



newsletter

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

SCANNING, CODING & AUTOMATION NEWSLETTER • 11 Middle Neck Road • Great Neck, N.Y. 11021 • (516) 487-6370

Volume III Number 9

May 1980

There were two important industry meetings....

....in Atlanta in late April. The smaller one, a meeting of the Distribution Symbology Study Group on April 24, will have a major impact on this industry, probably before the end of 1980.

DSSG is entering its final stages, culminating almost three years of work, examining all of the factors affecting the printing of a scannable bar code symbol on corrugated outer cartons. The work has been exhaustive and included representation from every segment of the industry. We have constantly monitored this progress in many issues of our Newsletter.

All of the test results are now in and the only thing that remains is to write the final reports. Bill Maginnis, chairman of DSSG, has already informally presented the findings of the group before such bodies as the UPCC Board of Governors and other trade and professional associations. The final report of the group, which has been unanimously approved by its members, will consist of 4 parts: color contrast; plate preparation; symbol specifications and tolerances; and how to print a scannable symbol.

The final symbol specifications agreed upon include a minimum narrow bar width dimension of .040", and a minimum wide to narrow bar ratio of $2\frac{1}{4}:1$ (.090" wide bar.) This minimum ratio is intended to provide security for scanning with hand-held wands. The tolerances for the bar widths are expected to be +.013" and -.009". There will be a "bearer bar" around the symbol and its specifications will also be detailed. The bearer bar is intended to provide a more uniform pressure on the entire symbol area during the printing process.

There is one significant change in posture by the DSSG and that is the "semi-recommendation" (our interpretation) of symbologies that will meet the specifications agreed upon. DSSG will state that Interleaved 2/5 (all numeric) and Code 39 (alpha-numeric) are acceptable symbols. DSSG is careful to point out that although these two symbols will meet specifications and are recommended for inter-company and inter-industry use, internal use can dictate the selection of any other type of symbol desired -- so long as it meets the basic criteria.

There will be a quality control gauge recommended in the form of an "H" with the legs of the character .013" apart to gauge maximum gain. (This is one area in which we believe some additional creative thinking would be welcomed.)

Jack Hawkins of Thames Case, in the UK, attended the meeting as a representative of the European Article Numbering groups, and was in full agreement with

the final recommendations. The symbol initially proposed by Hawkins last year is so similar to the Interleaved 2/5 that it was not difficult to reconcile. It is gratifying to see that there will be commonality between the US/Canada/European groups on this question.

Meanwhile the word is that the Uniform Product Code Council is waiting in the wings. Almost certainly, and just as soon as the final report of DSSG is issued, UPCC will move ahead to adopt a symbology, write the specifications and implement the program for the grocery industry. Other industries are bound to follow quickly and the implications for bar code scanning are enormous.

In the first issue of Scan Newsletter in September 1977 we devoted half the issue to the work of the Distribution Symbology Study Group and the selection of a symbol for outer cartons. We predicted then that it would have enormous impact on this industry, and this has been confirmed by every sign. It is time to move ahead quickly into the marketplace.

The other meeting in Atlanta....

....drew between 400 and 500 attendees to the annual Material Handling Institute conference. Those interested in the latest developments in bar code scanning for industrial use attended the conference session conducted by the Automatic Identification Manufacturers, which outdrew all other sessions on the program.

It is difficult to imagine presenting the entire industry story in a time limit of three hours, which is all that the Material Handling Institute allows to the AIM group. Unfortunately, AIM did not really take advantage even of this time allowed. The three hours devoted to the five formal papers were burdened with generalities, overviews and non-specifics that the audience seemed bored with. The highlights of the meeting were the polished presentations by John Hill (MEKontrol) about fixed beam scanners; and the very informative material by Chuck Mara (Computer Identics) who described old and new techniques in bar code printing. Mara also included specific information about various methods of scanning.

It was most encouraging to listen to the very positive thinking of the members of this industry expressed in the hallways and receptions during the conference. Scanning hardware companies seem to be doing well as a group and they have an optimistic outlook for future business. We agree!

Next year's conference will have a new season and a new site in Philadelphia on September 16-18, 1981. We suggest a livelier and more informative program.

There has been very significant activity....

....in the introduction of new point-of-sale laser scanners for supermarket UPC applications during this past month.

Micro Computer Systems (Sunnyvale, CA) has installed their first field test units hooked up to Data Terminal Systems hardware in a Purity Supreme supermarket in Stowe, MA. The test is scheduled to last for a month and includes six lanes.

MCS is very aggressive in their approach to this marketplace (SCAN Oct 79).

