Advanced Card Systems Ltd.

Tech Desk

Vendor Focus - **Readers** - *Highlights*

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Staying Ahead Of The Competition

To stay ahead of the competition in the next 3-5 years, ACS foresees increasing costs for development and standard-compliance as the biggest challenges. To prevent fraud and enhance security, new industry standards like EMV, PCI and MasterCard Chip Authentication Programme (CAP) have emerged. As a result, the certification charges for reader vendors has increased and so has the total cost. At the same time, in order to maintain a competitive advantage, the price of readers has continued to fall especially in the markets of Korea, China, Taiwan and even Europe.

As the world's No. 4 PC-linked reader supplier, ACS has to keep on designing new features and functionalities for the traditional readers, such as fingerprint and user programmability technologies, as well as international standards like EMV2000, EAL, PCI and etc. These new requirements obviously play a key role in preventing fraud and we support the trend towards increasing security, but there is an impact on time-to-market, as well as the ability to deliver continuous price reduction. ACS exports its products to over 80 countries worldwide. Additionally, Frost & Sullivan has ranked us as the top supplier of smart card readers in the APAC region. This success has earned us the recognition of the smart cards industry. To summarize, ACS is providing more functionalities and better security, faster and for less customer investment.

Smart Card Reader Market Segment By Application

In 2006, the 3 largest PC-linked reader market segments by applications are banking (eg. EMV migration), government ID (eg. national ID) and access control (eg. server logon) projects.

Financial transactions using smart cards is a reality today as EMV worldwide migration is already in motion. This is essential to the reduction of fraud and is also a challenge. At the same time, it is an excellent opportunity for card and reader vendors.

In the European and Oceania regions, UK, Denmark and Australia are in the final stages of EMV migration. The banks are trying to move towards a service where all transactions can be conducted on-line that require some form of hardware authentication at the individual user level. This can be provided by smart cards, which has proven to be a large market that the industry can tap into.

According to reports from Frost & Sullivan, the reader market in 2006-2008 will continue to benefit from EMV migration in EMEA, APAC & Latin America. ACS provides products, services and associated support and consulting for this migration in terms of reader and terminal technologies. In 2006, we are very excited to introduce our ACR88 mobile smart card reader. With its new technologies, the ACR88 is capable of performing secure authentication, displaying vital information from the card, as well as conducting on-line or off-line transactions.

Government ID

Government ID projects like national ID, driver's licence and various agency-wide ID cards in Europe and the world over will go into operational stage in 2006. For example, Italy, Belgium, Finland and Estonia are already issuing smart cards to citizens, and France, the Netherlands, Sweden, Spain are laying the groundwork.

Some countries in Asia already have mature chip-based ID card programmes in place and several more are to follow. This includes the Hong Kong national ID card programme which has issued smart ID cards to nearly 7.5 million citizens. The giant project began moving forward in 2003. Likewise, Malaysia has already issued 15 million chip-based ID cards starting from 2001. Many governments are turning to smart cards because they are much more difficult to counterfeit than cards with other storage media. Moreover, smart cards can securely store information such as fingerprints, facial images or other biometric templates of cardholders. The chip cards allow officials to offer other services outside of the conventional ID application, and this is how governments often try to sell the cards to their sometimes reluctant populace. One of the top added features governments commonly pitch is secure access to government services via the Internet.

Recently, ACS was awarded by The Federal Information and Communication Technology (FedICT) department of the Belgian Government to provide ACS' ACR38 smart card reader for the prestigious service project to deploy smart cards reader for their national ID cards. The initial scope was the issuance of the e-ID card reader to 12-year old children when they obtain their ID cards for the 1st time. The roll-out in October 2005 involved more than 125,000 pieces of ACS' ACR38 smart card readers in the pilot run of the "Belgian e-ID card reader for the 12-year olds" project. By going to their site - http://readers.eid.belgium.be, users could request their complimentary ACR38 readers which were distributed starting 10 October 2005.

Access Control For The Enterprise

Commercial smart card and interface software packages provide organizations with smart cards and smart card-based hardware to function as an individual's ID throughout the enterprise, both for data and physical security.

With broad support for an enterprise's existing authentication mechanisms, smart cards and matching cryptographic service providers (CSP) add two-factor smart card security for passwords, dynamic passwords, Windows 2000 logon, VPNs, web authorization, public key encryption, digital certificates and digital signatures. Some enterprises even add a fingerprint smart card reader for three-factor authentication with fingerprint templates securely stored on a fingerprint smart card.

Enterprises benefit from enhanced security for their existing authentication methods while also taking advantage of smart card protection for PKI-enabled applications. According to Frost & Sullivan, enterprises like IBM, Microsoft, Boeing and Sun Microsystems are going in for smart cards for enterprise-wide access control that uses contactless reader for physical access and PC-linked readers for logical access. With a talented and dedicated R&D team working around the clock at ACS, we continue to define the standard of value and quality as a core supplier to this market segment.

2006 is expected to be a good year for the smart card reader industry. After the economic rebound, many companies have increased the expense in R&D, thus, we expect more security-related applications to surface in 2006. Also, since most countries are deploying their smart ID cards in 2006, we expect to see increasing publicity and usage of smart card readers in this year. We are excited that ACS will introduce the ACR88 mobile handheld smart card reader, the ACR100 SIMFlash – a plug-in card reader with mass storage, the ACOS5 PKI smart card and other products in 2006. With its new technologies, we are confident that we will have a spectacular year that will take advantage of this market. **CNA**