

SMART CARD NEWS

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Proton-based Transport Ticketing for Manchester

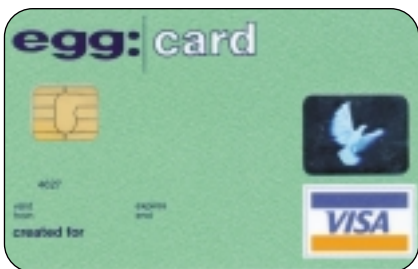
Australia's ERG Group, Stagecoach and Sema Group have joined forces to provide multi-application Smart Card technology across the UK. Manchester will become the first British city to have a large-scale Smart Card-based public transport ticketing system.



Stagecoach Holdings plc and Sema Group have bought shares in ERG owned Prepayment Cards Limited (PCL) which has taken an option on an exclusive Proton World licence for the UK, and has indicated that it will exercise the option during the next six months.

PCL also announced a major contract with Stagecoach and welcomed the news that the Greater Manchester Passenger Transport Authority will progress implementation of its concessionary fare Smart Card project.

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Brian Cox (left) from the transport group Stagecoach and Frank Jones from the Sema Group, during the launch of a payment card in a joint venture with Anglo-French computer group Sema and Australian Smart Card company ERG.

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From Hardware to Software: The new Smart Card Agenda

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Our On-Line Website, containing On-Line News, a Library of Smart Cards and information about the full range of SCN services, can be found at the following addresses: www.smartcard.co.uk • news.smartcard.co.uk

Manchester Transport Ticketing

Continued from page 181

PCL plans to start operations with a Proton-compatible multi-application Smart Card system for the Greater Manchester region, to replace the paper ticket systems. The system will be operational by the end of 2000 and will use around two million dual interface cards, which will work in both contact and contactless modes.

The system will be based on a Proton-compatible version of the ERG system, currently in use in Hong Kong, which allows seamless integrated travel across all modes of transport. Recently Berlin, Rome, San Francisco and Singapore awarded contracts to ERG and its alliance partner Motorola for delivery of the same core technology.

PCL will establish a national card management and processing centre for the UK, with the intention of expanding its system to other public transport operators. It will also offer other applications, such as customer loyalty schemes, electronic purses for small retail and vending machine payments and cardholder identity on the cards, using Proton technology.

Peter Fogarty, Chief Executive of ERG Group, said: "We hope to conclude further agreements with other key industry participants in the near term and build PCL's position as the pre-eminent Smart Card solutions provider in the UK."

Greater Manchester bus network

PCL's contract with shareholder Stagecoach, which is one of the largest bus operators in Greater Manchester, is to provide Smart Card payment systems for all of its buses in the region. Importantly, the award of this contract enables PCL to implement the management of the Transport Authority's concessionary fare scheme across the whole of Greater Manchester using Smart Cards.

Joe Clarke, Chair of the Transport Authority, said: "We have agreed to progress the large-scale implementation of Smart Cards for our concessionary fare holders and this scheme will be the first of its kind in the UK."

By the end of 2000, the new ticketing system will be in use across Greater Manchester's bus network and an estimated 1.8 million people will be PCL cardholders - creating a large user base on which to build other applications such as integrated travel

cards, reward systems and payment systems for retail, leisure and other sectors.

Stagecoach is the first UK transport group to adopt PCL's transit technology and is currently upgrading its fleet of 7,400 buses across the UK. Stagecoach has also committed to implement Smart Cards throughout its rail operations in the UK.

Sema Group will be providing resources and systems integration services for PCL and the Stagecoach and Transport Authority contracts.

The Proton option

PCL has taken an option over an exclusive licence of the Proton multi-application Smart Card technology from Proton World. By combining the ERG and Proton technologies PCL will be able to offer contactless, contact or combined Smart Card technologies. The company says that all hardware suppliers will be invited to work with them and will be provided with an interface specification to enable PCL cards to operate in a range of terminals.

The PCL system will be open and comply with the specifications of the Integrated Transit Smart Card Organisation (ITSO) which, with the assistance of the Department of the Environment and Transport (DETR), is developing a specification for an integrated transport and travel Smart Card across the UK.

Stagecoach owns 20% of PCL, Sema 10% (with an option over a further 10%) and ERG 70% (and has committed to sell down to 20%).

Proton is the world's most widely-used electronic purse. Launched in Belgium in 1996, it is now licensed in 18 countries, and the total cumulative number of transactions in Proton-based Smart Card schemes reached 109,500,000 at 31 August 1999.

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Amex On-line Credit Card

American Express has launched Blue, a Smart Card credit card designed to attract new customers by combining financial, shopping and security benefits. Further features and services are planned for the future, but at launch, the Blue card will offer:

- A web site at americanexpress.com/blue, where customers can pay bills on-line, download information, use financial tools to calculate net worth, cash flow and retirement goals; and review a variety of entertainment content including concerts and information on artists
- A Fraud Protection Guarantee protecting customers from any unauthorised charges made on-line with their card.

American Express is also throwing in two free offers. One is the American Express On-line Wallet in which cardholders can enter their purchase information (such as name, card account number and shipping address) to make shopping easier. When the customer is ready to make an on-line purchase, he/she opens the wallet and clicks on the "complete purchase" button to automatically fill in the merchant's purchase form.

Second, cardholders can have a free Smart Card reader to connect to their PC. Users access their On-line Wallet when making purchases on-line. The chip in the Blue card stores a unique digital certificate that acts like a key. When the card is inserted into the reader and the cardholder enters his/her PIN, the certificate is read enabling the user to "unlock" the wallet. This added level of security helps prevent unauthorised access to the wallet.

Alfred F Kelly, Jr., President of Amex' Consumer Card Services Group, explained: "With 64 million adults surfing on-line regularly and 10 million people shopping on-line, it is clear that consumers are quickly adopting and adapting to the Internet. But as large an audience as that may be, there are still millions of people who are just beginning to explore the power that technology holds."

The Blue card retains the traditional magnetic stripe that can be read at point-of-sale terminals when shopping in the physical world.

