



newsletter

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

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Trumpeted as the first major....

....commercial use of holography, IBM has introduced a new supermarket check-out scanner that uses a wrap-around field of light to read product information on the packages. Holography, a technique for making three dimensional pictures, allows the Model 3687 scanner to read product information on standard and irregularly shaped articles. The company claims there will be no need to precisely align items for scanning, and checkout speed will be increased as a result.

This new scanner is scheduled for delivery during the third quarter of 1981. It will be coupled with the new line of 3683 series terminals. A checkstand, equipped with the new scanner and the terminal, will cost approximately \$10,000.

Comment

IBM's claims for the new holographic scanner are quite dramatic and, in fact, could be significant. We'll wait to evaluate whether or not it becomes unnecessary to orient the UPC/EAN symbol to the scanner window and just how much faster throughput becomes.

This announcement presents a classic example of product obsolescence in a high technology field. What should a supermarket operator do if he is ready to order a new front-end scanning system? If in fact the IBM scanner is so superior, why would he want to saddle himself with one of the older "horse and buggy" models? It will be interesting to see how the market reacts, and of course, the response of competition.

The involvement of IBM....

....in the bar code scanning market still seems to be limited to supermarket front-end scanning. The commercial/industrial scanning applications have not grown enough nor have they become sufficiently standardized, to attract IBM to this marketplace on a more aggressive basis. Whether the development of the new holographic scanner changes this attitude remains to be seen.

IBM has been marketing other data entry products using magnetic stripe technology. In effect, according to the company, a "scannable" code is encoded into a mag stripe with the advantages of multiple coding and re-use, high code density, durability and resistance by the code medium to dirt, grease and other abuse. Depending on the application, the quantity used and the require-

ment for multiple use, it is claimed that mag stripe technology can be more cost effective than printed bar codes. IBM cites some applications, specifically suitable for this type of data capture, in their product literature.

In separate letters....

....to Albert Heijn, Chairman of the EAN Executive Committee, both IBM and NCR outlined their plans for UPC/EAN scanning compatibility in the US and Canada supermarket installations. The point here is that all UPC installations to date will not read EAN and the EAN Council wants to see that changed to protect European manufacturers.

In a letter sent out earlier this year, IBM promised that the EAN-13 scanning support would be available in the Programmable Store System Code starting in August 1980. All systems delivered after that date would be scanning both codes at no additional cost to the customer. EAN-8 capability would only be available at an additional charge of \$600 (which no one is expected to order).

In November, NCR informed Mr. Heijn that all scanners produced after January 1979 "incorporate the capability of reading EAN-8 and EAN-13 symbols in addition to UPC symbols. This EAN/UPC reading capability will be activated when the appropriate software is installed." The letter then goes on to indicate that NCR is modifying the US software to accommodate EAN processing but does not give a firm date as to when it will be available.

So at least Mr. Heijn has been able to gain the attention of the two hardware leaders and hopefully most new equipment installed in 1981 will be UPC/EAN compatible. That still leaves a few thousand stores unable to scan products with EAN symbols (and NCR's letter is a bit vague).

During a recent trip....

....to the UK we ran across two interesting tidbits of information concerning the underlying trepidation with which most printers greet bar code printing:

1. There is word that the printing unions are instructing their members to request special pay for printing EAN symbols. This is the first time that we have ever heard that printing a bar code was considered hazardous work.
2. Printing companies are doing their best to hide behind a non-liability clause which they are adding to their quotations and invoices. Presented in many different ways the clause, in essence, reads "No liabilities incurred concerning the readability of the symbol or code."

We would like to acknowledge....

....some interesting information we received from the new "European Bar Code Symbology Newsletter" published by Gunther Leue of Leue Management Consultants. Each of the first three issues published in November was devoted to a separate topic of interest. There are now 23 scanning stores in Germany and most of them report that source-marked items constitute more than 50% of their item movement past the scanners.

