



News Release

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FOR IMMEDIATE RELEASE

CMS TECHNOLOGIES, ARBOR PARTNERS ANNOUNCE FINANCING, ADVISORY RELATIONSHIP

Ann Arbor Computer Technology Firm to Use \$ 1 Million Venture Financing for Expansion, Creating Sales Force

ANN ARBOR, *January 26, 1998*—CMS Technologies, a network-based computer security company, and Arbor Partners LLC, a high-tech venture-assistance firm, have concluded an agreement that will provide CMS with strategic advisory services and \$ 1 million in capital funding. CMS was founded in Ann Arbor in 1993 to capitalize on EtherLock™ the Company's patented product that utilizes network-based electrical detection to secure networked computer equipment from unauthorized physical access, such as theft. Protected equipment includes desktop and laptop computers, workstations, servers, printers, and other PC-based devices.

The EtherLock™ product line leverages the spread of computer networks through office, laboratory, and manufacturing environments, particularly in enterprises and educational institutions. EtherLock™ installs at the hub of new or existing networks, with no cabling, physical encumbrances, or visits to remote PCs required. EtherLock™ monitors real-time changes in network connectivity and immediately detects any relocation or reconfiguration of computers; this includes access to internal components (memory and disk drives) and associated peripherals (monitors and keyboards). In the case of unauthorized access (i.e., theft), EtherLock™ generates instant notification that may be announced in many forms including an audible alarm, email, pager, Internet-based communications, and silent alarms sent directly to security personnel and off-site monitoring services.

Equipment identification and location information is reported and saved in a log file for event tracking. During authorized access, EtherLock™ also identifies the individual servicing the equipment. In this manner, EtherLock™ reduces the total cost of ownership and minimizes the

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risk of high-impact data loss, which greatly improves asset management and intellectual property protection.

CMS customers include General Motors, the University of Michigan, and Princeton University. Russ Moir, Network Manager for the General Motors, Canada plant in Oshawa, said: *“When PC’s are stolen, sometimes the loss goes far beyond even the cost of hardware, it’s the time to reconstruct the work that was on the hardware that can set the whole project back significantly.”* He said further: *“Some PCs at Oshawa monitor critical processes in the plant while others control the paint shop. We found that essential features of EtherLock™ are central asset management, multiple methods to enunciate an alarm condition, use of existing cabling, and the flexible extension of protection to peripherals as well.”* General Motors - Oshawa recently ordered another 29 systems, bringing its total number of secured PCs to over 1000.

With approximately 150 million computers distributed globally on networks, concerns over hardware theft and tampering have skyrocketed. Safeware Insurance estimates that in 1996, over 265,000 laptops were stolen in the US, a 37% increase over 1995.

Arbor Partners, venture fund, Arbor Venture Partners, has invested \$250,000 in CMS so that sales, staffing, and product enhancement can be expanded immediately. The completion of the \$1 million equity financing will be accomplished by March 1998 with funds from high net-worth investors known to Arbor Partners and CMS.

According to John Austermann, CEO of CMS Technologies, *“The funding provided through Arbor, coupled with their strategic marketing expertise, will assist CMS in building a sales and support organization which can aggressively approach both the corporate and educational markets for secure asset management and theft prevention.”*

Arbor Partners, during the process of assessing CMS’s business plan and prospects, introduced Austermann to CMS. Previously, Austermann was General Manager for Tecnomatix Technologies, a high-tech virtual manufacturing software company, which during his 5 year tenure increased revenues from under \$1 million to over \$20 million and raised \$24 million in 1995 through a US initial public offering.

Marshall Cummings, who serves the company as Chief Technology Officer, formed CMS in 1993. Paul Wyandt, Vice President of Finance & Operations, has been with CMS since 1995 and was instrumental in developing the relationship with Arbor Partners.

Arbor Partners LLC is a venture-assistance firm and also the manager of the Arbor Venture Fund, which was raised to be a catalyst for financing technology firms in the Ann Arbor and Southeastern Michigan area. Arbor’s partners include ex-CEO’s and senior executives from some of the largest software and telecommunications companies in the local area.

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