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Strategy for E-commerce Success

The Cabinet Offices Performance and Innovation Unit last month published a paper, *E-commerce @its.best.uk*, outlining a strategy for the UK to take a lead in e-commerce.

The report says that in comparison with other G7 group industrial nations, the UK will have:

- A higher percentage of people with access to e-commerce networks from their home
- Lower Internet access costs
- A higher percentage of the population using multi-function Smart Cards
- A higher percentage of business to business and business to consumer transactions carried out on e-commerce networks
- A higher percentage of total government services transacted through e-commerce networks

It is expected that the Inland Revenue and Customs and Excise departments will publish guidelines in the autumn on taxing e-commerce and how to deal with VAT for on-line purchases.

📧 www.cabinet.office.gov.uk/innovations

Phase 2+ SIM Toolkit application

Schlumberger has developed an advanced value-added services solution for the Taiwanese mobile network operator, Mobitai Communications.

Based on the company's Activa GSM SIM Toolkit cards, the new information-on-demand services will support Mobitai's strategy to emphasise the phone as a customizable tool to support individual subscribers lifestyles.

The service range which Mobitai has just launched is providing subscribers with menu-driven access to a wide range of information sources and support. Topics include share prices, news and traffic information, as well as direct links to travel ticketing desks, and emergency medical and financial services. Mobitai expects the services to attract new subscribers to its existing base of over 350,000, and substantially increase airtime usage.

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Convert to Chip Cards or Lose Out

Tell the banking industry that competitors ranging from telecoms and cable operators to technology vendors and retailers are competing for a slice of their estimated \$2 billion in annual revenues in the US, and you grab the attention of bankers.

That is what George E Devitt, Hypercom Corporation's Senior Vice President, Global Marketing and Sales, US and Canada, did in his address to the ABA Future Payments Conference and Expo.

Converting to chip cards and implementing practical Smart Card solutions that improve business efficiency and profits is imperative, he told delegates. Many of the competitors see chip-based Smart Cards as the paradigm shift that they can leverage to become fully-fledged payment service providers. Every one of them wants a piece of that \$2 billion. Five-year projections show that banks will issue 375 million of the estimated four billion Smart Cards, and it becomes clear that the banking industry must act now, he declared.

"Banks are still searching for the business case while the competition is forging ahead faster than ever. They must believe that Smart Cards are the opportunity to penetrate the payment industry. Our industry must start converting to chip cards. And as long as the average credit card issuer annually pulls in between \$18 and \$25 per card, it can certainly afford a \$2.00 chip card."

He added: "We must recognise that Smart Cards are not a mission: they are a business tool which, with multiple applications, can make a good business case."

Devitt noted that the acceptance of Smart Cards in the United States lags behind Europe, Asia and Latin America. "As an industry, we are in the early stages of re-tooling for Smart Cards in the US, and we must accelerate our pace dramatically," he said. "Server-level application software and faster, portable touch-screen terminals that can read and process an array of card types and applications are available now."

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Visa Cash UK Parking Trial

Vodafone, in conjunction with Visa International, Leeds City Council, Landis & Gyr and others, has been participating in trials to test the acceptance of the Visa Cash cards at on-street, pay and display parking meters in Leeds, UK.

The cards can be loaded with up to £50 from the cardholder's debit or credit account and can be used for purchases at over 1,400 participating retail outlets in the Leeds area.

The technical solution for accepting Visa Cash on the parking meters is supplied by a consortium headed by Parking Technology Equipment. Within each of the initial 60 meters provided by Parking Technology Equipment, a radio-pad connected to the Vodafone Packet Radio Service has been installed. This enables the Flexipark Central Monitoring System of Leeds City Council to remotely monitor the meters and to upload parking data each night for analysis.

Using wireless technology also allows the council to reconcile Visa Cash payments through the Visa Cash settlement system within Barclays Bank.

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Mobile Phones Popular in Finland

Statistics from the Finnish Ministry of Transport and Communications show that more Finnish households now have a mobile phone than a fixed telephone. They also reveal that in one fifth of households, the only telephone in use is a mobile.

These statistics illustrate just how much the mobile phone - and that means GSM, which makes up almost 90 per cent of the country's mobiles - has become a part of everyday life in Finland.

According to the Ministry, in August 1999 almost 80 per cent of Finnish households had a mobile phone, compared to 76 per cent with a fixed phone. In 60 per cent of households both mobile and fixed options are used.

Pilgrim Card for Church Jubilee

Gemplus has revealed that its Smart Cards will be used by the organisers of the Jubilee of the Year 2000 to solve the massive logistics problem caused by the arrival of millions of pilgrims to the holy cities. The Jubilee is an official international holy year that takes place every 25 years, originally decreed by Pope Boniface VIII in the 14th century.

An estimated 12 to 20 million pilgrims will be in Rome for the Jubilee year making orderly direction and management of the crowds a necessity. Local dioceses and travel agents will issue Smart Cards to pilgrims to allow access to areas in Italian cities such as Vatican City, Gubbio and Assisi. The committee has already taken delivery of one million Pilgrim cards from Gemplus.

The organisers are implementing this solution in partnership with Setefi, a computer services subsidiary of the Cariplo bank in Italy. Cariplo is responsible for the personalisation of the cards and the installation of the network of card readers.

Smart Card technology is an ideal tool for managing the access of large numbers of people to restricted facilities, says Giovanni Landi, Gemplus' Manager South East Europe, adding: "Other cities such as Tel Aviv and Jerusalem are also looking closely at Smart Card solutions to help them manage the flow of pilgrims."

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AFC for Nanjing

Motorola and Nanjing Public Transit IC Card Co., have signed a co-operative agreement to design and implement an integrated Smart Card system called the Nanjing Public Transit Automated Fare Collection (AFC) project. The agreement covers Phase I of a multi-phased effort to implement Smart Cards as a form of payment for the entire city public transport network that includes buses, ferries and the Metro subway system.

The first phase Smart Cards will provide riders in the city with a convenient and easy way to pay for public transport. With the new system, riders will buy and re-load their Smart Cards at ticketing machines located around the city.