They expect to price their units competitively, based on quantity, and will feature performance comparable to other scanners now being sold. One of the major advantages claimed by the company is that the unit is manufactured with fewer parts and more reliability, is easier to fabricate and therefore easier to maintain. MCS expects to ship their first production units by the third quarter of 1980 and claims they can be geared up to a production level to produce 1000 per month by the end of the year, if the orders materialize. That sounds impressive.

DataCash has also announced a new laser scanner. This one is being tested in an installation at Woodsons in Knoxville, TN. This scanner was originally a Sperry Univac development and scheduled for release in 1978/79. It was deferred when Univac decided to leave the business. It was then picked up by DataCash, and according to Earl Kiser of the company, the project was completed with many improvements. The company claims that the new unit will have a greatly enhanced window area (twice the size of current units), a larger depth of field (4"-6" effective), optimized scan pattern, high speed logic, improved error correction capability, and double the rate of speed of the laser beam. The price will be highly competitive and will be available for production for DataCash itself and for other companies in the industry by the third quarter of 1980. (It seems the third quarter of 1980 is going to be a busy time.) It is significant that DataCash will be OEMing these scanners to their competitors.

Both companies have gone into the scanner business with a very optimistic outlook because they both claim that the total market has been held back by the lack of availability of scanner hardware. The DataCash unit, by the way, will scan both UPC and EAN symbols intermingled, which should be good news to our European friends.

Good Housekeeping ran a very upbeat....

....full page ad in the NY Times, Wall Street Journal, Advertising Age and other publications this past month. It was in celebration of the 50th anniversary of America's first supermarket and extolled the "genius of the American supermarket" in bringing the finest foods from all over the world "within the easy reach of rich and poor alike."

What particularly attracted us to the ad was the introduction of a new logo, shown here, which incorporates the UPC bar code as the symbol of today's supermarket and its promise for the future. We wonder whether Good Housekeeping would make this excellent logo available to the industry for use of its own.



This would be a good project for FMI.

The UPC Council in Dayton, OH....

....has announced that the information interchange service is up and running. Any retailers that come across symbols that do not scan are asked to call the UPCC at their special number 800/543-8137. (Dick Mindlin specifically requests that that toll-free number be used only for calls relating to the information interchange.) The information will then be relayed to the errant manufacturer who is expected to mend his ways with his next print run.

There has also been some very active response to the proposed modification to the UPC Guideline 11 relating to pre-packaged random weight items such as meats, cheese, etc. The various trade associations are making themselves heard, some with strong differences, but it is anticipated that all will be resolved shortly. The proposed modification attempts to establish a standard system of product identification using number system "2". It is devilishly complicated to try to accommodate the requirements of the diverse industries involved with the different purchasing, packing, warehousing and retailing requirements of each. The task has fallen to Tom Wilson (McKinsey & Co., consultants to the UPCC). We have seen some of the preliminary responses from the various trade associations and companies deeply involved and concerned, and we wish him luck.

UPC installations in the US and Canada....

....are proceeding at record breaking rates, as predicted. For the first quarter of 1980 the total number of new installations was 308. March alone accounted for 132 new systems.

There are a number of interesting market trends in the following table. NCR and IBM are still seesawing back and forth with NCR currently taking the lead again. Datachecker had a most impressive showing, and came close to being the leader, during this past quarter, in the number of new stores started up. Data Terminal Systems has had a slow start toward their goal of 400 installations during this year, as reported in our February 1980 issue.

| | Total as of | | 1st Qtr. '80 | | Total as of | |
|-----------------|-------------|-------|--------------|-------|-------------|-------|
| | 12/30/79 | | | | 3/31/80 | |
| | No. | % | No. | % | No. | % |
| NCR | 539 | 36.6 | 104 | 33.7 | 643 | 36.1 |
| IBM | 549 | 37.3 | 80 | 26.0 | 629 | 35.3 |
| Datachecker | 249 | 16.9 | 90 | 29.2 | 339 | 19.0 |
| Sweda | 97 | 6.6 | 17 | 5.5 | 114 | 6.4 |
| DTS | 30 | 2.0 | 19 | 6.2 | 49 | 2.8 |
| DataCash/Univac | 8 | .6 | (2)* | (.6) | 6 | .4 |
| | 1,472 | 100.0 | 308 | 100.0 | 1,780 | 100.0 |

*Net loss of 2 based on 2 new installations by DataCash, and 4 removals of Univac systems.

Comment

Some concern has been expressed that a combination of the recession, the lack of sufficient scanners and the item pricing issue may result in this year's system sales coming in below expectations. We won't be foolish enough to predict the effect of economic conditions. But the supply of scanners shows signs of loosening up (see above), and most retailers are not expressing too much concern with item pricing.

