



newsletter

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

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Continuing the odyssey....

....of the AccuScan supermarket scanning system, it is about to be sold once more, this time by DataCash Systems to the Van Berkel Organization of the Netherlands.

DataCash acquired the AccuScan system, and lots of inventory, from Sperry Univac in mid-1979 (SCAN Aug 79). Subsequently the company announced the availability of a new laser scanner, claimed by the company to be superior to others on the market (SCAN May 80).

But all to no avail. DataCash has not been able to place any new installations, and actually pulled out some of the original Sperry systems soon after they took over.

In talking about this latest move, Earl Kiser, Chief Operating Officer of DataCash, offered some interesting observations. According to Kiser, the industry has been reluctant to deal with DataCash, primarily because it is a small company. Even though there are real competitive advantages to the DataCash product line of scanners and point-of-sale systems, the company felt that it was inhibited by its limited marketing staff, resources, and most important, credibility. DataCash felt compelled to seek a merger with a larger company. They were also looking for a strong European marketing organization, reasoning that the opportunities in Europe exceed those in the United States, where suppliers are already well entrenched.

According to Kiser, Berkel answered these requirements and answered them well. It is an old line, well-financed company, solid in products that it sells to the supermarket industry. Berkel is a major producer of slicing and electronic weighing devices, load cell scales, refrigeration equipment and standalone ECRs. Berkel has a US subsidiary and a growing product line in the US and Canada controlled from their offices in LaPorte, IN. The company is strongly involved and committed to retail food and supermarket industries on a worldwide basis.

Only the assets of DataCash are being sold, leaving the company shell. The reported, but unconfirmed, selling price is \$2.4 million. Under current plans the company personnel and facilities will remain intact and operating. There has been no decision as to the disposition of the DataCash cafeteria systems (which preceded the acquisition of AccuScan).

Thus begins a new chapter in the travels of this supermarket system which has been thought of in the industry as well-engineered, but poorly packaged and marketed. Berkel will have a late start in North America, but should be well-positioned in the growing European markets.

It seems as if each month....

...we predict the coming of the final Distribution Symbology Study Group report and it hasn't happened yet. Maybe soon, but it's a little like waiting for the Messiah!

Assuming that it will be only a few more weeks, the next major and significant steps that will have to be taken by the various industry groups will involve adopting (or revising) the study and selecting a symbology. The Uniform Product Code Council is probably closest to moving on these matters, since the industry's code numbering system is in place and scanning has become a way of life for the retailers and manufacturers.

The selection of the appropriate symbology is an important decision. The position of the DSSG is that the Interleaved 2 of 5 and Code 39 symbols are recommended as suitable. Both symbols involve bars of only two widths, are reliable, and have proven to be dependable through broad use in many industry applications. Each has its strong points: I 2/5 is a more dense code, i.e., it requires less space or "real estate" on the carton or label; Code 39 is alpha-numeric for those applications requiring this flexibility. There may be others which meet the basic DSSG parameters for ease of printing, but interest seems to be focused on these two symbologies.

Comment

This decision has fairly far-reaching implications. The UPC code and symbol were designed for somewhat narrow applications at the point-of-sale. The distribution symbol is designed for use at all levels of distribution, will cross industry lines and involves product mix not encountered with the retailer's code and symbol.

Visualize, for example, the variety of distribution outlets used by non-foods products now sold in supermarkets, variety chains, hardware stores, department stores, convenient stores, etc. Follow a carton of merchandise as it touches different industry services from its production origin through its total life until sold to the consumer. It may be scanned as it leaves production, enters inventory, is processed for shipment, while in transit, at warehouse receiving and on to its ultimate destination. Automation of material handling by the transportation industry, for example, could be pushed back a few notches by the proliferation of symbologies in the various industries.

Could this be the right time for these industry groups to start talking to one another? And to what extent will they be influenced by the decision already made by LOGMARS, the Department of Defense Study Group strongly leaning in the direction of Code 39? We have waited four years, a very long gestation period, for the DSSG report. We certainly don't want to see any more unnecessary delays. But this is important to the future of the scanning industry and should get its full share of attention.

There is a bit of competition....

....as to who can reach the market first with information on the new distribution symbol. Even before the specification has been published Photographic Sciences scheduled 19 seminars, most of which are devoted to the new symbology (SCAN Jan 81).