A field trial is scheduled for March of 2000 and will last three months, with full-system implementation planned for July of 2000. During Phase I, Motorola will design and implement the Smart Card system for all three bus companies currently operating within the bus system of Nanjing providing more than 2,000 bus validators and issuing 400,000 Motorola M-Smart Mercury contactless Smart Cards to riders. Once the system is implemented, riders will simply wave their cards in front of a validator to board the bus.

System design, integration, implementation, training and system maintenance will be managed on behalf of Motorola by Huamin Smart Card Systems Co., - a joint-venture company established by Motorola and Huaxu Golden Card Co., last year. Motorola has also contracted with Nanjing Eastside Co., to integrate the components for the validators and to establish an after-sale maintenance centre in support of the Nanjing AFC project.

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Leapfrog Going Public

Leapfrog Smart Products, Inc., which designs, develops, licenses and markets Smart Card applications, has entered into a binding letter of intent to merge with Albara Corporation. The transaction will be structured as a reverse acquisition whereby the existing shareholders of Leapfrog will obtain control of Albara. Pending shareholder approval of the transaction, Albara will effect a 10 for 1 reverse split of the Company's common stock, changing the name of Albara to Leapfrog Smart Products, Inc. and electing a new Board of Directors.

"The prospect of being a public company means the fulfilment of a step towards our long term business plan," says Dale Grogan, Leapfrog's President. "This action allows us to gain access to capital markets as well as affording us opportunities that are not available to private firms." He added that with this acquisition, Leapfrog becomes the first Smart Card software company to be publicly traded.

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Biometric Smart Card ATM

Mexico's 600-branch Grupo Financiero Banorte has installed an electronic banking system, called CardStore, using a Smart Card to store payroll information and fingerprint technology to protect the information.

Currently over 4,000 workers are participating in the project and over \$2.5 million has been dispersed by the ATMs during the pilot.

The MetaCard, provided by Giesecke & Devrient America, is a multi-application Smart Card that incorporates reloadable payroll and retail coupons, which can be redeemed by employees at grocery stores and ATMs. Identix's IT Security Division, Identicator Technology, partnered with NetLink Transactions Systems Corp. to incorporate Identicator's Direct Fingerprint Reader hardware and software into the system.

The fingerprint, stored on the Smart Card, replaces passwords and PINs for the worker's convenience and adds security, since it cannot be used by anyone else. ICL supplied the ATMs.

At the beginning of the work shift, an employee inserts a Smart Card in a reader and places a finger on a fingerprint scanner to authenticate the user to the card. This enables employers to collect time and attendance information for payroll purposes. At the end of the pay period, employees can retrieve cash from an ATM, which dispenses pesos, using the Smart Card. The same card works at the cafeteria in the factory and retail stores near the factory.

The solution will potentially reach the vast majority of Mexican citizens who have no bank accounts and it is estimated that it will serve more than 650,000 Mexican workers by the year 2001. It capitalises on the close relationships among small-town factories (maquiladora), their employees, and the general stores that serve them.

"This is another great utilisation of our technology in an ATM/POS environment," said Randy Fowler, Chairman and CEO of Identix. "This is similar to Spain's TASS project that utilises over 600 ATMs with an integrated fingerprint scanner and the US Treasury's E-money POS application at Ft. Sill."

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Motorola Pre-pay Power System

Motorola's Commercial, Government and Industrial Solutions Sector has announced PowerCom, a Smart Card-based system that enables residential customers to buy power as they need it.

Electric utility companies can provide their customers with in-home display units and install smart meters into their homes. The customers visit a teller location, deposit money onto a Smart Card, take the card home and place it in the in-home display unit console. The display unit transfers the value from the card to the smart meter.

The in-home display unit notifies the customer when they are running low on funds to pay for their power, providing them with ample time to put more money on their Smart Cards to continue their electricity supply.

The company says the system is also suitable for temporary-residence applications, such as apartment complexes, college dormitories, seasonal residences, small businesses and time-share rentals.

Motorola worked with Salt River Project (SRP), a power utility in Arizona, to develop the PowerCom solution. Volume delivery of the system will start in the fourth quarter of this year.

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New Smart Card Forum Members

The Smart Card Forum in the US has welcomed 15 new leading technology companies as Principal and Auditing Members. The new members are:

Principal Members: MCI WorldCom, Oberthur Smart Cards USA, Wachovia Bank. Auditing Members: Collective Dynamics, Dyncom, Entandem, K-Vell Consulting, LaserCard Systems, Logicon, MAOSCO, PaySys International, Racial Security and Payments, SiVault, Inc., Litton/TASC and Litronic.

"These new members are joining the nearly 200 companies from many different industries that make up the Forum," said SCF President and CEO Donna Farmer.

- ✉ www.smartcardforum.org

From Hardware to Software: The new Smart Card Agenda

The new millennium will see the transformation of a Smart Card industry into a software based configuration, and the subsequent transfer of power from card manufacturers to software developers and system integrators.

New players are set to take the lead thanks to non-proprietary systems such as Java, MULTOS, and more recently Smart Card for Windows, and they may well dethrone card manufacturers by dispossessing them of added value applications and services if they react too slowly. As Smart Cards become common-place and the numbers issued pass into the millions, large integrators will be called upon for their expertise. Also, as multi-application cards become common so the need for larger integrators will grow.

Smart Card News has been investigating the strategy of seven large and general systems integrators or consultancy houses as far as Smart Card-based or related system integration projects are concerned (Cap Gemini, CSC, EDS, IBM, ICL, Logica and Sema). This analysis is part of a wider market research report entitled *Winners and Losers in the Smart Card Industry 1999-2002*¹.

The report studies the current role and future positioning of the main players within an industry increasingly restructured and reshaped towards services. Large practitioners have been chosen as opposed to "specialist" Smart Card boutiques in order to get their perception of the market's maturity and future configuration. Moreover the companies selected are large organisations assessing a Smart Card technology in a wider business context in relation (and competition) to other technologies to provide their clients with a competitive edge.

