



newsletter

The management
Newsletter for all
industries involved
with bar-code
scanning and
related
technologies.

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Some general comments....

....about the status of the scanning industry as we complete two years of publication with this issue.

We have been attempting to track the significant events of this relatively new technology. By all indications the industry is entering a period which has been characterized, by the president of one of the well-established scanning equipment companies, as an "exploding" marketplace. Sales of scanners and peripheral equipment have never been better with almost all of the companies reporting record sales.

UPC is still the largest and most visible segment of the industry. These past 12 months there has been a rapid maturing of retailer applications and current sales expansion seems to be limited only by equipment availability. By the end of 1979 there will be about 10,000 operating retail scanning lanes.

Industrial (non-retail) scanning is also growing, with innovative and exciting new applications. It would be almost impossible to accurately estimate the potential growth of this market. Scanning is spreading from production, warehousing and transportation into all phases of management information systems.

Three major developments that we have been watching with particular interest these past 2 years promise to add very significantly to the overall size of the market. Looking back at our previous reports on these 3 areas, we had expected them to come along faster than events have shown. There is little question, however, that all 3 will have a very significant impact in the immediate future:

- o European Article Numbering (EAN) has only shown real growth in Germany so far. Events in England, France, Sweden and Japan, however, suggest that there will be a very significant increase in this marketplace within the next 2 years.
- o The LOGMAR's effort of the Department of Defense will have a very broad impact on government operations and, as a result, will affect industry as well.
- o The use of a distribution symbol on shipping containers may very well cause the largest impact of all, crossing all industry lines.

We have reported some current events of significance for all 3 further on in

this issue and we will continue to pay particular attention to their developments.

We believe we made a correct choice with the decision to publish this Newsletter covering scanning, coding and automation and their varied applications. Our circulation has grown as the industry has grown and we appreciate your continued support, and welcome your comments.

The new home for Accuscan....

....should be a more permanent one, according to DataCash Systems in Clearwater, FL. The Accuscan electronic point-of-sale system has been much traveled, starting with Zellwager (the original Swiss inventor) and then through RCA, Sperry Univac and most recently DataCash.

In a recent interview, Earl Kiser, Executive Vice President and Chief Operating Officer of DataCash Systems, described some of the company's current activities and future plans. The acquisition terms from Sperry Univac for the inventory, know-how and existing Accuscan customer base were never announced and, according to Kiser, these terms will "never be divulged." He reports that DataCash acquired a legitimate inventory of over 100 complete systems which were on location and in the warehouse, as well as work-in-process and replacement parts. DataCash has a plant in Tennessee which is refurbishing old equipment, and a Florida plant which is building new ones. Kiser is projecting a total availability of 250 systems by the end of 1980. These systems are defined as computer-controlled front-end systems, all of which are upgradeable to scanning but not necessarily including scanning.

DataCash will continue to purchase their scanners from Spectra Physics and hope there will be sufficient availability of these scanners to meet their demands. They are projecting total sales through the end of 1980 of 179 stores of which 50% will be scanning. All of the rest will be upgradeable to scanning.

The major effort to date has been to get the existing Accuscan customers to keep their equipment and not turn it back. At the time that Sperry Univac abandoned the EPOS system business they agreed to repurchase any systems in the field. Some have already been returned and DataCash is trying to get all of the equipment still in the field to remain in place. A few of the chains have already agreed to do so based on the DataCash assumption of full maintenance service and backup responsibilities.

The major selling point that DataCash will be pushing is the superior, advanced software package of the Accuscan System which, they say, is being constantly modified and upgraded. Kiser maintains that the Accuscan hardware and software package perform as well or better than any other available today, and at very competitive prices.

About 12 key people came over from Sperry to DataCash at the time of the acquisition earlier this year and during the intervening months. More are expected to come. These include engineering, marketing and manufacturing personnel with specific emphasis on software experts, some of whom date back to the original RCA efforts. There are currently 8 in the field sales staff and this is expected to grow.

DataCash is almost entirely (97%) owned by C-ran, a closely-held military-industrial subcontractor. DataCash manufactures and markets POS terminals to the cafeteria industry and is said to have about 300 installations in the field at such chains as Morrison's, S & S, Furrs and Wyatts. They have been in business for 5 years and Kiser indicated the company is well financed and able to handle the expansion program for Accuscan systems.