Matthews International Corporation now announces: "A series of seminars featuring Uniform Case Symbology has been scheduled for four major cities in March." The seminars will be held in Chicago (March 17); Los Angeles (March 19); New York (March 24); and Atlanta (March 26). They will be all day sessions and will cost \$110 per attendee including lunch and coffee breaks. For complete information: Matthews International Corp., Graphic Systems Division, 1919 Cochran Road, Manor Oak II, Pittsburgh, PA 15220; phone 402/344-9433.

The Fibre Box Association is also planning a series of seminars on the Uniform Case Symbology, but has cut back their schedule from five seminars to two seminars, which will be held in Chicago and Los Angeles.

We are having some difficulty....

....understanding the Uniform Product Code Council Board of Governors' position with regard to the verification of printed UPC symbols. We commented about this (SCAN Jan 81) after reading the letter sent out by the UPCC stating their position on symbols that do not scan and the need for verification.

Recently the UPCC published "A Guide to Manufacturers". It is a workmanlike job written in laymen's language and provides a general background to the industry suppliers as to what UPC is, how it works and why it is needed. It does not try to sell too strong a case to manufacturers on the benefits that could accrue to them if they participate, but explains the significant advantages for the retailers.

However, there is very little mention of badly printed symbols and how to avoid them. A manufacturer would not even know there were devices or methods for checking or verifying printed symbols after reading the manual. The question of responsibility and liability is not included at all.

Comment

We have attempted to pursue this question with the UPCC. The only official comment is either "No comment" or, from an authoritative source, that "The Board of Governors has decided not to directly address the problem of verification or legal responsibility". The position is that verification is optional and that the requirement exists only to "print in specification, and that legal responsibility is based on industry practice and the fact that the manufacturer is voluntarily supplying a printed symbol".

By the way you can obtain a copy of a Guide to Manufacturers for \$5.00 from UPCC, 7051 Corporate Way, Dayton, OH 45459.

The term "voluntary"....

....has come into some unfortunate (mis)use these past few years. It has

been used, for example, when referring to systems that are not legally enforceable, and which do not have the authority of law. Programs like UPC and the US Postal Service's five-digit Zip Code (soon to be nine digits if the USPS has its way) are referred to as voluntary, since you won't be arrested if you do not comply.

We would like to suggest that another term be substituted. The way we see it, there is nothing voluntary about either a program which mandates that a supplier place a UPC symbol on his package in order to have his merchandise purchased by a supermarket chain; or the reality of mailing a letter without a Zip Code that arrives weeks late, if at all.

For those wanting to survive in business, or to have a letter arrive in a reasonable amount of time, it is a "mandatory" program. It may be "non-legal" but it is surely not voluntary.

If you are keeping score....

....on the latest in the item price battles between the scanning supermarkets and the consumer groups in the US, then you will want to watch for the results in Florida. Winn-Dixie Stores, Publix Supermarkets and the Florida Retail Federation have filed suit in Federal Court in Miami to stop the spread of local ordinances in that state which prohibit the removal of item prices.

The state's counties and municipalities have been picking away and enacting this restricting legislation on a local basis which has made it more difficult to oppose. The current tactics of the supermarkets are to attack this centrally in Federal court. Florida has one of the largest concentrations of scanning stores in the country and the outcome could be significant.

Meanwhile, in a somewhat surprising move, Publix has gone back to item pricing in all of its stores because they claim to have discovered that their customers want it that way. They say that this move will not have any effect on their Federal Court suit, but it would seem to take some of the steam out of their effort.

A recent study....

....of hospital deaths related to blood transfusions dramatizes the need for fail-safe systems such as those utilizing bar code scanning. Documented evidence was presented of as many as 33 deaths between 1976 and 1978 related to incorrect administration of blood to hospital patients. Specifically, it was determined that clerical confusion was the cause of those cases in which error could be defined.

This study, authored by C. L. Hoing and J. R. Bove, was published in the Nov-Dec 1980 issue of TRANSFUSION. "The single most frequent type of error, failure to adequately identify the recipient prior to starting transfusion, most often occurred when two or more people in the same location requested blood for different patients and one mistakenly thought the units needed had arrived." The intensive investigation by the American Red Cross, and related blood banks, to develop an improved method of identification resulted in the adoption of bar code labelling and scanning at all stages of blood bank administration. Installation of automated bar code entry, using Codabar, is now

proceeding rapidly and is expected to eliminate these errors almost entirely. The system will require the checking and correlation of the information contained on patients' identification bracelets and the blood type to be administered, all through the use of cross-checking bar codes.