Many large integrators have until recently viewed Smart Cards as a niche market, leaving specialists to deal with integration. However they are now setting up dedicated Smart Card practices and are playing catch up with other groups that have actively promoted their chip card expertise for some time now (such as ICL, Logica, IBM). This trend is a clear indication that integrators are now beginning to see Smart Cards as a decisive technology for their

customers who want to gain a competitive advantage.

All of them are resolute that chip cards are about to arrive, and will definitely feature a multiple application format in the next five to ten years. Each group is therefore preparing the ground and devising various strategies for what they see as a growth market.

Cap Gemini for instance offers a full range of Smart Card related services from strategic consultancy right through to supporting Smart Card systems once implemented. Single application cards in areas such as mass transport and loyalty are seen to be predominant at the moment.

CSC is focussing on a specific market (air transport) and is working to promote a single application on an industry-wide platform (Smart Airport) that can then be used as a base for migration to multi-function cards.

In marked contrast EDS is exclusively seeking out multi-application projects: "There are plenty of smaller companies that can handle single application systems well and we do not intend to compete with them," says Ash Sen. EDS will seek to leverage its experience in creating and managing large infrastructures and handling high-volume transactional systems.

IBM's Global Smart Card Group provides consultancy to Smart Card projects and develops offerings in the Smart Card arena, which the large organisation (i.e. IBM Global Services) integrates on client sites.

ICL's Smart Card solutions are based around SmartCity, an end-to-end multi-application Smart Card system for closed environments (campus, military camps). However the group predicts a blurring of the boundaries between closed systems and more open implementations.

Logica's Card Technology Group sees itself first and foremost as "an independent provider of products and services" with a particular focus on the financial sector and the back-end systems (back office card management system) and on mobile commerce.

As for Sema, the group concentrates solely on developing Smart Card strategies. Sema does not intend to depart from strategic consultancy,

¹ The study headed by Dr David Everett is to be published by Smart Card News shortly

arguing that a business case for Smart Cards is currently hard to justify. However, the information technology company has just taken a 10% stake in PCL, a UK joint venture company set up by ERG, to provide Manchester with a cashless integrated transport system.

A long road ahead

All acknowledge frustration that the industry has taken longer to take off than they initially thought. Logica admits that it made a fair bit of investment a year ago, but due to a low return, the group decided to "cut back" says Andy Tobin. All agree that the lack of standardisation in back-end infrastructures makes the implementation of Smart Card systems difficult. Products and standards that help with back-end processing and enable different card platforms and card readers to be handled by systems without special coding for individual types of hardware are a must. To this end, some integrators are more proactive and are developing their own back-end solutions. Logica has its MCX System, EDS has an alliance with Touch Technology (who produce CardTouch), and IBM is developing its Smart Card Management System (SCMS) which it describes as "a core software infrastructure being developed to manage the complexity of open, multi-application Smart Card schemes."

Step by step

The lack of back-end infrastructure means that the integration effort also hampers wide-scale adoption of multi-application Smart Cards. As a result integrators believe that the near future will be dominated by single application implementations where there is a very clear business case (e.g. transport and loyalty applications) and 'closed' multi-application card systems. CSC appears to be the only group utterly convinced that the business case for multi-application is non-existent.

Patience and an ability to think long term are the key qualities that a system integrator working around a Smart Card technology should possess. Smart Card projects represent only a tiny proportion of the large integrators' revenues. However those companies which do not belong to the Smart Card elite do see Smart Cards as a strategic direction for them, and a long-term investment rather than an immediate revenue earner.

Infineon to Work with Microsoft

Infineon Technologies is to work with Microsoft Corporation to offer a common hardware-software platform to enable development of chip card applications based on the Microsoft Smart Cards for Windows operating system.

Under the agreement, Microsoft will port its Smart Card for Windows development tool and run-time software to Infineon chip card IC products.

Targeted applications are electronic commerce, PC network access, mobile communications and new low-end applications, such as university cards.

Development kits of Microsoft Smart Cards for Windows running on the Infineon 66 family of high-security controllers will likely ship to customers by fourth quarter of 1999.

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Philips Dual Interface Controllers

Philips Semiconductors has launched MIFARE PROX, the first family of powerful high-security dual interface Smart Card controller ICs suitable for multi-service cards.

The MIFARE PROX dual interface IC family is based on the WE-range, the first Smart Card controller family manufactured on 8-inch wafers with 0.35 µm feature size.

In addition to a triple-DES coprocessor and the optional 32-bit FameX crypto-engine, the new range provides a contact and a contactless MIFARE interface on a single chip as well as a unique Smart Card hardware firewall.

P8RF5016 is the first member of the MIFARE PROX range, with FameX, the most accepted accelerator for public key encryption such as RSA or elliptic curves, and a triple DES coprocessor. The chip offers memory of 64K bytes user ROM, 2.3K bytes RAM and 16K bytes EEPROM.

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ICL's SmartCity Instant Award



ICL has launched a new version of its SmartCity multi-application Smart Card system (SmartCity), and has also announced it has entered into a distribution agreement with Absec, the cashless payment and control systems company based in Northern Ireland.

The new version (5.1) is called SmartCity Instant Award and allows cardholders to collect loyalty points on every payment transaction made. The cardholder is awarded points either when using the card's electronic purse or when using other payment methods such as their credit or debit card.

SmartCity Instant Award is able to support one to 250 loyalty programs on the same system. These can be programs run by an individual merchant or by a group of merchants pooling their points together.

"We are already installing this new system with two customers - one is a bank in Asia and the other is a shopping mall in the US," said Bill Mangino, Vice President International Sales and Marketing for ICL's Smart Card group.

"We also see significant growth in loyalty programs over the Internet and have enabled SmartCity to be used in conjunction with Web sites to help our customers take advantage of this new medium."

Absec Agreement

Under ICL's agreement with Absec, the two companies will focus on selling ICL's SmartCity system to universities, corporate campuses and other 'closed' markets in Northern Ireland, the Republic

of Ireland and Scotland. Absec will be the first company in the UK and Ireland to distribute SmartCity within these markets.

As well as adapting their range of products (such as photocopier and vending machine readers) to accept SmartCity's electronic purse application, Absec will be developing other applications suitable to 'closed' environments, such as time and attendance monitoring through Smart Cards.

