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DATA REDUCTION SYSTEMS ANNOUNCES PARTNERSHIP WITH MICROSOFT®

Partnership features integration of DRS PharmaSync™ with Microsoft Dynamics CRM 3.0

Union, NJ – February 16, 2006 -- Data Reduction Systems Corp. (DRS) (www.drscorp.com), a leading provider of information management products and services, announced today that it has signed a letter of intent with Microsoft to integrate its patented PharmaSync™ system with Microsoft Dynamics CRM 3.0. Microsoft will showcase the joint solution at CONVERGENCE 2006, its 10th annual Convergence conference, March 25-28 at the Dallas Convention Center.

Developed as a comprehensive prescription drug sampling solution for the Life Sciences Industry, PharmaSync™ is a validated, electronic, data collection tool that performs all tracking and distribution activities in real time – from samples request through to samples disbursement. The “Real Time” component of samples distribution and order fulfillment is a valuable asset for a pharmaceutical company’s compliance and sales groups. It also assists with maintaining the standards set forth under the guidelines of the Prescription Drug Marketing Act (PDMA). Additionally, PharmaSync™ helps customers meet the compliance requirement of 21 CFR Part 11 – Digital Signature Capture.

Commenting on the partnership, Rick McQuade, president of DRS said, “With PharmaSync™ leading the charge away from the industry’s reliance on mature technologies to those that are leading edge, sample accountability activities can now be handled electronically in real time, more accurately and more cost-effectively than with paper. As a Microsoft Dynamics CRM partner, we share their enthusiasm to expand the potential of PharmaSync™ by deploying it as a total CRM solution, one that meets the federal compliance and functional solution requirements of pharmaceutical and biotechnology companies of all sizes.



Microsoft Dynamics CRM 3.0 is built to address the three key challenges that determine the success or failure of most CRM initiatives today:

- **User Adoption** – Microsoft Dynamics CRM 3.0 facilitates high user adoption by delivering roles-based CRM capabilities within a native Microsoft Office and Outlook experience. Users can choose to use a rich Outlook client or access the system through a browser-based client or a mobile device.
- **Business Fit** – Microsoft Dynamics CRM 3.0 easily adapts to each company's unique needs. Powerful event-driven workflow capabilities drive consistent process execution across the organization, and powerful reporting and analytics capabilities based on Microsoft Excel[®] and SQL Server[™] Reporting Services offer real-time visibility into every business process and customer interaction.
- **Cost of Ownership** – Microsoft Dynamics CRM 3.0 delivers a low total cost of ownership by offering a highly flexible and configurable platform built on Web services and other standard tools and technologies.

The joint venture will focus on the integration of the two preeminent technologies – DRS PharmaSync[™] and Microsoft Dynamics CRM 3.0 – borrowing on the strengths of each to create a seamless application. PharmaSync[™] will serve as the validated system of record for capturing all relevant pharmaceutical sampling information. Data will then be passed from PharmaSync[™] in real time to Microsoft Dynamics CRM 3.0 allowing users to automatically access all information captured during a practitioner's sales call.

Microsoft CRM General Manager, Brad Wilson, notes "We are pleased to announce our partnership with DRS. Together we are meeting the needs of the pharmaceutical industry with an innovative solution delivered via the hosted model. This partnership is an excellent example of how business application providers can work with Microsoft to deliver an integrated solution that satisfies the increasing customer demand for Software-as-a-Service."



About Data Reduction Systems

Since 1985, Data Reduction Systems Corp. has been at the forefront of new information management technologies. From its origin in micrographics to the latest innovations in digital storage, the company has always offered state-of-the-art archival and retrieval solutions to its industry partners. This business strategy has enabled some of the world's leading companies to enhance the integrity of their corporate standings through better management of their vital business records. DRS is located in Union, NJ.

For more information, please contact DRS at 908.687.5636 or visit www.drscorp.com

PharmaSync™ is a trademark of Data Reduction Systems Corporation. Methodology used in the PharmaSync™ brand system is covered by U.S. Patent No. 6,952,681. All other trademarks are the property of their respective owners.

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