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The <u>extraordinary</u> <u>success</u>....

....of periodical wholesalers with scanning magazines has led to the extension of the system to paperback books. Ever since the wholesalers began their program of installing automatic equipment for the scanning of UPC bar codes on magazines, there has been pressure on the publishers of paperbacks to do the same. The problem, however, was that the small size of the book, and the resistance to violating the front cover, caused disagreements as to where the symbol should be placed.

Fortunately, however, the back cover "belongs" to the publisher and is not sold to advertisers, as is the situation with magazines. It was decided, therefore, that the symbol will be placed on the back cover, probably in the lower left hand corner. As it is now constructed the UPC part of the symbol will consist of a 5-digit publisher's number and 5 digits to denote the price (which replaces the item code on a standard UPC code). An additional supplemental code will be added for the title of the book, correponding to the standard ISBN number used internationally to identify book titles. Only the first 10 digits will be read by the supermarkets. The entire 15-digit code will be read by the wholesalers who must identify the specific title when it passes through their hands.

But the paperback publishers have another problem. A very signficant portion of their sales (about two-thirds) are outside the supermarkets. These are through department stores, book stores and news stands, many of whom have opted for the OCR-A scanning system advanced by the National Retail Merchants Association. And so a compromise has been reached. The bar code UPC symbol, and the OCR-A characters reflecting the ISBN number will be integrated, one directly under the other, into one symbol bloc.

Implementation by the paperback publishers was given a strong boost when Bantam Books adopted the code and promised to print them on all copies, both new titles and reprints, beginning January 1, 1980. Bantam's decision is a significant one, since they are one of the largest and most prestigious publishers of paperbacks in the country. It is expected that many other publishers of paperbacks will be following suit very shortly.

In another related significant decision, the Council for Periodical Distributor Associations (CPDA) drafted a recommended procedure for wholesalers, national distributors and publishers to notify scanning retailers of price changes on UPC coded magazines. The decision reached was that if the cover price of a magazine changes, the retailers are to be notified one month in advance and the UPC code on the magazine is to be changed.

Some of the announcements....

....from Photographic Sciences, plus other information we have obtained about the company, indicate some very significant changes for the Webster, NY firm.

Earlier this year (SCAN Jan 79) a reorganization was announced with the formation of three divisions: V.P. Ed Shadd was to head Product Services; V.P. Frank Cicha was in charge of Photographic Systems; and President Larry Albertson handled the International Division.

Now we have learned that, following an internal battle for control, Shadd has left the company and Albertson is about to leave. Shadd has joined Symbol Technologies (Hauppauge, NY) as V.P. Sales and Marketing where he will direct their domestic and foreign efforts for Laserchek, Laserscan and Film Master product lines. No word yet as to where Albertson plans to go.

Meanwhile, Chairman John E. Blackert seems to be in complete charge at Photographic Sciences and has just announced a new acquisition which suggests another reorganization. Photographic Sciences has acquired Vought, a small division of Cetec Corporation (Costa Mesa, CA). Vought designs and manufactures cameras for use with Computer Output Microfilm (COM) machines. Jack Abbott, who was the manager of Vought, will become the president of the newly-formed Micrographics Groups within Photographic Sciences. Frank Cicha will move over to head the Symbology Group.

Azurdata, which claims to be....

....the second largest producer of portable data entry terminals, made two recent announcements of significance:

o Arthur D. Little has purchased an 8.3% minority interest in the company (terms not disclosed). This was a result of an earlier licensing agreement between Azurdata and ADL Enterprises, (a subsidiary of Arthur D. Little) which gave Azurdata the manufacturing rights to a solid state memory device.

o Azurdata has entered into an agreement with the Grocers Fixtures and Equipment Company (GFE) whereby Azurdata's Scorepak will be offered to GFE members. GFE is a co-op buying organization of retailer owned wholesalers.

According to Thomas K. Zaucha, GFE's President, "Azurdata's data entry terminal is an example of the recent scientific and technological equipments that the food industry can utilize to enhance services and operations."

Speaking about portable data entry terminals....

....MSI, which claims to be No. 1 in this field, just declared a quarterly cash dividend of 10¢ per share. This is the tenth consecutive quarterly dividend for the Costa Mesa, CA company, which is traded over-the-counter under the NASAQ symbol MSID. The company had reported first quarter (ended 6/30/79) earnings of $170,000 (7¢/share) on sales of $10.5 million. This compares to $743,000 (32¢/share) and $11.1 million in sales for the prior year's quarter.