SmartCity has been installed in more than 75 sites world-wide with 1.5 million cards in use every day.

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Another Mondex African Franchise

The Eastern and Southern African Trade and Development Bank (PTA Bank) has purchased the franchise rights for Mondex electronic cash.

The deal, which is on behalf of the Committee of COMESA Central Bank Governors, follows five existing Mondex franchises in Africa (South Africa, Lesotho, Namibia, Swaziland and Ghana).

Martin Ogang, President of PTA Bank, which is jointly owned by the governments of 17 African countries in the COMESA economic region, said: "We chose the Mondex electronic cash application because, among other unique advantages, it allows for off-line transactions and has both multi-currency and cross-border capability."

Dr Chris Potts, Deputy Chief Executive, Mondex International, commented: "Mondex enables developing economies to leapfrog old technology and build a banking infrastructure based on security and convenience for both banks and consumers, together with all of the cost savings inherent in electronic cash technology."

The franchise adds another 385 million potential cardholders to the existing 65 million in Africa who are eligible to receive the cards.

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Smart Cards to Stop Vehicle Theft

Each year about 15,000 cars are stolen in Hungary and many of them are taken out of the country. Now Smart Card technology is being introduced for vehicle border controls to reduce theft and illegal export of vehicles from Hungary.

Starting this month, the project is being financed by the Hungarian automobile club HAC (800,000 members) and other investors.

Private and business car owners, who are members of the Falcon Security Club within the HAC, will have a vehicle identification card storing data such as the license number, serial number, colour and type.

The Hungarian customs authorities are supporting the scheme. Cars will be identified at border controls and if membership is determined the drivers will have to identify themselves with their Smart Card. If the information on the card and the automobile information do not match, the border crossing will be refused.

In future, visitors from abroad will also have the opportunity of protecting themselves against automobile theft by purchasing a vehicle identity card. Tourists can have their cars registered at the hotel reception for a period of two months.

Smart Cards, based on the STARCOS operating system, and terminals are being supplied by Giesecke & Devrient to Hungarian company MICRORAAB Co. Inc, the systems integrator.

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Elva and Prosodie Joint Venture

Elva, which holds 100% of the VocaliD on-line Smart Card technology, and Prosodie, owner of the "secure token" patents, are to develop the VocaliD Smart Cards markets. They have formed DIVA, a joint venture company to develop and market operating software for VocaliD's emitted audio sequences.

VocaliD, which is a Smart Card technology for on-line authentication, won the Best Innovation award at the Cartes 98 show in Paris.

The card emits an encoded audio sequence with a simple touch of its micromodule and can be used from any telephone or computer supplied with a microphone.

The consumer uses exactly the same card to purchase over the Internet or in a traditional shop, to order a product by telephone or to ask a call centre or an interactive voice recognition system for assistance.

VocaliD is aimed at the telecommunications, e-commerce, home banking, vocal services, hot lines, call centres, retail and loyalty programme markets.

Prosodie owns 51% of DIVA and Elva owns the remaining 49%. It is a limited company with a capital of 1.000.000FF.

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HSBC Mobile Banking Facility

A new mobile phone package has been launched by HSBC using ORGA 16K SIM cards making it easy for the bank's customers to organise their finances at the touch of a button.

The package enables the user to connect directly to the bank's 24 hour automated telephone banking service to check the balance of their accounts, transfer money between accounts, check recent transactions, pay bills or transfer direct to a customer service representative.



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ID Data Takes UK Lead

The recent sale of De La Rue to French card manufacturer Charles François Oberthur, has left ID Data as the only significant UK-based producer of Smart Cards. The company believes that this gives it an edge over its competitors when it comes to servicing the British card market.

Peter Cox, ID Data Systems' Chairman, says: "The Smart Card market is there for the taking and with our production capacities of 2.5 million cards per week, we are in a prime position to seize that market.

"We are now in a position to unlock the true potential of the card industry to even greater levels of commercial success not only domestically, but internationally."

ID Data's confidence in itself and its ability to reach productivity, and large volumes stems in part from the group's acquisition of GPT Card Technology and McCorquodale Card Technology earlier this year.

The group's capabilities have recently been boosted by its partnership with Toshiba and Toppan - the joint venture TTi Card Technology Europe - which recently won a £10 million deal to supply more than five million Smart Cards to Barclays over 18 months. Cox is looking for 30% compound growth which he believes is assured based on the group's ability to provide world class solutions backed by ID Data's business partners.

Traditionally, ID Data's expertise has mainly been centred on the banking and loyalty markets. However the UK card manufacturer is now gearing up to move into new areas, and mobile telephony is one of the ways forward - soon to be announced is its participation in a large European loyalty and travel GSM based scheme, which will bring together a major airline company with a mobile phone operator, a satellite and landline operator and a leisure and entertainment company.

ID Data is also in discussion with Ski companies to provide them with a contactless technology for ski passes also featuring a loyalty application.

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White Bike System in Amsterdam

Amsterdam has launched a new form of individual public transport, called the White Bike, designed to reduce inner city traffic.

Customers use a personalised Chipper Smart Card to identify themselves at the bicycle parking lot. Confirmation of their personal code releases the user's profile - i.e. name, address, city - and stores it in the public transport system. Consequently users' identities are proved in a secure and reliable manner without the need of an operator. The one guilder fee for use of the bicycle is deducted from the card's electronic purse. The bike can be returned to any other bicycle parking lot in the city.

The project is the initiative of Amsterdam's GVB city transport company, KPN Telecom, the Postbank and Chipper Netherlands.

Within a few weeks five bicycle depots will be ready, with 250 White Bikes. On the completion of the project, in the year 2000, there will be 45 depots, with 750 bikes available to the public.

More than seven million Smart Cards using Chipper technology are already in circulation in the Netherlands.

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OTI to Market Contactless Chips

On Track Innovations Ltd. (OTI) has announced that its OTI China subsidiary has concluded an exclusive marketing agreement with Samsung Electronics covering the People's Republic of China and Hong Kong.