Although the acquisition took place a few months ago, DataCash is still operating under a low profile with the major emphasis on existing installations. They expect to expand this activity to active sales within the near future.

This brings the total number of EPOS/scanner manufacturers to six. There has been a distinct shift in the marketing posture of most of the companies. There is new emphasis on price and performance with particular attention to software flexibility and reliability. DataCash will not have an easy time trying to establish market position against some very aggressive competitors.

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*           LATE BREAKING NEWS ITEM
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* We've just received a news flash from our scanning-sports-network. Com-
* puter Identics beat MEKontrol in a softball game this past weekend. No-
* one would admit that this was a grudge match, but the cackling of the
* Computer Identics staff could be heard all over the Boston area.
*
* Captain/pitcher/president David Collins of Computer Identics attributes
* their win to the maturity (older-age?) of the C/I team. There were ru-
* mors that Captain/pitcher/president John Hill of MEK, with his previous
* knowledge of C/I's game plan and signals, was frustrated by his inability
* to capitalize on that information. (You'll recall that Hill was VP of
* Marketing of C/I until about a year ago.)
*
* Everyone pretended to be very gentlemanly about the contest and there is
* even talk of making this an annual event. Anyone else interested in
* joining this League?
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Did you see the "SHRINK OGRE"....

....that Datachecker has put behind bars?

In a clever double-page spread in the trade press, National Semiconductor is emphasizing the major benefits of UPC scanning to reduce shrink and increase profits. Included in the Shrink Ogre's domain are pricing errors, under-rings, inventory control and price management -- all of which the Datachecker Bar Double X Scanner promises to eliminate.

The graphics show the Ogre behind bars -- UPC bars, of course -- with a slightly cross-eyed caveman-hero holding the key. The ad is an attention grabber. We wonder how many inquiries and sales it has grabbed?

An indication that National Semiconductor is not just fooling around is

their announcement that they are expanding their production facilities for Datachecker Scanning Systems. They have enlarged production space from 50,000 to 150,000 square feet for the manufacture of point-of-sale equipment, and expect that this will increase their production capacity five-fold. In addition, they are increasing their field service staff from 300 to 400 employees.

LOGMARS has published a progress report....

....covering their activities for the period January through June 1979. LOGMARS is the Department of Defense Study Group studying the application of machine readable symbols for the automation of materiel handling.

The decisions were made during this past 6 months to "prototype test" code 39 and to "laboratory test" OCR-A. The prototype tests of the 3 of 9 bar code include 6 field locations and will involve "transportation linkage". Limited vendor marking will be initiated which means that some suppliers to the government will be asked to apply bar codes to their packages prior to shipping to government installations. The balance of the code markings will be done by on-site labeling.

The 6 locations designated for the code 39 prototype tests and their respective functions are as follows:

1. The Air Force will be testing wholesale receiving at Warner Robins ALC, Georgia.
2. The Army will test retail receiving at a direct support unit in Germany.
3. Defense Logistics Agency will work on shipping at the Defense Depot, Ogden, Utah.
4. The Marines will be looking at wholesale inventory and location survey at the Marine Corps Logistics Base, Albany, Georgia.
5. The Military Traffic Management Command will test terminal processing at Oakland, California (final site not yet designated).
6. The Navy will be testing under-way replenishment with integrated functions between Naval Supply Center, Norfolk, Virginia, a supply ship and its aircraft carrier.

Two additional tests have been proposed but not yet approved for testing at the Naval weapons station, Concord, California, and at the San Antonio Logistics Center, Kelly AFD, Texas. The entire program has been placed under Ms. Beverly Joyce, who has been designated as the Test Director. Joyce is based at the Army Depot in Tobyhanna, Pennsylvania.

There will be significant numbers of scanners and imprinters purchased for these tests, and interested manufacturers should be contacting LOGMAR's to get on the bidders' lists.

EAN scanning....