MSI also announced the sale of 250 of their MSI/88 terminals to Sav-A-Stop,

the nation's largest service merchandiser. Based in Jacksonville, FL, Sav-A-Stop services 11,000 retail customers with health and beauty aids, housewares, toys and other non-food consumer merchandise. The MSI/88's ordered will be have a memory capacity of 32K characters and will be equipped with wands to scan the Plessey/MSI bar code. The units will be carried by Sav-A-Stop salesmen who will record their orders by scanning the appropriate bar codes in customer order books.

The <u>August 10</u> report....

....of the Automatic Identification Manufacturers (AIM) contained a number of items of particular interest:

o The 1980 Automated Material Handling & Storage Systems Conference is scheduled for the Atlanta Marriott on April 23-25. This is a very worthwhile conference which was over-subscribed last year. More details of the AIM sessions will be published as available.

o AIM expects to publish 2 new informational brochures within the next 6 months. The "Glossary of Terms" project is spearheaded by Bruce Smith of Markem/Scanmark. Joel Kaplan of Dennison is chairman of another group revising the basic AIM brochure "Automatic Identification For Material Handling and Material Management" *(Joel: While you're at it, could you sharpen up that title a bit?)*

o A new committee has been formed to develop Symbol Nomenclature and explain how each bar code symbol works and its capabilities. This will be a welcome addition to the industry as is the new AIM slide presentation program now available to non-members for $30.00.

o The next scheduled meeting of AIM will be November 10-14, 1979 at Marco Island, FL. AIM is inviting all prospective members to attend.

For more information about any of the above, contact Bill Hakanson, AIM, 1326 Freeport Road, Pittsburgh, PA 15238: 412/482-1624.

<u>There have been some changes in corporate ownership</u>....

....at Identicon, but they are expected to have little impact on operations. Ferranti-Packard (Canada), which bought Identicon two years ago, has now been sold by its parent company, Ferranti, Ltd. (England), to Northern Engineering, a UK conglomerate. We first noticed a change when we saw that Identicon had dropped the name Ferranti from its ads. Since Northern Engineering will be phasing the name of Ferranti out of the corporation, Identicon decided to make that move at once.

Identicon sales have been increasing substantially, according to Art King, V.P. Marketing, due to the wider acceptance of bar code technology, as well as the expansion of the Identicon marketing effort. Identicon, which was always strong in warehousing and distribution applications, has now expanded into production control. Identicon is now marketing to manufacturers of electro-optic devices, automobiles, radios and other industries with sub-assembly and component system applications.

The company has a new general manager, Al Rifkin, and has a more bullish outlook for the future than at any time in the past few years.

In the interest of historical accuracy....

....Fran Beck of Sperry Univac called to correct an error in our August 1979 issue. In a page 2 article we discussed the acquisition by DataCash Systems of the Accuscan point-of-sale system from Sperry Univac. In our review of the acquisition, we stated that the system went back from Sperry Univac through RCA to Zellweger, the original Swiss inventor.

Well, Beck points out to us that Zellweger's development was parallel to RCA and there was no connection between the two companies. Zellweger had installed a system in a Swiss supermarket at just about the same time that RCA was running their tests with the bullseye symbol at the Kroger store in Ohio.

Some subtleties....

....have developed in the recording and use of UPC and EAN manufacturers' numbers. Since the programs are set up on a voluntary basis, there is little that can be done about those who tend to "stretch" the rules. For example:

1. Some U.S. supermarkets have not bothered to apply for their UPC numbers and have not paid their fee to the Uniform Product Code Council. Since their private-label products are only scanned within their own stores, and since they have the use of velocity codes or Retail Zero Suppressed Codes, there is no need for them to centrally register a manufacturer's number. Many supermarket chains feel that they are investing sufficient funds in installing the system and do not have to pay additional fees.

2. Companies in Europe are shopping around for the least expensive country of origin in which to register their products. Some of the EAN Councils do not charge renewal fees and have a fairly low entry fee to obtain the manufacturer's number.

3. There are those European companies which obtained a UPC number in the United States before EAN was established. These companies were exporters to the United States and were required to have such a number to deliver their products to the US retailers. The question arises as to whether they must also register with their country of origin.

4. Multi-national companies with divisions in various countries will have to decide whether to obtain one umbrella number for all, or to register them individually in each country.