In a study comparing bar code and OCR scanning, Leue comes down heavily on the side of bar code scanning. The study was commissioned by the Joint Coding Authorities of Austria, Germany and Switzerland. Summarizing the results:

1. Bar code substitution rates are much lower than OCR.
2. Bar code scanners cost less.
3. Bar codes can be printed with greater density than OCR (including the man-readable codes).
4. First-read rates are higher for bar codes.
5. Bar code scan rates are faster.
6. New bar code scanners can read intermixed codes.
7. Bar code readers are more versatile.

Also included was an update of EAN events in Japan. Japan had joined the EAN in 1978 and has committed the EAN bar code to food and grocery retailers. (Department stores seem to be moving in the direction of OCR-B tags and labels.) EAN scanning stores are still very much in the testing and development stages with about five stores equipped, mostly with a smaller number of checkstands (3 to 8). The equipment manufacturers in Japan include NCR, Matsushita Electric, Tokyo Electric (TEC) and OKI Electric. The information about a Japanese hardware manufacturer ready to come on the market with a combination OCR and bar code scanner is still second-hand and will require investigation.

Many of us....

....have recognized the importance of consumer and employee education when installing UPC systems in retail supermarkets. Mark Zivan has done something about it. He formed In-Store Learning Systems which has produced training programs for cashiers and consumer orientation. The employee program is available as an audio/visual presentation with a workbook to be used in workshop sessions. It gives the cashier all of the basics of scanning checkout, how to locate the UPC symbol on various types of packages, hands-on practice with all proper symbol locations and version, how to handle distressed symbols that scan in only one direction or won't scan at all and techniques for building speed and productivity.

The shopper/consumer version answers shoppers' questions about scanning in a lively and informative audio/visual presentation, according to Zivan. It tells the consumer about scanning benefits, shows him what the UPC symbol means, and features explanations of how the scanner works and saves time and money for the customer and the store.

The cashier training package called "Scanning and Speed Scanning" costs \$295 and includes 50 workbooks and test sets. Depending upon format the shopper orientation package costs \$95 to \$125.

In-Store Learning Systems is about to ship their first units and Zivan advises that he has had orders from 39 supermarket chains on a pre-publication basis, sight unseen. In-Store Learning Systems, 85 Main Street, Watertown, MA 02172, 617/926-3530.

We haven't yet made up our minds....

....as to whether a letter sent by H. E. Butt Grocery (Corpus Christi, TX) to their suppliers represents a valid position. Without further comment from us, here are excerpts:

"As a company we have worked very hard on improving the accuracy and completeness of our price files, but we continue to experience pack changes, and, in turn, UPC changes without having received any notification of the change. We have evaluated the additional administrative expense and the productivity losses at store level to be \$250 per item. We feel the vendors should bear this cost if it can be determined that a UPC code was changed without an accurate, timely notification to our buyers.

"If a scanning problem is reported to a vendor and it is not corrected within 45 days H.E.B. may either charge the vendor an additional \$250 or discontinue the item."

Bar code scanning has made life easier....

....for those periodical and paperback wholesalers who have installed automated systems. These new systems have been called nothing short of revolutionary in the industry in the handling of returns.

Now a new challenge is presented by Robert Bartles, President of the Council for Periodical Distributors Association (CPDA). Reimbursement for the return of periodicals and paperbacks still requires the presentation of physical evidence from most wholesalers/distributors to the publishers. This is time consuming, costly and requires a great deal of material handling. Bartles states "The expansion of scanning and single entry wholesale operations has resulted in a predictable increase in the demand for affidavit returns and the instant destruct of off-sale copies."

Comment

The scanning hardware suppliers have done an excellent job in providing the equipment for the automation of returns processing. Affidavit returns present an additional opportunity to utilize scanning and related systems that will provide the audit controls and internal failsafe mechanisms demanded by the publishers. With the appearance of bar code symbols on the covers of almost every magazine and paperback today the means to follow the audit trail are available. It awaits the design of a system to satisfy the requirements of the publishers and the operational needs of the wholesalers.

The progress being made....

....by the ANSI sub-committee on coding and labeling seems to be very significant. After just two meetings the group is preparing a draft for circulation among its members and expects to meet again in February to consolidate the comments.

These two-day working meetings of the committee are attended by talented and interested representatives from the industry who seem to be doing their home-

work between meetings and come well prepared. We are looking forward to excellent progress and reports from this working group.

