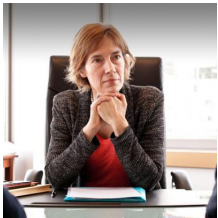


In a connected world, there is no security without trusted Identities

Interview with Anne Bouverot, CEO Safran Identity & Security

IDENTITY

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You joined Safran Identity & Security last year, or at that time, Morpho. What have been the key markers over the past 18 months?

A.B.: It has been a pivotal year. We have worked to determine the business orientations that will help us best develop our future. This will be two-fold: accelerating the digitization of our activities, and positioning the company in dynamic markets which will drive technological synergies and growth across both governmental and commercial sectors. We also defined a new purpose, which is about enabling “trusted identities in a connected world”, through secure identification and authentication.

Digitization is transforming the way the world looks at identity, and at a pace that we never imagined just a few years ago. And this is a great opportunity for us!

What new developments are you targeting?

A.B.: Both security and identity markets are healthy and growing. New sectors are turning more towards biometric authentication such as health, banking, retail and the shared economy. As consumer adoption of biometric authentication rapidly spreads in commercial markets, service providers need solutions which are more secure than what is currently available in the average smartphone or tablet. Today’s fingerprint sensors may be sufficient to unlock a smartphone, but are they secure enough to authenticate a large on-line transaction? Not yet. That’s where our role comes in to play. Working for the most demanding customers in this market, like the FBI, has enabled us to develop most sophisticated biometric algorithms in the world, which we are now deploying for commercial giants like Samsung and Visa. This was not the case a year ago.

In public security, video and data analytics are rapidly expanding in areas in which we have and will maintain a high level of expertise. The threat of terrorism remains a stark reality for governments. They are seeking intelligent and less intrusive technologies to identify threats or secure critical zones like airports or stadiums, and to secure open areas, like train stations and roads. And they also expect industry players to understand the complex technical and regulatory constraints of operating at a transnational level. We have built a unique expertise which enables us to manage large volumes of data for programs which are potentially interoperable across multiple systems or borders.

We are also very well positioned to play a key role in developing digital identity across both government and commercial markets. There is a strong need for public-private convergence in this area. We also need to have a shared understanding of the implications in terms of data privacy and protection. And digital identity is not just about people, but applies to objects as well. IoT is massively increasing the amount of data available in the world. Today there are more

than 20 billion connected objects, and this number is predicted to triple in just 5 years! As planes, cars, medical equipment or other objects ensure more and more critical functions, there is a pressing need identify those objects or those users remotely accessing them.

Safran has announced that it has entered into exclusive negotiations for the sale of Safran Identity & Security to Advent International. Can you tell us more about the project?

A.B.: Advent, who is also the parent company of Oberthur Technologies/OT, intends to combine the two companies to create a world champion in identification technologies and digital security. Of course we need to speak in conditional terms as we are awaiting a number of approvals for the contemplated transaction. The clear aim is an alliance of equals, as we have complementary strengths that would enable us to develop stronger market positions. The two companies have balanced portfolios : this includes OT's experience in digital embedded security, as well as our own expertise in biometrics, identity and public security. The future, combined entity would operate in four key markets: banking, payment, identity and security.

What are the potential benefits?

A.B.: There is a clear strategic alignment about our development and Advent has committed to sustaining a high level of investment in our core markets, which are evolving rapidly. 20% of Safran Identity & Security's staff works in R&D and the company registered 64 patents last year. Technology and innovation are an integral part of our DNA, and this will not change in the future. Advent's commitment would help us preserve our technological leadership and develop in dynamic areas like biometrics, authentication, embedded security for IoT, video and data analytics, etc.

What are the next steps?

We expect the transaction to close by mid-2017, after government approvals in France and the US and anti-trust clearance in a number of markets. During this period, business will continue as usual, thanks to the support of our teams in the 57 countries in which we operate. I am very proud of the motivation and engagement that they have demonstrated during this whole process. Through innovation in dynamic areas, we will preserve our longstanding heritage as a leader in both security and identity markets.