



Breakthrough m-commerce identity security solution receives venture funding

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The move to ever-greater reliance on biometrics for identity authentication in access control, national identity and travel documents, and mobile commerce has been taking place for a reason: Biometrics add a layer of security which paper documents (e.g., passports), numerical identification means (e.g., Social Security number), or keyed-in codes (e.g., PIN) lack. This does not mean that we should accept at face value the more extravagant claims about the accuracy and impregnability of various biometric measures, but the more modest claims made on behalf of biometrics have merit. Installing biometric systems is a different issue, and not only because agreed-upon international standards do not yet exist. Some systems require expensive hardware; other systems are deemed too intrusive (for example: People typically recoil at the idea of sticking their face close to a machine which could read their irises). There are other problems.

ClassifEye Ltd., an innovative Israeli company, now offers a finger-print biometric solution for mobile commerce which addresses some of these issues, and does so convincingly. A Baltimore, Maryland-based VC firm, Nobska Ventures, is expressing its confidence in the company's technology by investing \$1.2 million in it. The key distinguishing feature of ClassifEye's solution is that it is a software-only technology which allows for fingerprint authentication and identification by using the user's existing camera phones. The combination of the company's software and the user's camera phone enables handset security, authentication, and non-repudiation of financial transactions, and may be used for other identity management applications.

ClassifEye's solution comes at an opportune time. M-commerce is an attractive option for people because of the convenience it offers. Moreover, mobile carriers have every interest in promoting m-commerce because of the extra revenue they will enjoy the more people use mobile phones and hand-helds. The one problem which has slowed the growth of m-commerce has been security, and for m-commerce to grow and involve more security-sensitive transactions these security issues must be persuasively addressed. There is thus a move underway toward a two-factor authentication, and by the end of the year, the Federal Financial Institutions Examination Council's (FFIEC) guidelines will require multiple (that is, at least two) factors of authentication for some electronic banking transactions in the United States. A low-security PIN or token will typically have to be augmented by a biometric measure.

Until now, however, the addition of a dedicated biometric sensor to a hand-held device added considerably to its fixed cost – it is estimated that, in large volumes, typical costs for hardware-based solutions would add about \$20 or so per device; such additions would also force the manufacturers into long planning cycles as they reconfigure the devices they manufacture. ClassifEye's meets the FFIEC guidelines without forcing manufacturers into reconfiguring their products or adding to their costs. The software-based solution simply uses the existing hardware -- the imager or camera already embedded in the device. The software can be downloaded to any camera phone operating on all major operating systems.

Charlie Moore, Nobska's managing director, and Ari Tuchman, the VC firm's director, believe that ClassifEye's solution will accelerate the expansion of mobile commerce applications because it will allow for quicker and wider deployment of biometric-enabled handsets and the roll-out of enabled services. In addition, the solution allows for authentication to take place in real time rather than rely on a stored image, thus making possible bi-directional, non-disputable, remote authentication.

Nobska Ventures' investment in ClassifEye is not surprising. The firm supports entrepreneurs and management teams with early stage venture capital, but also with strategic and operational counsel. Nobska's investments focus on information and communications technologies for enterprise management and security, defense intelligence and electronics, and homeland security and healthcare.