The agreement will give OTI China the sole right to market Samsung contactless chip products based upon OTI's contactless Smart Card technology.

OTI says it expects sales of its new Smart Card chip products to generate revenues of approximately \$2 million in the year 2000.

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Medical Smart Cards

MedAssure, a Datacard Group company, presented their new Smart Card maternity patient record at the Microsoft Healthcare Users Group (MSHUG) meeting in San Diego last month.

The MedAssure Smart Card provides hospitals and other healthcare facilities with the patient's clinical information at the point of care and the card is the first to utilise Microsoft's Smart Card for Windows operating system.

"The Smart Card has been successfully piloted at hospitals throughout the US during the last 18 months, and we will create additional reference centers this fall for our maternity, diabetes, home care and pediatrics applications," said MedAssure President Ravi Sharma.

The Smart Card, which contains the patient's medical, demographic and insurance information, allows patients to carry this important information with them wherever they go.

The application, which accesses the card's information, resides on the Internet. The patient's information can only be accessed when the card is read and appropriate authentication has been provided, typically a combination of traditional identification (PIN, social security number) and biometrics (fingerprint). Thus patient records can be made available anywhere from the emergency room to the physician's office to the pharmacy.

The Need Statistics show that 90 per cent of emergency room visits occur without access to the patient's medical records and that more than 30 per cent of all patient/physician interactions occur without the physician having access to the patient's record.

Lack of information regarding patient allergies, medication history and clinical record at the point of care exposes patients to unnecessary risks, says MedAssure, including adverse drug events which kill 140,000 to 180,000 patients each year, and cost 700-bed hospitals roughly \$2.8 million per year.

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Bull Sources Cards to Oberthur

Oberthur Smart Cards has signed a licensing agreement with Bull Smart Cards & Terminals entitling Oberthur to manufacture and market cards from Bull's CC Cash Cards range, mainly used for Proton electronic purse systems. The licensing agreement remains valid after the take-over of De La Rue Card Systems by Oberthur Smart Cards.

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University Training for Java

ORGA Kartensysteme GmbH has entered into a co-operation with the University of Paderborn to provide advanced in-house training in Java. Thirty employees will be trained over the next six months on how to work with the Java programming language.

Hanno Dietrich, Head of Software Development for Smart Cards at ORGA said: "The fundamental and up-to-date knowledge we want for our employee training programs is something that the University of Paderborn can guarantee."

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Mag-Tek Introduces Card Readers

Mag-Tek Inc., has introduced a line of card readers required for applications where both magnetic stripe cards and cards with a Smart Card chip are used.

The IntelliStripe 60 and 65 lines of vandal-resistant, hybrid card readers are utilised in unattended self-service applications such as pay phones, vending machines, ATMs and kiosks. They are modular in design, allowing the user to select only the options/features required.

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E-commerce Security and Trust

E-commerce, and now the fast-tracking m-commerce, will not achieve the mass market expectations of the pundits until consumers are satisfied that they trust the systems and that their transactions are secure and private.

The industry, of course, is working hard to produce the solutions required and there are regular announcements of new products. Last month, two initiatives caught our attention in particular.

Magex digital commerce

The first was Magex, a digital commerce service developed by NatWest to create a secure environment for trading digital content on the Internet - enabling consumers to buy 'content' on-line while providing companies with a level of copyright control previously unheard of in the distribution of digital goods and services.

Content providers' information is protected within an encrypted DigiBox container which applies a set of rules that the consumer must agree to before they can access it.

Consumers who want to access Magex protected material can register for the Magex service on-line and receive the software necessary to open DigiBox containers. They also receive a charged-up PC-based wallet which contains the funds necessary to pay for the digital goods they want to buy.

Magex protected information can be acquired in a variety of ways including from Internet download, copied from a CD-ROM or floppy disk, or even received from a friend by e-mail. When opening a DigiBox container, the consumer is presented with the access options such as - view, listen to, print, copy - and the charges associated with each. Having made their choice, the consumer makes use of the content whilst the software debits the cost of the transaction from their wallet.

To subscribe, consumers fill in a Web-based application form and send their credit card details to Magex. This allows them to establish an electronic wallet, on the desktop, into which they can load the money required to buy content. Each customer can then purchase goods on-line knowing that all financial details and transactions are being routed through a major international clearing bank.

Cyber-COMM licenses EMBASSY

The second announcement concerned Cyber-COMM licensing Wave Systems Corp's EMBASSY technology for the development of a European network of enhanced Smart Card readers for conducting e-commerce.

Wave's EMBASSY technology will be included in the reference platform for Cyber-COMM enhanced Smart Card readers and PC keyboards. The agreement also allows Cyber-COMM to sub-license the EMBASSY technology to third party vendors to develop "trusted devices."

EMBASSY (EMBedded Application Security System) is a programmable, open standards based platform. Implemented on a secure co-processor, it is a software and hardware based solution that provides a trusted environment inside the PC or device for e-commerce transactions while protecting user identities, keys and critical consumer financial information.

For Cyber-COMM, EMBASSY creates a firewall between the Smart Card reader and the PC, which secures multi-level authentication and transaction functions within the Smart Card reader. Key features include secure input and output and the ability to download information to secure memory.

Cyber-COMM is led by Europe's largest banks whose mandate is to find technology solutions to solve on-line consumer security, trust and privacy issues, and is an active participant of FINREAD, a European Commission project that is issuing public specifications for a common secure Smart Card reader for e-commerce. Other FINREAD members include Visa, Europay, Groupement des Cartes Bancaires (France), Siz (Germany), Interpay (Netherlands), Banksys (Belgium) and Bull. Herve Sitruk, CEO of Cyber-COMM, explained: "Consumers need trust and confidence, merchants need a way of guaranteeing payments, and banks need an infrastructure that minimises the risks of fraud. An infrastructure of trust deployed through a consumer-accepted Smart Card platform will propel Europe into the 21st century of digital commerce."

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Internet For All Plan in France

Schlumberger is supplying La Poste, the French national postal services operator, with Smart Cards for its Cyberposte program aimed at providing "Internet for all," via multi-media kiosks located in post offices.

