



newsletter

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

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After many months of rumors....

....Monarch Marking Systems (Dayton, OH) has sold its OEM/End User Scanner Codabar business to Welch Allyn, Inc., of Skaneateles Falls, NY. Under the terms of the sale (the details of the purchase price have not been released) Welch Allyn will receive the rights to all of Monarch's Codabar patents, design documentation and detailed technical know-how. Welch-Allyn will assume responsibility for all previous OEM agreements and servicing of all products purchased previously from Monarch. Monarch will be responsible for the production and delivery of all orders that have been accepted to date. All future orders will be accepted by and be the responsibility of Welch Allyn.

Comment

The trade rumors had been based primarily on the fact that the widely-used Codabar system was being displaced in many applications by the newer alpha-numeric Code 39. Code 39 has been adopted for test by LOGMARS, the government DOD group, and is also being pushed by many scanner manufacturers. Codabar, of course, is still very much entrenched in many retail and industrial applications. It will be interesting to see how Welch Allyn does with their new acquisition.

The liquor industry hasn't exactly made an about-face....

....but seems to have turned about 90 degrees in its attitude toward UPC and scanning. After an aborted effort over a year ago to impose a special symbol on the industry, the Control States withdrew in the face of industry resistance. The special five-digit UCAB number that was to uniquely identify each product was totally abandoned (SCAN Oct 78, Nov 78, Dec 78, Mar 79, Apr 79).

Now, after a quiet period, there is definite movement again. The first break came when the Northwest Control States group passed a resolution late in 1979 targeting July 1980 as a start-up date, specifying the standard UPC symbol and mandating location for the lower one-third of the package. This was followed in November by the Southern Region Control States who also endorsed the UPC symbol but set February 1, 1981 as the target start-up date and left the location of the symbol to conform with the UPCC guidelines. This last position was endorsed on January 14, 1980 by the National Alcoholic Beverage Control Association which formally adopted the standard UPC symbol and approved the February 1, 1981 start-up date. NABCA is the national organization of all the Control States; i.e., those states which sell alcoholic beverages only through state owned and operated stores.

The problem, however, is that some individual Control States seem to approve resolutions in conference and then go home to attempt implementation that may be slightly different. There are already signs that one or two states are attempting to force use of a different code than has been adopted by their own association. DISCUS, the distillers' trade association, is attempting to encourage their members to proceed with the NABCA resolution. Their feeling is that, faced with standardized symbols on packages, all of the Control States will go along with the inevitable. They are encouraging their member companies to implement the program under the guidelines and specifications as set forth by the Uniform Product Code Council.

There is some risk involved but the field is now open for the equipment manufacturers to approach the Control States with scanning systems capable of accepting the UPC code.

Supermarket scanners in the United States and Canada....

....fell just short of the 1500 mark and ended 1979 with 1472 installations. This represents an increase of 162% over the previous year's total of 562 installations. Some random statistical tidbits:

- o All 50 states plus the District of Columbia now have at least one scanning supermarket. Florida and California lead with 167 and 156 respectively. Winn Dixie is the leading chain with 147 stores followed by Giant's 119. There are a total of 1401 scanning stores in the U.S. and 71 in Canada.
- o The rate of growth has been surprisingly stable since 1975 (with the exception of one year):

1975-76	+148%
1976-77	+ 98%
1977-78	+173%
1978-79	+162%

Maintaining that rate of growth for 1980 would require an average installation rate of 200 stores per month, and no one is predicting that, as yet.

- o The seesaw race between IBM and NCR continues, with IBM inching ahead as of the end of 1979. NCR took the lead in February 1979 and held it until the end of the year. The comparative figures for the end of 1978 and 1979 looked like this:

	1978		1979	
	No.	%	No.	%
IBM	229	40.7	549	37.3
NCR	229	40.7	539	36.6
Datachecker	64	11.4	249	16.9
Sweda	29	5.2	97	6.6
Univac/Datacash	11	2.0	8	.6
Data Terminal Systems	0	0	30	2.0
Total	562	100.0	1,472	100.0

There are very few industries or market areas where accurate comparative sales are so readily available and can be analyzed monthly. This has been a

real horse race on a month by month basis. Note the substantial share of market gain by National Semiconductor's Datachecker, and the very respectable showing by DTS, the new boy on the block. (See below for DTS' continued optimism for 1980.)

Data Terminal Systems is most optimistic....