....continues at a high interest, but a low action, level in the UK. A recent

report from NCR indicates 5 retail chains have committed to scanning. These are Fine Fare, Tesco, International, Sainsbury and Key Markets. Late in June, Key Markets announced that it plans to introduce an IBM system into their new superstore at Spalding, Lincolnshire. This is supposed to take place during the autumn of this year and they even ran a consumer TV spot on it. This must be added to the previous list of announced openings, none of which have come to fruition as yet.

A few British manufacturers are cautiously source-marking products, with less than 100 companies having requested manufacturer's numbers and only a few of these committing more than a sampling of products to the symbol.

On the other side of the world, Japan adopted the Japan Article Numbering (JAN) a few months ago, and the government is supporting the program with tax concessions and loans. We can probably anticipate a rapid growth of retail scanning in that country very soon. Japan is a member of the European Article Numbering group and the symbol and system will be fully compatible with EAN.

For those interested in following the progress of EAN in all member countries, the Brussels' headquarters of that organization has just published the first issue of the "EAN Newsletter" dated July 1979. There is no indication as to how often it will be published but if you want to receive a copy, contact; EAN, Rue des Colonies, 28 - BTE 8, 1000 Brussels, Belgium. Tell them SCAN sent you!

The 1979 National Material Handling Show....

....includes a Seminar and Forum this year. Scheduled for Sept. 10-13 at McCormick Place in Chicago, MHI is billing this year's show as the biggest and best ever with some 400 exhibiting manufacturers occupying over 200,000 square feet of exhibit space.

Most of the industrial scanning (non-retail) companies will be exhibiting at the show. Scanning, however, is not on the agenda at any of the Seminar/Forum programs.

The Automatic Identification Manufacturers' group is planning another one of their mid-year seminars in early 1980. It will probably be held in Atlanta as it was in 1979. This year's chairman of the program is Ed Andersson of Computer Identics. We will provide more specifics in a later issue.

At the risk of belaboring the point....

....we're at a loss to understand some of the delays that are occurring with the Distribution Symbology Study Group. During this past month, we've spoken to 4 or 5 members of the DSSG who refused to be quoted on the record, but all of whom referred to unnecessary delays and expensive tests and retests which are beginning to smack of nit-picking.

We have received many inquiries from companies and industry groups wondering when there will be a common symbol adopted for use on shipping containers. Some are already moving ahead and placing the bar codes on their containers with good printing and scanning results. We have no quarrel with the theory that it's best to do the testing and evaluation before plunging ahead with the

adoption of a code and printing technique, but there comes a point when additional testing yields very little additional worthwhile information.

The experience of some companies who are already printing bar codes on corrugated would suggest that the challenge is not as difficult as some may think. Certainly much more will be learned when the systems are adopted, but enough is known now to be able to establish the feasibility of bar code printing and scanning on outers.

It's time we got this show on the road.

First-quarter results....

....for Interface Mechanisms indicates continued growth in the sales and earnings of the Lynnwood, WA manufacturer of bar code printers and readers.

Sales for the three-months ending June 22, 1979, were \$2,007,284 as compared with \$844,227 a year ago. Net incomes were \$154,196 or \$.08 per share and \$107,245 or \$.06 per share respectively for the same time periods.

According to David C. Allais, President, "The rate of new orders and customer interest in our products continues to be most encouraging. We hope to achieve a 40% increase in profits for this fiscal year." He also indicates that they are nearing capacity for the plant they occupied in January 1978 and have started construction on a 43,000 square foot addition, scheduled for completion in November 1979.

Symbol Technologies has announced....

....the appointment of Chuck Furedy as Southeast Regional Sales Manager based in Atlanta, GA.

Furedy, who was with Matthews International as their Product Manager in symbology products for many years, will manage the regional sale of Symbol Technologies' Laserchek, Laserscan and film master product lines. He should prove to be a strong addition to the company's marketing capabilities. This is S/T's first major move since going public in June.

Reported highlights of a survey....

....taken by Willard Bishop Associates, of independent grocers who are members of the National Association of Retail Grocers (NARGUS), revealed some interesting (if slightly inconsistent) statistics regarding the future of scanning:

- o 10% of NARGUS members are already using scanning in one or more stores.
- o 30% expect to be in scanning within the next 10 years.
- o More than half of those surveyed felt they would be at a competitive disadvantage if they did not get into scanning soon.