

Labels for Access Control Cards – Opportunity Review



Opportunity Summary

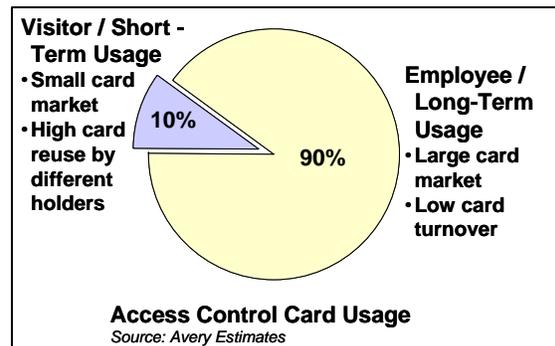
Avery Photo ID Labels for Access Control Cards are a quick, easy, and cost-effective way to add high-quality color photos & other customized information to access control cards using off-the-shelf color inkjet printers:

- The removable labels are intended primarily for short-term applications, e.g., badging visitors, allowing companies to temporarily add photos to access cards that need to be frequently reissued to different holders and might otherwise have been handed out blank or not handed out at all.
- The permanent labels are intended primarily for longer term applications, e.g., badging employees, offering companies currently issuing blank cards an easy way to add photos or companies currently using PVC overlays, an off-the-shelf color inkjet alternative.

The Market for Labels for Access Control Cards

The overall access control market – including software, hardware and consumables – is expected to grow 10-15% annually over the next five years¹. HID alone, the largest manufacturer of contactless access control readers & cards for the security industry, has placed over 200mm credentials in circulation². The growth is due, not only to the increased security in facilities already using some form of access control, but also to new customers looking to secure their facilities, assets and employees.

The majority of access cards in circulation are issued for relatively long-term uses, such as for employees, building tenants, etc. These cards do not frequently change hands and stay with their original holder for an extended period of time. An extensive survey of visitor management and sign-in practices in corporate front-lobbies, however, shows that approximately 5-10% of cards are handed out on a more short-term / temporary basis, e.g. for visitors, contractors, temps. Certain categories of employees may also need temporary access, e.g. because of a lost badge or when visiting



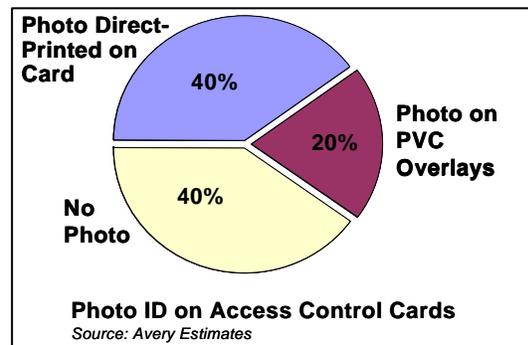
¹ Lehman Brothers estimate

² HID corporate website - www.hidcorp.com

from a different facility. These cards change owners and are therefore reused more frequently.

The access card by itself performs the main access control function, but adding a photo and other identification information can perform equally essential security functions, e.g., the photo may allow a security guard to visually confirm the card holder's identity and color markings may visually reinforce certain restrictions electronically controlled by the access system - building/floor access, security clearance, validity dates, etc. The photo taking process and records generated by the information capture and card usage at control points may also enhance audit trails, tracking information and hence overall security.

Approximately 40% of cards are customized with rich graphics and personalized holder information printed directly onto the card. A glossy and laminated finish, often combined with two-sided printing, results in a very professional look and is the solution of choice for employee photo IDs in large corporations. An equal percentage of cards, approximately 40%, are issued blank with no personalized information printed on the card. This is common in smaller to medium sized enterprises for employees as well as in verticals such as multi-tenant buildings where the building owner provides tenants with cards for access. This is common as well in settings where visitors need to be handed out cards for access privileges during their stay. The remaining cards, approximately 20%, are a somewhat intermediate solution and issued with a photo usually printed on a self-adhesive PVC overlay.



The overall addressable market for color Photo ID inkjet labels for access control cards can therefore be summarized as: (1) a large opportunity in short term-applications with cards frequently changing hands, being reused by different holders (2) a large opportunity in long-term applications with a large base of low-turnover cards. In both cases, a color Photo ID inkjet label is first and foremost a quick and easy step-up from issuing a blank card, and next, a convenient alternative to current PVC overlays.

Challenges with Current Photo ID Solutions for Access Control Cards

The key to success for color Photo ID inkjet labels for access control cards is to understand the unmet needs of current access control users in the broader security environment and to understand the challenges with current Photo ID solutions, from the perspectives of both security decision makers and the security/front-lobby personnel implementing the security procedures.

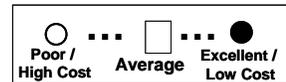
Front lobbies and entry points in the average workplace typically have three different categories of foot traffic: (1) permanent employees / tenants, (2) daily visitors and (3) a

hybrid category of “longer-term” visitors consisting of contractors, temps, janitors, interns, consultants, high-turnover employees, etc. Photo ID solutions for each one of these categories present their own sets of challenges and unmet needs:

- *Permanent employees / tenants* may receive access cards personalized with photos or blank. In general, credentials with photos are not issued at the front desk, but in a back office, and display rich color photos and other identification information. Typically, these are printed using dye-sublimation equipment either directly onto the access card or onto a self-adhesive PVC overlay affixed to the card.