Cyberposte multi-media kiosks are available initially at 1,000 post office locations throughout France. Internet services offered include access to the Web for information, discussion forums, etc, and sending and receiving e-mail.

Access is granted on a pay-per-use basis by debiting units from a Schlumberger PrimeFlex Entry stored value payment card. The card is personalised, with the owner's e-mail address and areas of interests, as he or she logs onto the La Poste portal for the first time (www.cyberposte.com).

Cyberposte cards sell for 50 Francs (around US\$ 8), and can be recharged as necessary. Internet usage cost is charged at 30 Francs per hour of connection time.

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New IBM Digital Wallet

IBM has announced a new version of its Consumer Wallet software (2.1) that enables Web shoppers to make on-line purchases faster and easier. Shoppers can enter their credit card information once and store it securely in an icon - or "wallet" - for all future shopping. A 'one-click' purchasing feature eliminates the need for repeated entering of the information.

MasterCard International is collaborating with IBM to distribute the new version of the Consumer Wallet by offering it through a special program to its member banks.

The product will transform shopping on-line for businesses and consumers, says Ed Kilroy, General Manager, e-commerce, IBM Software Solutions.

"Today, consumers are required to fill out extensive forms for a purchase, which typically takes several minutes, resulting in many abandoned purchases," he explained. "Through the Wallet's 'one-click' purchasing feature, consumers can input data once

and automatically fill in the merchant's form at the point of purchase on a merchant's site, easily and securely."

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Proton World Forum Exhibition

The Proton World Forum Exhibition showcased Gemplus and De La Rue's Proton-based multiple-application Smart Cards containing Proton application applets working on Suns JavaCard platform.

Gemplus demonstrated the Proton e-purse as an applet on Suns JavaCard platform on Gemplus GemXpresso 211 cards, which are designed to comply to the JavaCard 2.1 API and VM (with the `javacardx.crypto` function) and the Visa Open Platform 2.0 specifications.

De La Rue Card Systems showed the first Proton-based multiple application Smart Cards containing Proton and other application applets working on Suns JavaCard platform. One of the De La Rue applets contained the Proton electronic purse application, and another an EMV-compliant credit/debit card application. The applets are written on the JavaCard platform, on a De La Rue GalactIC Smart Card.

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People on the Move

ICL has appointed Caroline Marino as Smart Card Business Development Director, North America. Previously she was Global Business Development Director for Motorola's world-wide Smart Card solutions division.

Hypercom Corporation has appointed Jeremy Su as President, Hypercom Asia-Pacific. Previously he was President, Bull Information Systems Ltd of Greater China.

Two Megabyte Memory SIM

Gemplus has announced a memory storage technology that enables SIM cards to reach 2 Megabytes in capacity. Code named Pinocchio, Gemplus' latest concept Smart Card will be demonstrated at Telecom 99 with 1 and 2 Megabyte storage.

Operators keen to introduce more and more value-added services have been demanding more memory for new services such as mobile Internet and mobile commerce. It was in this context that Gemplus set about developing a Smart Card technology involving the combination of high density memory (i.e. Flash memory) with EEPROM memory.

The concept card is available in 2 formats: a standard plug-in SIM card with 2MB memory that can be used in any available GSM phone and a smaller plug-in SIM with 1MB that will be proposed to the ETSI for standardisation for the next generation of mobile phones (3GPP - Third Generation Partnership Project).

Gemplus will be showcasing two different business models for Pinocchio at Telecom 99:

- 1 filling the card with services that can be activated or deactivated remotely by the operator or the user; and
- 2 offering the operator a means to sell available space to third parties (i.e. corporate telephone directories, access to the corporate Intranet).

Philippe Martineau, Director of the Wireless Marketing & Product Group at Gemplus, said: "Pinocchio is still at a concept level today. We will be showcasing possible usage of the memory space notably in the context of 3G (Third Generation of Mobile phones) with secure database management in the card.

"Pinocchio may become a product next year if the market accepts the concept," he said.

Gemplus has already shipped 32K bytes capacity SIM cards to the market, but the average size is 16K bytes - making 1 and 2 Megabytes of memory a quantum leap for SIM cards capacity.

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US Navy Smart Card Initiative

The US Department of Defense (DoD) has announced that the Department of the Navy is to lead the development and implementation of a Smart Card program for the DoD.

It calls for the Navy to establish a business plan to implement the use of Smart Cards in two Naval regions of continental USA - one in the operational area of the US Atlantic Command and one in the area of operations of the US Pacific Command.

The regions will include major Fleet concentrations and cover Navy and Marine Corps bases and all non-deployed units in the region. The Secretary of the Navy is to submit the business plan to the congressional defense committees.

Centura Software Corporation has been awarded a contract under the guidance of the Department of the Navy's Chief Information Officer Smart Card Office to provide Smart Card software.

The objective is to reduce administrative overhead while increasing the Department's overall readiness. Tony Cieri, Director, Department of the Navy states: "Smart Card technology is not only about Smart Cards, it is about the revolution in business affairs and the processes that effect the changes taking place in the virtual realm of e-commerce and e-services."

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PM Wants Card for Students

Tony Blair the British Prime Minister announced plans for a Smart Card for 16-19 year-old students to encourage them to stay within the education system. The Smart Card will offer discounts for the teenage users as well as recording information for the authorities on enrolment, attendance, grant allowances and their validation.

W H Smith, National Express and British Telecom have voiced their support for the scheme. Other companies said to be backing the project are Odeon cinemas, the British School of Motoring and Letts, the educational publishers.

French E-purse for Parking

Moneo, the first European electronic purse scheme to be implemented on a large-scale in France, is underway for parking in the city of Tours.

The Moneo scheme has been developed by the Société Européenne de Monnaie Electronique (European Society on Electronic Money - SEME) with the backing of seven French banks - BNP, Crédit Agricole, Crédit Lyonnais, CIC, CCF, Crédit Mutuel and Banque Populaire.

The Moneo Smart Card can be credited with a maximum of about Euro 90 and may be recharged at terminals available in the branches of the participating banks. The objective is to have 100,000 cards in circulation for use at 2,000 points-of-sale ranging from P&D terminals, vending machines to stores in Tours.

