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

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Coincidentally, two related communications....

....crossed our desk one day last week. One was the ANA Newsletter No. 9 (published by the Article Number Association of the UK). The other was a letter from Safeway Stores to one of their suppliers. They were related because each addressed the problem of meeting UPC printing specifications from different points of view.

• The explicit ANA statement, by Richard Wilson (Harlands of Hull), Chairman of the ANA Publicity Committee, is in line with the position of the Uniform Product Code Council (SCAN Jan 81). Here are some excerpts from the ANA statement:

"It is the intention of the ANA, EAN and UPC systems that the required dimensions and tolerances in the final printed symbol should not have to be directly specified as such. Instead the specification...lays down the conditions to be fulfilled at each stage of the production process. Scanning equipment should then be capable of reading a symbol produced in accordance with the conditions. Printers should not be expected to give specific guarantees on the readability of printed symbols. Any printing defects which arise should be handled under the normal commercial relationship between printers and their customers.

"Suppliers of consumer goods should not be expected to give guarantees on scanability to their trade customers....Verifiers are measuring devices. Because the specification is framed in terms of procedures and not dimensions, verifiers can give misleading results. Rejection of a code by a verifier does not prove the symbol is out of specification, nor does acceptance of a code by a verifier prove that the symbol is in specification....The EAN memorandum of agreement specifically absolves manufacturers from any obligation to obtain checking equipment. The only true test of a printed symbol is that it will decode on retailer scanning equipment.....It is far more important to consider that the whole concept of article numbering and bar coding is on a voluntary basis...

"...I do not believe that it would help our cause if we endeavored to tie ourselves down to strict specifications, liabilities and guarantees, with the ultimate threat of legislation. The German industry has moved in this direction with the result that there exists considerable mistrust and acrimony between retailers, manufacturers and packaging printers." The second communication was a letter from Safeway to one of their manufacturer/suppliers of products. It stated the results of five samples tested by the chain on their verification equipment. All of them were judged "out of spec". The letter concluded "It would be most helpful if you would notify us of the date when scannable UPC symbols will be available (next print date)".

Comment

We have read and reread the statements by the UPCC and the ANA and have failed to find a defensible position on this issue. How can anyone use as a reference a specification "framed in terms of procedures and not dimensions"? How can a printer live with: "the only true test of a printed symbol is that it will decode on retailer's scanning equipment"? Whose scanning equipment? (Hold the press while I run down to my neighborhood supermarket to test a symbol, and if that item is not in his data file, tough luck!) And since no two scanners function exactly alike, the test results are meaningless.

These are real day-to-day business operating problems. Sophisticated devices have been designed to measure symbol dimensions. The entire industry has been instructed for seven years that the true test of a symbol is that it meet dimensional and color specifications and not that the printer follow antiquated procedures that have been rejected by everyone who knows anything about printing bar code symbols. The Printability Gauge, for example, went the way of the horse and buggy years ago and has been abandoned by every knowledgeable printer we know.

We suspect we may have fallen into the hands of the lawyers who are trying to get everyone to stick their heads in the sand. The industry deserves better than this!

The ANA (UK) announced....

....the appointment of A. C. Nielsen, Ltd., as the central clearing house in the UK for sales and market research data collected from retailers operating EPOS equipment. This appointment is in furtherance of the EAN memorandum of agreement which states "all concerned in the manufacture, distribution and retailing...should be able to avail themselves of the basic data collected by the automatic cash registers."

This method of data collection by one central agency is unique to the United Kingdom and provides that manufacturers and suppliers will have access to data on their respective products. No distributor may enter into any separate and exclusive agreement which would prevent his providing basic data to the central clearing house. Nor will the EAN clearing house, in this case Nielsen, have exclusive rights to the data. The individual manufacturers and distributors would still be free to negotiate on an individual basis for data with the retailers.

The ANA also announced a one-day conference on article numbering, bar coding, and scanning, scheduled for March 26, 1981 at Queen Elizabeth Hall. Donald Harris, ANA Chairman will be the conference chairman and the conference will include sessions on all aspects of automated retail scanning and a current status report of UK progress.

The year 1980 ended....

TOTAL

....with a total of 3,108 scanning supermarkets in the US and Canada. This included 113 new stores installed in November and 83 in December. Included in the year-end totals were 68 stores not previously reported.

The overall performance for the year was impressive:

1,471

100.0

	Sc	anning Sco	reboard 1	980		
	Total as of 12/31/79		Installed 1980		Total as of 12/31/80	
	#	%	#	%	#	%
NCR	539	36.6	653	39.9	1,192	38.4
IBM	549	37.3	380	23.2	929	29.8
Datachecker	249	16.9	372	22.7	621	20.0
Sweda	97	6.6	88	5.4	185	6.0
DTS	30	2.0	144	8.8	174	5.6
DataCash	7	.5			7	2

Commiss Commissed 1000

Of particular significance are the changes in market share during 1980. This is a more accurate appraisal of current performance and shows NCR retaining, and slightly improving, their leading share of the market. The significant gains by Datachecker (National Semiconductor) and Data Terminal Systems, were mostly at the expense of the drop by IBM.