In many cases, these situations are caused by factors beyond the actual cost of obtaining and maintaining a manufacturer's number. One such factor is that the scanner installations in the US are not now equipped to read EAN numbers. (The reverse is not true. EAN installations in Europe can read UPC numbers.) We haven't seen any guidelines or instructions regarding these problems and most of the UPC/EAN authorities tend to ignore the situation as of minor significance.

UPC store installations in the US and Canada....

   ....passed a significant benchmark in July when the total number passed 1,000.
   There were 74 new installations for the month of July, bringing the grand
   total to 1,025. The 74 additions for July broke down as follows: IBM 29;
   NCR 18; Datachecker 18; Sweda 6; Data Terminal Systems 3.

   The Wall Street Journal in a front page item noted that "The new pickup in
   scanner sales is a boon to such computer manufacturers as IBM, NCR Corp., and
   National Semiconductor" and also noted that Giant Food recently completed its
   $25 million program and installed scanners in all of its 117 stores, the first
   major chain to use scanners in all outlets. Giant received good publicity in
   Washington with feature articles in the Washington Post and the Washington
   Star, with particular note taken of the advantages to the consumers.

   If new equipment continues to be installed at this torrid pace the total by
   the end of 1979 will approach 1400 stores.

And in Europe the EAN scoreboard....

   ....is also beginning to show some significant numbers.

	Installed	On Order
Germany	9	18
France	–	1
Italy	6	3
Netherlands	2	–
Switzerland	–	1
UK	–	6
Total	17	29

   The "on order" group is designated as those backed up with letters of intent,
   although firm delivery dates are not necessarily included.

   Of the 17 installations to date, IBM has 16 and Sweda has 1 (at Albert Heijn).
   IBM continues to dominate the open orders, except for England where NCR reports
   5 out of the 6 "on order" stores. Of the 18 "on order" stores in Germany, 10
   are reported for the Schapergruppe chain and two for the Drogeriemarkte chain.
   Germany's 9 installations include 35 and 29 lane stores.

   Italy continues to reflect a high rate of activity in the number of stores
   using scanners although there is still no significant movement toward the source
   marking of merchandise, or issuance of **manufacturers' numbers.**

We have written before...

   ....about the activities of Tom Sobczak (SCAN Dec 77, Sep 78, Oct 78). Sobczak
   has written a large number of papers and delivered talks on symbology and cod-
   ing while employed by Waldes where he headed up their data information group.

   Sobczak has now organized a new company which he calls the Little People's Pro-
   ductivity Center located in Baldwin, NY. He brings his knowledge as a serious
   advocate of symbols and scanning automation to small business applications.

According to a brochure from LPPC "Dr. Sobczak's innovative concept is to modify and simplify super systems developed and used by Big **Government**, Big Business and Big Education so that a small business can enjoy its advantages without having to go bankrupt purchasing expensive hardware and software." The goal of his new company is what he calls "simplified automation or simplimation".

Since its inception in February 1979, LPPC has been active in redesigning symbol systems with high mis-read rates to be more efficient. Sobczak claims he can improve corporate productivity by more than one third by designing symbol and scanner marriages to fit the work place environment. He plans to simplify the code to ease the scanners' task.

Sobczak further states "LPPC offers great potential because it is not tied to any manufacturer or service. The mix and match of the 95 companies manufacturing scanner type hardware makes every system cost **effective to the users.** pocketbook."

Sobczak, who was never one to think small, does not yet list any of his specific accomplishments, but you can be sure he will let us know about them when they happen.

And for those readers....

....anxious to keep up with the latest in OCR-A scanning, as implemented by the National Retail Merchants Association, an EDP and Data Communications Conference is scheduled for October 21-25 in Houston. The sessions will include presentations by individual manufacturers of scanning hardware and systems, as well as case histories presented by retailers using the OCR system.

The implementation of OCR for the retailers is moving along in spite of the rumors about a few stores that are dropping the system and the difficulty with the program for vendor marking.

Progressive Grocer Magazine....

....ran an interesting editorial/commentary in their August 1979 issue. The editor pointed to the fact that scanners and computerized information in the supermarkets will not only make operations more efficient, but provide the information to allow the retailers to address what he believes are the more "pressing, creative problems. Grocery shopping has become a drab and unrewarding chore for many people" he continued. "That was not always the case. Supermarkets used to be the most inviting and exciting stores in town."

He then described how the newly available information from scanning can be intelligently analyzed and sensitively applied to make shopping for food just as interesting and pleasurable as shopping for other goods.

His comments were very upbeat about scanning and the added benefits that can be obtained by the supermarkets that install these systems.