The Department of Defense....

....has now officially approved Code 39, with OCR-A man-readables, for use throughout their agencies and installations. According to a statement issued by LOGMARS: "DOD activities are proceeding with plans for implementation of use of the symbology in applications determined to be cost-effective." Of particular importance to all industry suppliers: "Implementation will be accomplished by individual service activities and will not be directed from a central source."

This means that although the LOGMARS proto-type test program of Code 39 is continuing, each activity is free to move ahead on their own employing the Code 39 format. LOGMARS is scheduled to complete their test program by the end of April 1981 and to have their final report furnished to the DOD in September '81.

MSI continues to bombard the market....

....with new products and information. The latest, a portable data entry terminal, Model MSI/88e-a is an upgrade of their 88e to include some of the features of their more expensive 88f. At \$1,200, it is priced midway between the two older models.

The company has also announced the Pocketcom, a compact acoustic communications coupler. It replaces an outboard electronic module for use with the MSI/66, the company's lowest cost portable data entry terminal. According to MSI, the primary feature of the Pocketcom is its compactness. It's small enough to fit in a salesman's vest pocket. A typical MSI/66 with Pocketcom and 8K memory is priced at \$450.

Comment

By the way, MSI is milking their "sweepstakes" results (SCAN Jun 80; Oct 80) for all it is worth. Remember one of the winners who was going to check the Rapid Transit System in San Francisco and Japan?

He is now appearing in a four-color MSI ad headlined "Can Japan's rapid transit efficiencies work in the USA?" Mike Rabin, the winner, is presumably standing in the middle of a pushing crowd of Japanese commuters, except that there is a clear BART (Bay Area Rapid Transit) logo on the train indicating the photo was taken in San Francisco. Tsk, tsk!

There was a most optimistic report....

....from Accu-Sort Systems (Telford, PA) this month. Al Wurz, President, stated "The past few years have seen terrific growth at Accu-Sort...and domestic sales have surpassed the preceding year by a healthy margin for the fifth consecutive year." Accu-Sort has added a west coast office to be managed by Don Carvell, based in Palos Verdes.

Additional details....

....were provided by Interface Mechanisms to their earlier report of a new stock offering (SCAN Nov 80). There will be a total of 250,000 shares of common stock offered which will include up to 50,000 shares by principal shareholders. The offering will be made through an underwriting group, from whom you can obtain a copy of the prospectus: Piper, Jaffray and Hopwood, 800 Multifoods Building, 733 Marquette Avenue, Minneapolis, MN 55402; or Foster & Marshall, 205 Columbia Street, Seattle, WA 98104.

A new and ambitious system....

....has been introduced by Info/graphics Inc., called Docu/Track. The system integrates bar code readers and printers with a Datapoint mini-computer providing a flexible technique for document tracking. The company claims that the system can be used for many different types of documents and materials including X-Rays, patient medical records and file folders. Applications include time and attendance reporting, cost accounting, work-in-process and access control.

Info/graphics is a national representative for Datapoint Corporation, and is located at 186 Forbes Road, Braintree, MA 02184; 617/843-9171.

If you are interested in bar code scanning....

....(or why are you reading this publication anyway?) then you should obtain your own copy of a new 63-page study published by NCR titled "Key Entry Bypass or Automated Item Identification". The publication which calls itself "A Tutorial on the Key Entry Bypass Art" provides a fairly complete and accurate assessment of bar codes, OCR and magnetic stripe coding. It concludes that the bar code symbol Code 39 is the best and most efficient of all.

For copies of this publication contact Corporate Press Relations, NCR Corporation, Dayton, OH 45479.

There will be five sessions....

....devoted to OCR scanning at the 70th Annual Convention of the National Retail Merchants Association. The NRMA meeting is scheduled for January 11-14 at the New York Hilton and will also feature a comprehensive Retailer's Business and Equipment Exposition. There is going to be at least one session on OCR scanning on each day of the convention.

A new speaker's bureau....

....has been established by the Automatic Identification Manufacturers to answer the increasing demand for information on bar coding equipment and systems. There are currently 12 speakers addressing nine different topics and additional speakers and topics will be added as available.