

MERGER

ScanSoft and Nuance to merge

Two of the leading companies in the speech technology market have announced their intention to merge. ScanSoft has signed an agreement with Nuance Communications, which will see ScanSoft acquire all of the outstanding common stock of Nuance, merging the two organizations into a single company. The combined company will keep the Nuance company name.

The companies, both of whom produce well-known speaker verification software, say

the US\$221 million deal will generate cost synergies of between US\$20 million and US\$25 million per year through headcount reductions, site consolidations and elimination of duplicate operating expenses.

Under the terms of the agreement, ScanSoft will issue approximately 28 million shares of its common stock to Nuance shareholders, who will receive 0.77 shares of ScanSoft common stock for each share of Nuance common stock that they own. Additionally, each Nuance shareholder will receive US\$2.20 of cash per share of Nuance common stock owned.

The combination of ScanSoft and Nuance brings together a comprehensive portfolio of

speech applications and technologies. On the speaker verification front ScanSoft is known for its SpeechWorks *SpeechSecure* product range, while Nuance has its *Verifier* line of products.

ScanSoft expects the transaction to close in September 2005. Paul Ricci, ScanSoft's current chairman and CEO, will retain these positions in the merged company. As part of the transaction, two of Nuance's board members, including Chuck Berger, president and CEO of Nuance, will join the ScanSoft board of directors.

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ETHICS

Biometric industry debates ethics

A new project in Europe is confronting the issue of biometrics and ethics. The BITE (biometric identification technology ethics) project will examine the ethical issues raised when biometric technology is used and will aim to come up with answers intended to make it easier to understand the implications of using the technology.

The project is funded under the Science and Society section of the Sixth

Framework Programme (FP6) and brings together nine partners from a range of backgrounds. The private Italian research centre Centre for Science, Society and Citizenship (CSSC) is the coordinating institution.

According to BITE coordinator, professor Emilio Mordini, there are many potential concerns, such as dealing with people who might find it more difficult to prove their identity, such as immigrants. Meanwhile, disabled people who may not be able to undergo biometrics tests could be unfairly stigmatised. Another major issue is the

potential for personal medical information to be gleaned through the use of biometrics.

Work on the project started in October 2004 and since then the consortium has had two expert meetings focusing on biometrics and the use of DNA and the privacy implications of biometrics. Three more meetings are planned addressing migrant worker issues, industrial issues and looking at future technologies. A public consultation will be launched in June 2006.

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Comment

Border control issues dominate the biometric agenda and look set to do so for some time.

The US-VISIT programme has been told by academics that there could be a 50/50 chance of letting terrorists through the border even if their prints are on file – assuming, of course, that terrorists scam the system by either recruiting people with very poor fingerprint images or issue their existing recruits with abrasive chemicals and sandpaper. (If they didn't know of the vulnerability before this report then they probably do now.)

Meanwhile the passport deadline debate rumbles on, although it seems possible that the USA will end up extending its deadline again by one year, which is what many lobbyists had argued for in the first place.

The stories that catch the eye this month are those on private registered traveller

schemes. The Transportation Security Administration (TSA) has apparently announced that it wants to consider the viability of a privatised version of its Registered Traveller initiative. The first scheme is about to get underway in Orlando International Airport, run by Verified Identity Pass and Lockheed Martin. Meanwhile, other wanting to get in include Safflink/Microsoft and Unisys/EDS.

The idea is simple. People fed up waiting in lines to get through airport security will be able to buy themselves (subject to a security assessment by TSA) an annual pass allowing them to breeze through security with the flash of an eye and a swipe of their finger.

The only problem that I can foresee is having to buy a new wallet to house all the traveller cards I will now have to collect just to get from A to B to C and back again.

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In next month's issue

In next month's issue of *Btt* we will continue our focus on the fast moving world of biometric-based ePassports, examining how far countries have come to meeting the various international deadlines. There will also be a special focus on user acceptance issues.

Plus all the regular sections, including news, comment, features and in-depth business analysis.