

PRESS RELEASE

SCM Microsystems and BioID AG establish strategic cooperation

Multimodal biometric authentication solutions will meet industry demand for stronger data security, border control and personal identification

Ismaning, Germany and Sachseln, Switzerland,—November 12, 2009

SCM Microsystems, Inc. (NASDAQ: SCMM; Prime Standard: SMY) and BioID AG announced today they have entered into a strategic partnership, beginning with the joint development of two biometric authentication solutions for IT security and biometric passport verification. SCM's expertise in smart card readers and other authentication hardware, combined with BioID's state-of-the-art face, iris and voice recognition technology, will enable strong, reliable and convenient user authentication for enterprise, government and consumer applications. In addition, SCM's vast reseller network and direct relationships with government and enterprise clients offer established distribution channels for these new solutions.

"We are pleased to have BioID as our preferred partner to place SCM, already one of the world's leading security and identity solution providers, ahead of our competitors," said Felix Marx, CEO of SCM Microsystems. "Their unique and powerful multimodal biometric authentication technology has been widely used for many years for applications from remote and home office protection, to corporate and private banking, to remote access protection for the military. This cooperation will enable us to expand our offerings with multi-factor biometric authentication solutions, both in our target physical and logical access markets as well as in newer markets where strong user authentication is required."

Securing sensitive data with multi-factor authentication

Concerns about identity theft, privacy and data security are driving organizations to consider new authentication approaches. Regulatory agencies like the Federal Financial Institutions Examination Council (FFIEC) no longer consider simple passwords strong enough to protect sensitive data and transactions such as Internet banking or medical records. And in a report called "The Twilight of the Passwords", analyst firm Gartner Inc. recommended that companies should switch as soon as possible to stronger authentication methods for high-risk access, and should plan for wider deployment in the next few years.

In response to this demand, in the first phase of the relationship the two companies will develop a solution based on SCM's @MAXX Mobile Secure Storage token, adding an extra layer of security with BioID's renowned face, iris and voice recognition technology. The resulting product will protect vital and sensitive user data such as Internet and application passwords, credit card numbers and private keys for data encryption and digital signatures with secure encryption and strong three-factor user authentication requiring:

1. Something the user knows: a password or PIN number;
2. Something the user has: the @MAXX token; and
3. Something the user is: face, iris and/or voice.

Creating and verifying biometric identity documents

Meanwhile, criminal and terrorist activity and the increasing sophistication of forged identity papers are driving more and more countries to switch to biometric passports, also called e-passports, as well as other secure ID documents. Special hardware and software is required to issue new documents, to read the encoded biometric data and to verify both the document's authenticity and the identity of the person holding it. SCM has the necessary hardware expertise to read and write the data, and BioID's software will ensure the necessary ICAO recommended data quality during enrollment and will verify the document and the holder's identity.

The companies are working together to develop passport enrollment and verification solutions for two markets, namely the public safety/border control market and the personal identification market where e-passports can be used as a means of user authentication.

"SCM Microsystems and BioID are a natural fit because both companies are addressing problems in many of the same areas, such as Internet and network security, e-passports, e-commerce and secure medical record access," said Ho Chang, CEO of BioID AG. "Our personal recognition software and SCM's smart card and token expertise create strong synergies, allowing us to offer customers in these markets secure and convenient security solutions. We look forward to a fruitful long-term collaboration."



Together, BioID's biometric recognition and SCM's tokens and card readers provide highly secure three-factor authentication.

Images can be downloaded in high resolution at www.bioid.com

About BioID

BioID is the leading developer of multimodal biometric authentication solutions, with many years expertise in the field of IT security for banking, enterprise, and government applications. The company is also currently developing new solutions for mobile and internet authentication.

BioID's authentication solutions link a real person to their digital identities by simultaneously recognizing face, iris, and voice.

Privately held, BioID is headquartered in Sachseln, Switzerland, with development facilities in Nuremberg, Germany. For more information, please see www.bioid.com.

About SCM Microsystems

SCM Microsystems (NASDAQ: SCMM; Prime Standard: SMY) is a global leader in security and identity solutions for secure access, secure identity and secure exchange. Together with its Hirsch Electronics subsidiary, SCM provides complete, integrated solutions that secure digital assets, electronic transactions and facilities. The company offers the world's broadest range of contact, contactless and mobile smart card reader technology; physical and logical access control systems; digital identity transaction platforms; biometrics; and digital video. SCM's solutions enable a wide variety of applications including enterprise security, identity management, contactless payment, e-health and electronic government services. Websites: www.scmmicro.com and www.HirschElectronics.com.

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