

Verdasys Receives Frost & Sullivan 2007 Entrepreneurial Company of the Year for Network Security

Leading Global Growth Consulting Company Recognizes Verdasys' Revolutionary Product Solution as Poised for Success

Waltham, MA – January 22, 2007 - Verdasys, Inc., a pioneer of integrated solutions for data loss prevention, corporate compliance and data security announced today that it is the recipient of the 2007 Frost & Sullivan “North American Network Security Resource Protection Entrepreneurial Company of the Year” Award for its role as an emerging company with vast potential in the information security market.

The Frost & Sullivan Award for Entrepreneurial Company is presented each year to the company that demonstrated superior entrepreneurial ability in its industry during the research period. Frost & Sullivan will present the Award to Verdasys in recognition of its entrepreneurial strength in providing its customers with their comprehensive solution, Digital Guardian. This Award recognizes Verdasys as providing a sound solution with significant market potential. Additionally, the Award reflects Frost & Sullivan's belief that the company's business strategy is sound and poised for success.

“The Verdasys product excels because of its flexibility around an organization's business processes,” said Robert Ayoub, Frost & Sullivan Industry Analyst. “By offering solution packs that address specific challenges, specifically Consumer Data Protection, Intellectual Property Protection, Outsourced Data Protection, and Compliance/Privacy Assurance, Verdasys allows organizations to deploy protection that is appropriate for their environment. Frost & Sullivan believes that Verdasys has not only a solid product offering, but is approaching the market in the appropriate manner, forming partnerships with system integrators and making significant customer wins.” he added.

“We are honored to receive the Entrepreneurial Company of the Year Award,” said Seth Birnbaum, CEO, Verdasys. “It is a tribute to our wonderful customers and our leading product. The past year was pivotal in our Company's growth as we were able to attain profitable operations, received patents, gained numerous customer acquisitions, as well as industry recognition. We'd like to thank Frost & Sullivan for recognizing our achievements thus far and acknowledging our very bright future.”

About Frost & Sullivan

Frost & Sullivan, a global growth consulting company, has been partnering with clients to support the development of innovative strategies for more than 40 years. The company's industry expertise integrates growth consulting, growth partnership services, and corporate management training to identify and develop opportunities. Frost & Sullivan serves an extensive clientele that includes Global 1000 companies, emerging companies, and the investment community by providing comprehensive industry coverage that reflects a unique global perspective and combines ongoing analysis of markets, technologies, econometrics, and demographics. For more information, visit www.awards.frost.com.

About Verdasys, Inc.

Verdasys solutions protect proprietary and sensitive data and the integrity of the business processes essential to successfully conducting business on a global basis. Verdasys customers use Digital Guardian for comprehensive data loss prevention and corporate compliance. The Digital Guardian platform creates a secure virtual perimeter that assures that data is controlled by policy and monitored for accountability, establishing a community of trust between the data user, data owner and data provider. Digital Guardian

integrates content, context and location awareness along with encryption and data level controls to reduce the risk of information loss or misuse. Verdasys solutions are in use by government agencies, and by leaders in financial, pharmaceutical, insurance, healthcare, manufacturing, entertainment, and other industries around the world. Verdasys is headquartered in Waltham, MA. For more information, please visit <http://www.verdasys.com>.

For Further Information:

Media Contact
Jessica Katz
Verdasys, Inc.
(781) 788-8180
jkatz@verdasys.com

Sales Contact
Omri Dotan
Verdasys, Inc.
(781) 788-8180
odotan@verdasys.com