



LIQUID | MACHINES

The Freedom of Security.™

For Immediate Release:

Liquid Machines and HR Knowledge Announce Availability of the Information Protection for Compliance Solution to Help Businesses Comply with the New Massachusetts Data Privacy Law

Comprehensive, Low-Cost Solution Enables Small and Medium-Sized Businesses to Meet the Requirements of the Massachusetts Office of Consumer Affairs and Business Regulation for Protecting Personal Information

WALTHAM, MASS., and MANSFIELD, MASS. – March 16, 2009 – Liquid Machines, Inc., the leader in [Enterprise Rights Management \(ERM\)](#) solutions, and [HR Knowledge AdminaService](#), New England’s leading HR, payroll and benefits business outsourcing company, today announced a partnership to provide a low-cost solution to small and medium-sized businesses looking to achieve compliance with [encryption and data security regulations](#) mandated by the Massachusetts Office of Consumer Affairs and Business Regulation (OCABR). Through its human resource support and advisory services, HR Knowledge will deliver the Information Protection for Compliance Solution which includes Liquid Machines’ award-winning software and services designed to help businesses establish and implement the required information protection policies, processes, training and reporting.

The Massachusetts OCABR (201 CMR 1700) sets the minimum standards required for protecting the personal information of Massachusetts residents and applies to any business regardless of location that stores and maintains such personal information which is defined as social security, driver’s license and financial account numbers, each in combination with a person’s name. Unlike previous data privacy laws that required businesses to simply notify customers of a data breach, the Massachusetts OCABR requires any business that owns, licenses, stores or maintains personal information about a Massachusetts resident to be in full compliance with this regulation on or before January 1, 2010, including implementing a comprehensive, written information security program for personal information. The Massachusetts Attorney General is responsible for its enforcement.

“Our first priority is to protect our customers’ data from unauthorized access,” said Jeffrey Garr, President and CEO of HR Knowledge. “Partnering with Liquid Machines allows us to offer current and future clients a cost-effective service that satisfies current regulations while strategically aligning their infrastructure for future OCABR guidelines. As more states adopt similar statutes, HR Knowledge and Liquid Machines are positioned to be the de facto information protection compliance solution for the SMB market.”

Among the key standards mandated by these regulations is the development of security policies, implementation of encryption technology to protect information against unauthorized access and training employees. Many small and medium-sized businesses (SMBs) have failed to implement encryption due to the complexity and expense. With the January 1, 2010 compliance deadline looming, the joint solution from Liquid Machines and HR Knowledge helps SMBs

achieve regulatory compliance without making large capital or staff investments during a down economy.

“Liquid Machines’ partnership with HR Knowledge builds on our success in helping Fortune 500 global companies protect their most valuable information using encryption technology for regulatory compliance,” said Ed Gaudet, senior vice president of corporate development and marketing for Liquid Machines. “The Liquid Machines and HR Knowledge solution allows SMBs to fully comply with all of the OCABR’s organizational and technological directives while benefiting from easy-to-use, enterprise-class information protection software.”

“The message is clear: the best way to ensure compliance with all of the existing and likely future state and federal regulation of personal data and to minimize the chance of being penalized is to adopt a comprehensive data compliance program such as the one offered by Liquid Machines and HR Knowledge,” said Nick Akerman, partner at Dorsey & Whitney LLP. “A data protection program such as the Liquid Machines and HR Knowledge solution for little extra cost can include within its purview the protection of a business’ competitively sensitive data. Given the economic crisis and the increase in company downsizing, competitively valuable data is more vulnerable than ever to employee theft.”

Benefits of the Information Protection for Compliance Solution

The Information Protection for Compliance Solution will help customers minimize costly data breaches. Recent estimates from industry researcher Ponemon Institute conclude that breaches of personal data cost a business approximately \$202 per each individual’s information stolen. On average, a single breach can include thousands of customers’ personally identifiable information, costing a company hundreds of thousands of dollars in notification and legal fees.

“Understanding the new laws and importance of protecting data will continue to be of growing importance to the SMB market,” said Steve Mutchler, owner, president and CEO of OfficeLand. “In an economy where revenues are strained and all eyes are on the bottom line, the HR Knowledge and Liquid Machines offering provides my company with a one-stop solution to help me avoid the cost ramifications of non-compliance without having to make large capital expenditures that will affect the vitality of my business.”

Availability and Pricing

The Information Protection Solution for Compliance, which includes Liquid Machines’ ERM software, training and policy administration services, is available as a hosted monthly subscription starting at \$125 per user plus a one-time, set-up fee. As part of the solution, HR Knowledge provides all policy documentation and management, risk assessments, training, and business process analysis for compliance with data privacy laws. For additional information, please contact HR Knowledge AdminaService at 1-508-339-1300.

About Liquid Machines

Liquid Machines is the leading provider of enterprise rights management (ERM) solutions that prevent the misuse, modification, loss or theft of intellectual property and sensitive information. By applying access and usage controls to the data itself, electronic information is persistently protected while at rest, in transit and in use—empowering employees to securely collaborate and work with native file formats and applications. A Gold Certified Partner in the Microsoft Partner Program, Liquid Machines enables global companies in the financial services, government, manufacturing, retail and healthcare industries to protect intellectual property regardless of where it goes, generating detailed access and usage reports that demonstrate

compliance with privacy and industry regulations. Based in Waltham, Massachusetts, Liquid Machines is privately held and is backed by Atlas Venture, Draper Fisher Jurvetson, Goldman Sachs & Co, Masthead Venture Partners and RRE Ventures. For more information on the company and its vision for The Freedom of Security™, please visit www.liquidmachines.com.

About HR Knowledge AdminaService

HR Knowledge AdminaService is a leading Business Process Outsourcer (BPO) serving emerging to mid-sized companies in New England. Headquartered in Mansfield, MA, HR Knowledge AdminaService provides Payroll Processing, Employee Group Benefit Brokerage & Administration and Human Resource Support Services. Our Integrated Solution offers a compelling and competitive alternative to traditional payroll vendors or employee leasing models. For more information, visit <http://www.hrknowledge.com/>.

© 2008 Liquid Machines, Inc. All rights reserved. Liquid Machines Product or company names mentioned herein may be the trademarks of their respective owners. The information contained in this document represents the current view of Liquid Machines, Inc. on the issues discussed as of the date of publication.

###

Media Contact:

Tim Morin

fama PR

617-758-4158

liquidmachines@famapr.com