Prototype scanners of both the wand and laser type have been in test in selected locations, and broad-based installation of these systems is expected in the near future.

Intermec continues to publish....

....very optimistic reports about their financial progress. The most recent report for the quarter ended December 31, 1980 reflected net income of \$452,000 or \$.23/share on revenues of \$4.1 million. This compared to \$218,000 (\$.12/share) on revenues of \$2.4 million for the corresponding period last year, an increase of 77% in earnings and 60% in sales.

President David Allais points out that "Pre-tax profit as a percent of sales has improved to 19% in the most recent two quarters as compared to 14% in the previous fiscal year ended March 28, 1980. We have been assimilating the expansion start-up costs that had been depressing Intermec's pre-tax profits a year ago." Allais goes on to attribute part of the revenue and profit success to the development and marketing of bar code readers for non-retail uses in warehouses, storage yards, laboratories and factories. This portion of the Lynnwood, WA company's business has increased from about 13% in fiscal 1979 to the current rate of 29%, Allais reported. With the new financing from the 250,000 shares of stock sold in December (SCAN Jan 81) the company's working capital was reported to have been increased by approximately \$3.4 million.

It is not the scanning industry....

....but you have to sit up and take notice of what's happening in the financial market vis-a-vis high technology companies. There were four full page ads in one publication (Datamation Jan 81) announcing recent new issues and secondary offerings by computer companies:

Apple Computers -- 4.6 million shares at \$22.00/share = \$101 million
Tandem Computers -- 1.4 million shares at \$66.50/share = \$93 million
Baird Corporation -- 600,000 shares at \$14.00/share = \$8.4 million
Tymshare -- 750,000 shares at \$38.25/share = \$28 million

If you have been thinking about doing it, and your company is ready, this may be a good time to raise capital in the marketplace. A few scanning companies have done it this past year (Symbol Technologies, Interface Mechanisms, and Computer Identics -- which raised their money privately). We have been particularly pleased by the positive response to the financial offerings from this industry. Another strong indicator is the price/earnings ratios which have been in a healthy range.

Comment

Now if someone could come up with an application requiring \$100 million and a romantic, exciting future potential, it would really put bar code scanning on the financial map. (This announcement is neither an offer to

sell nor a solicitation to buy, any shares in SCAN Newsletter. We'll let you know when we are ready).

MSI has announced....

....a new portable electronic data reporting system for retail in-store use. The unit features data input via bar codes and/or OCR scanning and has a flexible multi-program capability adaptable to different departments and types of retail outlets.

The company cites examples of possible uses to include cash register sales reporting, merchandise inventory tracking, payroll and price audit. Programmable, so that programs can be changed at will, the terminal has a keyboard for entering data, a display of 16 characters to "prompt" the operator at each step, a powerful microprocessor and memory storage capacity of up to 32,000 bytes of program and data.

Some recent personnel changes....

....include Barbara J. Armstrong who has been appointed Director of Sales for Data Composition, (an Arcata Operating Company) in Menlo, CA. The company has 50 employees and provides library book catalogues and optical scanning labels for automated circulation systems.

Sweda International has a new president, Robert S. Scheidmantel, Jr. He was previously Vice President-General Manager of U.S. operations of the Pinebrook, NJ manufacturer of electronic point-of-sale and cash register systems. Sweda also took the occasion of the announcement of this appointment to indicate that supermarket scanning system backlogs were up 42% at the end of the first quarter of fiscal year 1981 compared to the corresponding quarter of last year.

The recording industry....

....represented by the National Association of Recording Merchandisers (NARM), is having their annual convention this year at the Diplomat Hotel in Florida. Scheduled for April 11-15, 1981, the presentations include a session on "Inventory Management and Bar Coding" which is part of the association's effort to stimulate interest in scanning and automation for the industry. (There has only been limited success so far.)

The only gratifying part....

....of making a typographical error is that you find out who is really reading your Newsletter. For those who save past issues, please correct our last one to reflect the correct publication date on the first page (January, 1981); and note, on page five, that Photographic Sciences is charging \$85.00 for their seminars.