Hewlett Packard is now offering....

....a new digital bar code wand with great promise, according to the manufacturer, for improved performance and reduced price. The features include

"0.3mm (.012") resolution, digital output, push-to-read switch, single supply operation, stylized case, durable low friction tip and solid state reliability." The wand is priced at \$99.50, with substantial discounts in quantity.

This new H-P product received a very large play in the April issue of Byte Magazine as the answer to the needs of the computer industry for an inexpensive tool for data input. Byte has long talked about printing digital information in bar coded form as a technique for economically distributing data or programs for use in a personal computer or other local processor (SCAN Dec 77).

The thrust of the current article emphasizes the capability of printed software that can be readily distributed for automatic input, and as a boon to small business computers and home computers. Some of the applications foreseen by Byte include scanning instructions for microwave ovens, nutritional data, special diets and other esoteric home uses. For the office they foresee tracking of file folders, ticket verification, security verification, and inventory control.

Comment

Although we are not one to discourage an interest in potential markets such as home use, we believe it would better serve the interests of the scanning industry to emphasize the commercial/industrial application of scanning for the next few years. The computer industry suggests a large and attractive market segment, but there is a great deal still to be done before bar coded software becomes a reality -- certainly in the home.

Symbol Technologies has appointed....

....a new vice president of sales. Richard Rausch has taken over this position for the Hauppauge, NY company as of May 1. Rausch comes from Data General where he was New York Metropolitan Area Marketing Manager.

Symbol Tech will be pitching a new market at the Food Marketing Institute Show in Dallas on May 4-7 this year. They are promoting their Laserchek verification devices for use by supermarkets for checking UPC symbols at receiving docks, warehouses and store shelves, in order to isolate scanning problems before they reach the checkout counters.

The service agencies....

....in the magazine and paperback wholesaling industry, seem to be warming to the task of promoting bar code scanners to their clients. A recent full-page ad by Anacapa Industries, Inc. (Hanover, NH) promoted the virtues of the Spectra Physics scanners as opposed to the other companies which "went out of business or went with scanners that were not proven, not fast enough, awkward to use, unacceptable by the Bureau of Radiological Health, or unable to withstand the harsh treatment received in the distribution environment."

Comment

There is a bit of puffery in that ad, but probably just enough truth to make it effective. However, there are signs that other companies with good equipment are starting to make inroads in that industry which, of

course, may be why the ad was run in the first place. There are about 167 wholesalers now scanning, which comprises about half the number in the industry. It is a good market, and has demonstrated one of the most effective applications of bar code scanning to date.

Amid rumors about retrenchment,....

....poor cash flow and film master production start-up problems in Europe, comes a firm statement by Frank Cicha (speaking for President, John Blackart of the company) that Photographic Sciences (Webster, NY) is strong and expects to prosper during the coming years both in the US and Europe. There will be more emphasis on equipment, says Cicha, VP of the Symbology Group, including verification devices and special scanners; and also a tightening of administrative procedures and expenses, and a broadening of the sales base can be expected.

The company recently appointed Anderson and Vreeland to distribute Photographic Sciences' Auto-Scan, Veri-Scan, and Envelope Reflectants Meter. A & V made their first public introductions at Print 80 in Chicago last month and reported good response. We believe this is the first time that Photographic Sciences has gone outside its own sales force to sell their products in the US.

Although the information is a bit dated, the company released financial highlights a few months ago covering the past two fiscal years. Total revenues in fiscal year 1979 (ended June 30) were \$3.1 million compared to \$1.7 million for the previous year; net income was \$142,000 compared to the previous year's \$62,000. It is a bit unusual for data of this type to be released by a privately-held corporation, and financial information for the current fiscal year is not available.

Just this past month a Rochester investment banking firm, Foster, Hickman and Zaeglein, announced it had purchased a 20% interest in Photographic Sciences. It is understood that this investment was made to buy out the stock formerly owned by Lawrence Albertson, who left the company last year, and that the company will not realize any additional capital from the transaction.

There has been a definite increase....

....in EAN activity in the United Kingdom. Individual chains have been installing test and pilot systems and making claims in the press as to who is first with what and where. The retailers are in a big publicity match-up which will probably have the desired effect of stimulating the manufacturers to move ahead quickly and put the EAN symbols on their packages.

Micronic of Stockholm, Sweden....

....wants us all to know that Computer Identics' claim to be the first with a portable data entry terminal (SCAN Mar 80) is not so. They point out to us that Micronic has been producing such terminals for the last few years which scan UPC/EAN, Code 39, Code 2/5, Codabar and others.