....about their projected sales of retail scanning systems for 1980. In a recent interview with Roger Lamb of the DTS Marketing Department, the company's program for the coming year was laid out as follows:

- o DTS currently has 30 installations averaging eight lanes each with a "heavy backlog of orders."
- o Their minimum projection for 1980 is 400 new DTS installations. The major constraint to shipping even more systems is the limited scanner availability from Spectra Physics. Lamb indicated they could probably ship in excess of 500 units if more scanners were available. DTS may be exploring other sources for scanners.
- o DTS sales concentration has not been with the smaller retailers, with few checkout lanes, as was anticipated a year ago. The average installation has eight lanes, and a recent Kroger store was established with 16 lanes of DTS scanners.
- o Almost all of the DTS installations are 4:1; i.e., four lanes tied to one data file memory. In a 16-store system this means there are four memory units providing a 4x redundancy. This redundancy, and the less expensive cost of DTS system, provides the major emphasis of their marketing program.
- o The DTS data file now provides a 12 character description for 16,000 items. By the summer of 1980 the file will provide for 20,000 items.
- o Good news for the European retailers and manufacturers. DTS units are available with either UPC or EAN, or both, when ordered by U.S. retailers, and at no extra charge. Scanners can be equipped with slot scanners, wand scanners, or both.

The company leaves no doubt that they feel they are now a major factor in the sale and installation of supermarket scanning systems. Their 1980 projection of 400-500 such systems surpasses the performance of even IBM and NCR in 1979.

There is still a bit of confusion....

....as to how the Food Marketing Institute (FMI) and the Uniform Product Code Council (UPCC) are going to handle the question of the impact of non-scanning symbols at the supermarket checkout counters. UPCC had announced (SCAN Dec 79) that they decided to undertake a study of symbol printing accuracy to determine the extent of the problem. FMI is particularly concerned with establishing a clearing house for information exchange between the retailers and the manufacturers regarding non-scanning symbols.

Tim Hammonds of FMI suggests that the UPCC "charter", which is primarily concerned with monitoring compliance with the UPCC specs, may not be

sufficient. Non-scanning can result from factors other than non-specification printing, such as: UPC number not in the data file; wrong number printed on the package; scanner not operating properly; damaged packages. FMI would like to see all of these factors tracked, particularly for the smaller retailers who may not have the staff or facilities to record and follow up on all of the difficult areas.

FMI's position has become fairly clear. If the UPCC does not proceed, FMI will probably form such an information exchange, hopefully with the cooperation of other trade organizations.

Comment

This problem has been brewing for a long time. Noone knows its extent but its probable causes and potential for trouble have been advanced by a number of people including Tim Hammonds, Tom Wilson of McKinsey & Co., and Shelley Harrison of Symbol Technologies. It would seem that isolating the causes, if not the solutions, might be simpler today than it would have been a few years ago. More stores are scanning, which could provide a broader data base. Also, there is better verification equipment available to quickly check the symbols and pinpoint the problems as they relate to adherence to the UPCC specifications. The progress and acceptance of UPC scanning in the United States and Canada are proceeding too well at this time for the potential problem to be ignored any longer.

The U.S. Department of Defense....

...."Joint Steering Group for Logistics Applications of Automated Marking and Reading Symbols" known as LOGMARS, has issued their progress report through 1979. The prototype test of the 3 of 9 bar codes is proceeding with partial results expected by July 1980. The group is currently in the process of acquiring approximately 24 wand scanners from various manufacturers and has revised some of the test locations previously announced (SCAN Aug 79).

In addition to the prototype tests, which will be performed in the field, there will be additional laboratory tests including: the automatic printing and scanning of 3 of 9 bar code on documentation; testing of the capabilities and operational feasibility of full alpha-numeric OCR-A scanning wands; and the environmental testing of the printing of symbology on 24 different substrates.

There will be a symbol marking exercise which will include test labels printed by the government and supplied to vendors to place on their unit packs with the 3 of 9 bar code and the OCR-A symbol. LOGMARS plans to gather data on vendor response and scannability of the markings furnished. LOGMARS will also be surveying commercial vendors to the government in an attempt to assess the impact on industry of the symbol marking program.

LOGMARS has lost one of its key members. Beverly Joyce, who has become quite well known in the scanning industry as the LOGMARS Army representative and the DOD Test Director, has left to take up a different assignment with the Defense Logistics Agency at Cameron Station, Alexandria, VA, as packaging specialist. Mike Noll has replaced Joyce as the Army representative, but no DOD Test Director has been named as yet.

The third quarter (ending 12/7/79) financial report....