Direct printing employee-specific information on the card results in a high quality output, however, the solution may be costly to some and the card becomes permanently marked, i.e. non-transferable upon an employee’s departure. Using a PVC label can be equally costly because of the equipment and consumables, although the access card can be reused once the label and adhesive residue are removed. Consequently, many end-users issue blank access cards without a photo, name or other personalized information, which can jeopardize the access control system’s underlying security.

Solution Metric	Blank Card	PVC Overlays	Direct-Printing	Avery Photo ID Permanent Label
Cost (Start-up & Recurring)	N/A	□	○	●
Durability	N/A	□	●	□
Badge Quality (Look & Feel)	N/A	□	●	□
Badge Reusability	●	□	○	□

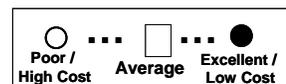


Benefit Comparison of Long-Term Photo ID Solutions

In certain verticals such as multi-tenant buildings, cost aside, it is impractical to issue photo IDs customized to each tenant’s corporate identity. Due to this, property managers often issue blank cards. Tenants choosing to distribute the cards blank to their employees, opting for a separate credential for ID purposes, can also jeopardize the access system’s underlying security for all other tenants.

- *Daily visitors* are rarely issued any type of personalized access credentials because of the prohibitive costs of replacing IDs discarded after each visit, and the complex printing equipment that a receptionist or security officer, already busy with other duties, would have to handle. As a result, visitors often receive a temporary black-and-white, printed or hand-written, “visitor” ID in the front lobby, with or without a blank access card to be returned upon departure. Such solutions create more problems because the visitor receives more

Solution Metric	Blank Card	PVC Overlays	Avery Photo ID Removable Label
Cost (Start-up & Recurring)	N/A	□	●
Durability	N/A	●	□
Badge Quality (Look & Feel)	N/A	□	□
Badge Reusability	●	□	●



Benefit Comparison of Short-Term Photo ID Solutions

than one credential, the access card is not physically attached to the ID, a photo might not necessarily be captured, and the look is certainly less professional than with color photos. Black-and-white photos may be printed on a thermal label and clipped with the badge, but photo resolution and overall output quality are unprofessional.

- *Contractors and other longer-term visitors* are more problematic as they often require employee-type credentials for visits whose durations do not necessarily justify the printing cost of a photo. Furthermore, in general, these credentials are not issued at the front desk and require a trip to a back office. Issuing customary visitor credentials is an equally poor alternative since the IDs are not necessarily durable and present some of the same problems as with daily visitors.

The Solution:

Avery Photo ID Labels for Access Control Cards: Removable or Permanent Labels for One-at-a-Time Color Inkjet Printing. Templates for creating & printing labels are available in the Avery Photo ID System Software, downloadable at www.photoid.avery.com and integrated in leading partner visitor management, access control and other security software packages.

Benefits-at-a-Glance:

- *Employees:*
 - Offer an affordable way to add photos and personalized information for companies currently issuing blank access cards to employees
 - Provide a convenient and cost-effective alternative to PVC overlays
 - Off-the-shelf inkjet printers and associated supplies are readily available, easy to set up and offer high-quality color photo IDs
 - Offer long-lasting adhesion to access control cards and other PVC-based cards
 - Permanent labels are water-resistant, fade-resistant and tear-resistant.
 - Avery Photo ID labels are fast and easy to align on cards with or without pre-punched slots
- *Daily Visitors and Short-Term Uses:*
 - Removable labels provide a convenient and affordable front-lobby solution to combine color photo ID and access control capability in one credential
 - Also cost-effective for employees who need temporary access, e.g. because of a lost badge or when visiting from a different facility
 - Issue access cards and make photo capture part of the sign-in process to better control visitor access and tracking
 - Cards may be reused because no adhesive residue remains after labels are removed
 - Labels are torn by a scoring mechanism so they cannot be reused once removed

- Fast printing on off-the-shelf inkjet printers allows rapid processing of visitors in the front lobby
 - Avery Photo ID labels are fast and easy to align on cards with or without pre-punched slots
- *Contractors and Long-Term Visitors:*
- Provide a cost-effective alternative to dye-sublimation printing for durable temporary employee credentials
 - Can complement existing PVC solution by cost-effectively extending photo ID badging to more short-term & high-turnover employees
 - Allow use of permanent or removable labels, depending on desired durability
 - Speed up contractor badging by moving function to the front lobby instead of in a back office.

The Photo ID Labels for Access Control Cards are available through authorized dealers. For more information, visit the Avery Photo ID web site at www.photoid.avery.com.

About Avery Dennison Worldwide Office Products

Avery Dennison Worldwide Office Products markets products under the well-known Avery brand name and is one of the world's leading manufacturers of self-adhesive labels for laser and ink jet printers, labeling software, binders, sheet protectors, index and tab dividers and other office-, home- and school-related supplies. Avery Dennison Worldwide Office Products, a business unit of Avery Dennison Corporation, is based in Brea, California. For more information or to view a demo about the Avery Photo ID System, visit www.photoID.avery.com or call toll-free at 1-800-73-AVERY (1-800-732-8379).