The 210 Stelio parking terminals in Tours were supplied by Schlumberger. Its MagIC 500 card reader has been configured to accept the Moneo Smart Card. The P&D network is centralised through the France Telecom and GSM networks.

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CyberCard Patent Auction

Canadian telecommunications research & development company CyberCard Corp has announced plans to auction its US (5,497,411) and Canadian (2,140,564) patents for the invention of a telecommunications card access system.

The patents will be listed on the Internet auction site ebay (www.ebay.com) beginning 18 October.

CyberCard says the invention provides the user secure, portable and convenient access to both Internet and private network-based services such as e-mail, voice mail, shopping and banking. It uses a Smart Card to securely store all the user's network addresses, phone numbers, user IDs, passwords and other information required to automatically log on to the desired network-based service.

The same Smart Card can be used from a variety of telecommunications devices including PCs, laptops, handhelds, wireless and wireline phones. This will be the first time patents are listed for public

auction on ebay or anywhere else. The auction will allow interested parties to conveniently link from the company's auction on ebay to the Internet sites of the US and Canadian patent offices where they can verify, view and download the details of the patents.

Once the patents have been evaluated, the bids can be placed on ebay for the ten-day auction.

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PubliCARD Private Placement

PubliCARD Inc. has announced the completion of a private placement of 3,269,500 shares of common stock resulting in aggregate proceeds of \$19.3 million to the Company. The securities were sold to institutional investors and other accredited investors in the US and Europe.

"The additional investment in PubliCARD affirms the belief in our business strategy and gives us significant additional capital to pursue our corporate objectives," said James J Weis, President and CEO.

"The proceeds will be used to finance the development of Smart Card products for the rapidly evolving Internet and e-commerce markets and to continue to make strategic acquisitions within the Smart Card industry."

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Checkee for Smart Phone Cards

Schlumberger has announced Checkee, a balance reader and card tester in the form of a key ring which displays the current balance on the built-in screen when the card is inserted into the reader.

It will read the stored value on most Smart phone cards that use token units. It can also be adapted to read monetary unit cards and provide the value in local currency or Euros if required.

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PC Smart Card Security from IBM

IBM is incorporating security measures in commercial PCs, making it tougher for unauthorised users to access personal data, even if a PC is hacked into or stolen.

The security features are embedded security chips on the motherboard. Smart Card access and encryption are also provided.

IBM has also introduced an optional IBM Smart Card security kit for desktop PCs that do not contain the embedded Security Chip. The IBM security kit helps protect customers against information theft, unauthorised access to data, networks and the Internet. The kit comes with security software, a Smart Card and a reader.

Users simply insert a personalised Smart Card and type in a PIN to gain access to the system. To disable access, the user removes the Smart Card preventing access to the system and prompting a secure screen saver.

The kit also offers advanced functions, such as auto-encryption at the directory, or sub-directory level, encrypted data exchange to secure and non-secure systems, digital signature/digital certificate support and it is "softID" ready for network management control. The kit is compatible with most desktop PCs.

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ORGA SIM Cards for Carolina PCS

ORGA Card Systems in the US, is to supply its 16K dual-mode GSM SIM for use by Carolina Phone Company when it launches its new network in the fourth quarter of this year. The company will also utilise ORGA's Over-The-Air Application Platform and its GSM Yellow Pages. Carolina Phone's licensed area covers approximately 3.5 million potential subscribers throughout the region.

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Egg Chooses Smart Cards

Internet banking pioneer Egg has chosen Smart Card solutions provider Schlumberger as its technology partner for a programme of new e-services.

"The Smart Egg card is just the first step: we are committed to building a true e-commerce business - and sharing the benefits with our customers. That means the ability to help us deliver new personalised services in areas like mobile and Internet banking," explained Steve Townend, Head of Lending at Egg.

With a Smart Card, a mobile phone becomes the gateway to a whole range of services, giving consumers a new level of convenience and control in handling their finances and other aspects of their daily lives, he said.

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Precis to Offer Stock

Precis Smart Card Systems Inc plans to offer one million shares of common stock at US\$6 per share in an initial public offering. The Oklahoma City-based company develops and markets commercial software products used with Smart Card technology. It says it will use the proceeds to repay debt, further develop and market its Smart Card products and systems, and as working capital.

✉ www.precis-scs.com

Datakey and Aventail Partner

Datakey has partnered with Aventail Corporation to integrate the security technologies of the two companies. Under the agreement, Datakey's Signa SURE CIP Smart Card-based security solution has been integrated with the latest version of Aventail ExtraNet Center to enable businesses to build large-scale extranets that feature higher security protection and digital credential portability available through Smart Cards.

Datakey's SignaSURE CIP (Cryptographic Interface Provider) enables users to upgrade their software-only systems to Smart Card-based information security systems.

✉ www.datakey.com and www.aventail.com

BULL Agreement with Proton

Bull Smart Cards and Terminals has signed an agreement with Proton World to become a worldwide, non-exclusive Value-Added Reseller (VAR) of Proton for Windows/NT.

The package allows users to implement Proton-based multiple-application Smart Card applications in closed user groups of all kinds: financial institutions, companies, educational campuses, amusement parks, local government facility users, transport operator customers etc.

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Fortas ID Card from De La Rue

Fortas is the name of a new card developed by De La Rue Identity Systems specifically for the government identity market.

It is claimed that the card has unique tamper evident capabilities and security features that protect it from counterfeiting and is virtually indestructible - a statement which De LA Rue is backing with a guaranteed minimum life-span of 10-years.

The cards can be Smart Card enabled or upgraded later with a microprocessor chip.

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Visa joins WAP Forum

Visa International has become a member of the Wireless Application Protocol (WAP) Forum, a cross industry organisation developing global standards for the secure delivery of information and services through wireless devices, such as mobile phones, pagers, and personal digital assistants.

Visa is the first payment association to join WAP and is expected to contribute its experience in both electronic commerce and chip technology to the work of the Forum.”

✉ www.wapforum.org or www.visa.com



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