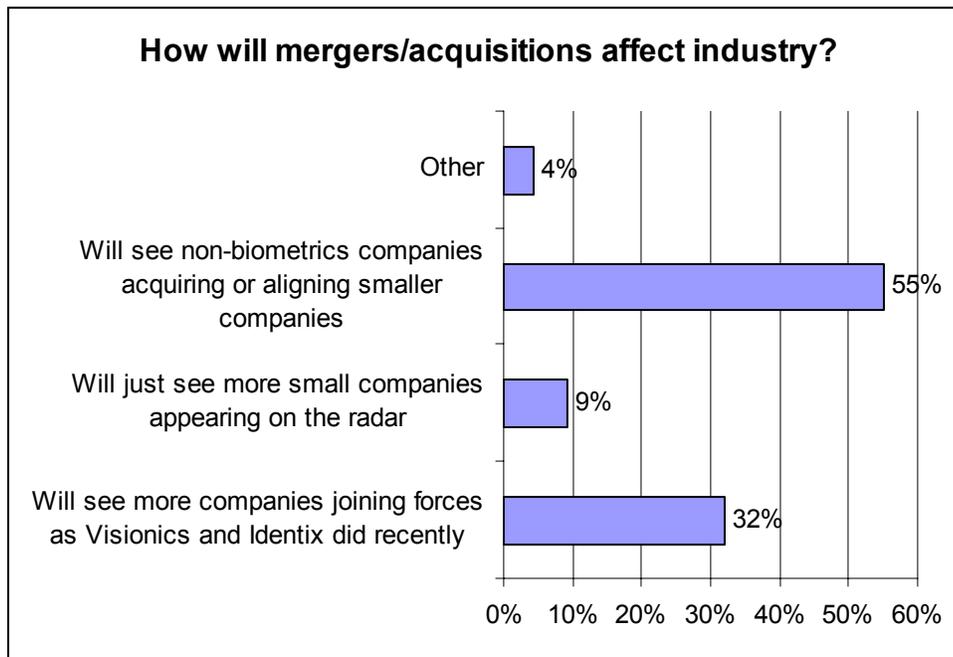
5) What is your staffing prediction for 2002?



Responses to "Other".

- Use more outsourcing
- Depends on the market answer
- 0-10%
- I'm self-employed/unemployed!
- Depends on the findings of current fact finding mission
- We plan to acquire 1 or more of our competitors

6) How do you think "mergers & acquisitions" will affect the biometrics industry?



Responses to "Other".

- The big guys will buy whom they can.
- Both 1 and 3 (of the above), joining forces and acquiring
- We will continue to see consolidation by the leaders in the industry
- There will be less companies in the biometric industry
- Microsoft, Sun, or Oracle will DO SOMETHING- consolidation
- Don't know, but we are a small outfit with unique ideas

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