....from Intermec (Lynnwood, WA) indicates a very substantial gain in sales over the previous year, with a modest increase in profits. Sales were \$6.5 million in 1979 compared with \$3.8 million in 1978. The comparable profit figures were \$549,000 compared to \$515,000.

Commenting about the financial report, David Allais indicated that "It appears that sales for the year may total approximately \$10 million with the dollar amount of profit comparable to that of last year. With new products being introduced, an expanding market for bar code related products, and a solid organization, I am most optimistic about Intermec's future."

The company has also announced its new model 9300 reader that can read up to eight popular bar codes and three code combinations (with Code 39). The company states that the 9300 is able to read Code 39, UPC, EAN, Codabar, Ames Code, Code 11, 2 of 5 Code, and Interleaved 2 of 5 Code. The desired code can be selected via panel mounted program switches on the reader. In addition, three bar codes are available in combination with Code 39: Codabar, Code 11 and Ames Code. The price of the model 9300 reader is \$864.00.

MSI Data also published their nine months' figures....

....for the period ended December 29, 1979. Sales were \$33.0 million compared to \$30.5 million for a comparable period in 1978. The corresponding earnings before extraordinary items were \$850,000 in 1979 and \$1.4 million in 1978, a substantial decrease. Third quarter earnings did show an improvement, with an increase of 3½% over last year.

MSI also announced two substantial sales of equipment. Sav-A-Stop (Jacksonville, FL), the largest service merchandiser in the U.S., has ordered 600 more MSI/88 data entry terminals bringing their total to 875 units. These terminals are all equipped with wand scanners to read bar coded order books and will be carried by Sav-A-Stop route salesmen. TG&Y Stores has ordered 1,000 MSI/88 units, and these are intended for keyboard entry only.

Symbol Technologies was so pleased with the success....

....of their seminar in Atlanta on January 16, 1980, that they are planning to announce additional regional conferences soon.

The 225 attendees in Atlanta heard presentations from Tim Hammonds (FMI); David Lansdale (Scott Paper); David Blossom (Wilson Engraving); Bill Maginnis (Hunt Wesson Foods); and Chuck Furedy, Rich Mathews and Jerry Swartz of Symbol Tech. The speakers covered the implementation of UPC from all industry points of view and brought the audience up-to-date on the state-of-the-art in verification systems and new scanning applications.

Symbol Technologies used the occasion of the seminar to announce their new Lasercheck 2701. This new unit is priced at \$4500 and the company is accepting orders for shipment in April 1980. They expect five demo units to be in the field by the end of February. The Lasercheck 2701 is a go/no-go unit which will report percent scannability, symbol decode and check digit verification. The unit will not record bar and space measurements or print

contrast. The company states that, "This model is particularly suitable for rapid quality assurance at press-side, packaging stations, and multiple location incoming inspection."

Shelley Harrison, Chairman, issued a terse statement that....

...."Due to personal reasons, Ed Shadd is no longer with Symbol Technologies. The company is not aware of his future plans."

Shadd joined Symbol Technologies in August, 1979 as Vice President of Sales and Marketing after leaving Photographic Sciences (SCAN Sep 79). Shadd was to be the keystone of a new major marketing program and the move comes as something of a surprise.

In what was discribed as "streamlining"....

....Frank Cicha, VP of Photographic Sciences' Symbology Group explained the closing of the company's sales operations in Florida and Washington, DC; and also the merging of their QC and service office in Monrovia, CA with the manufacturer of their verification equipment. Photographic Sciences had gone through some fairly rapid expansion of offices and personnel in 1979, he said, and is cutting back in those areas that were not productive.

Cicha is very bullish on prospects in Europe. The company has installed Film Master production equipment in Germany that should be onstream within the month after some start-up delays. Photographic Sciences also expects a larger market for their verification equipment in Europe than they experienced in the United States.

Cicha indicated that the company will be announcing some new products soon, but is not prepared to devulge any particulars at this time.

There's a fairly high awareness....

....of UPC and scanning in the Washington, DC area because of the many stores installed by Giant Foods. There has also been fairly good coverage of scanning by the local press.

Recently the Washington Post ran a "puzzle." They printed a UPC symbol without any numbers beneath it and then six additional sample symbols with their corresponding numbers. The challenge: decode the large unnumbered code by checking the other samples beneath. It was not an easy task. The smart ones would probably have taken the symbol over to a nearby scanning supermarket, scanned the puzzle code and read out the numbers.

The Material Handling Institute....

....has announced its new officers for 1980. Of particular interest is the new president, John Hill, of MEKontrol, who has been in the bar code scanning industry for many years. We wish him luck.