

PRESS RELEASE



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Department of Defense Adds ION Networks to Approved Products List for Network Access Security

South Plainfield, N.J. August 16, 2004 — ION Networks, Inc. (OTC: IONN.OB) – a provider of network security solutions to control, monitor and manage external and internal administrative access - today announced that its software and hardware products have been added to the Voice Network Approved Products List by the United States Department of Defense.

“We are proud to be the only out-of-band secure access solution approved by the DoD,” said Norman E. Corn, CEO of ION Networks. “Despite the rigorous and comprehensive nature of the Defense Department’s testing, the ION solution met the challenge.”

Mr. Corn added, “ION’s security solution integrates its centralized PRIISMS software for access and administration with distributed 5500 appliances for local security and monitoring and soft tokens for strong two-factor, one-time authentication.”

Sponsored by the Marine Corps and conducted by the Joint Interoperability Command (JIC) and Information Assurance (IA) teams, the testing evaluated the effectiveness of ION’s solution to secure remote access for critical infrastructure devices including routers, switches, servers, and other components in voice and data networks. ION’s products are the first security solutions to comply with critical interoperability and information assurance testing requirements, and are now approved for deployment on the Defense Switched Network (DSN.)

"With the growth of Voice over IP and convergence of voice and data networks, combined with new requirements for secure communications, DoD elements must meet stringent security requirements for remote access to administrative interfaces of communications devices installed on the DSN. The DSN is the “Ma Bell” of DoD providing voice, video and data services to our Armed Forces worldwide," said Greg Youst, an Artel consultant. Artel provides and conducts security services supporting the DSN. Mr. Youst continued, "By implementing the approved ION Solution, DoD base telecom organizations will meet Defense Information Systems Agency (DISA) Field Security Office (FSO) requirements for 2-factor authentication and other stated requirements to secure the management ports of any communications device on the Network." .

“Conventional perimeter and application security initiatives are essential, but they do not address a critical security vulnerability, attacks by ‘trusted’ insiders,” stated Bill Whitney, ION’s CTO. “Our solution enhances the effectiveness of widely deployed security devices such as firewalls, intrusion detection and anti-virus, by deterring attacks while minimizing vulnerability to malicious and inadvertent actions.”

About ION Networks

Since 1984, ION Networks has delivered proven security solutions for enterprises, service providers and government agencies. With more than 50,000 devices deployed worldwide, ION solves a fundamental secure access problem for some of the world's largest companies including Avaya, AT&T, American Express, MCI, Intel, Wachovia, Citigroup and Cogent. More information can be obtained from www.ion-networks.com.

About Artel

Since 1986, ARTEL Inc., an ISO 9001 company located in Reston, VA, has provided a full range of services in secure and open environments including cybersecurity/information assurance, enterprise solutions, telecommunications, and eGov to its clients worldwide. Clients include the Department of Homeland Security (DHS), Department of Defense, US Army, Defense Information Systems Agency (DISA), Federal Emergency Management Agency, National Regulatory Commission and EXIM Bank. More can be obtained from www.artelinc.com.

This press release contains forward-looking statements that involve a number of risks and uncertainties. Forward-looking statements may be identified by the use of forward-looking terminology such as "may," "will," "expect," "believe," "estimate," "anticipate," "continue," or similar terms, variations of those terms or the negative of those terms. Important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth in the Company's filings with the Securities and Exchange Commission (SEC), including the Company's Annual Report on Form 10-KSB, the Company's Quarterly Reports on Forms 10-QSB, and other filings and releases. These include uncertainties relating to technological changes, product development, competition, protection of our intellectual property, our working capital balance and our reliance on several key customers and members of our management.