1,637

100.0

The number of scanner-installed stores more than doubled in 1980. We don't think this percentage increase will sustain through 1981. We project new store installations will fall between 1,500 and 2,000 stores and expect this may become the steady-rate over the next few years. In January 1981, there were 108 new scanner installations (plus 9 not previously reported). These broke out as: NCR-44; IBM-16; Datachecker-25; Sweda-9; DTS-14(+9).

Enlarging on our exclusive report....

.... of the sale of DataCash Systems to Van Berkel of the Netherlands (SCAN Feb 81), the new company will be known as Berkel Systems, Inc. David Moody has been named president of Berkel Systems and will be moving into the Clearwater, FL operation from his position as Managing Director of the Berkel Subsidiary in Australia.

The current plans are to aggressively market the AccuScan checkout systems and the Eagle I scanner in the United States for the balance of 1981. Subsequently, Berkel Systems plans to enter the European market. The system is not quite ready, pending changeover to the power requirements and special programming for the EAN market, including language, currency, etc.

There are currently five stores using the new DataCash Eagle I scanners. Two are upgrades from key entry; one is a switch from Spectra Physics; and two are new installations. These are in addition to 11 supermarkets with new DataCash systems (presumably non-scanning).

100.0

3.108

The company also emphasizes that they will continue to provide service support to their present and new customers without interruption.

Data Terminal Systems has been in the news lately....

....with reports of cash flow problems. The company has been negotiating with a European based firm (unofficially reported to be Olivetti) to sell a portion of its equity. Recently it sold its new 300,000 sq. ft. facility, now under construction, to Digital Equipment Corp. (DTS will lease the building back from DEC when completed.) The money from the sale of the building will be used to help reduce debt, which was \$50 million at the end of 1980, up from \$2 million at the end of 1979.

The company reports poor last quarter results in 1980 primarily due to economic conditions. This is a sudden turn-around from increasing earnings over the past few years. The company is also suggesting that the problems are not solely attributable to a decrease in the sale of equipment, but also with its financial management.

Probably not coincidentally, DTS has named Warren Tyler President and Chief Operating Officer to succeed Robert Collins. Collins founded the company and will now fill the new position of Chairman and CEO. Tyler was promoted from the position of Executive Vice President.

Item pricing in scanning stores....

....is continuing to provide controversial news. Broward County in Florida has passed a new item-pricing law even while the Florida Retail Federation is pursuing its suit against item pricing in two other Florida municipalities (SCAN Feb 81). The Federation indicates that their suit will not be affected by the new action by Broward County and if the suit is successful it is expected to be effective against all other county regulations in the state.

In the State of New York, the item-pricing law, which expired on December 31, 1980, is expected to be extended by the state legislature. There may be some slight changes in exempting certain products and sizes of stores in the final bill.

RJS Enterprises has kicked off....

....their advertising program with a hard-hitting full-page ad in the trade journals promoting their own special cure for "symbolitis".

The (Monrovia, CA) company promises fast relief from the "affliction caused by repeated exposure to symbol technology and the problems caused whem symbols are not in-spec". To be cured of this dread disease you need only buy one of their verification units. This represents the first major promotional effort by the company since they broke with Photographic Sciences (SCAN Oct 80; Nov 80).

RJS also announced the appointment of Kingstown Photo as their exclusive licensee for film masters and verification equipment in the United Kingdom.

The company expects a new film master generator to be up and running this month for that market.

The most recent LOGMARS report....

....indicates that the Department of Defense project is proceeding with the full backing and support of the Joint Logistics Commanders of the various services. Of particular interest in the current report:

- LOGMARS is preparing various basic documents to provide guidance for the implementation of bar code scanning.
- A draft charter is being prepared for a proposed LOGMARS follow-on group to serve as the DOD contact re symbology usage. This group will maintain contact with other government bodies and industry groups to keep abreast of the current state-of-the-art in both symbology and equipment.
- There will be progress reports submitted by June 30, 1981 of the various test programs by the service activities. The Army is testing dot matrix printing on six-part forms. Currently the original and first copy can be read and further work is under way to obtain readable bar codes on all parts of the form.
- A LOGMARS cost/benefit analysis has estimated annual savings of \$68 million in selected functions where symbology is applicable. The study has indicated more accurate, reliable and timely data capture, improved production flow, increased asset visibility, and better control/accountability.
- Over 600,000 symbol marked labels have been supplied to contractors in six selected federal supply classes. The vendors have been asked to apply the labels which have been entering the system.

The history of Norand's entry....

....into bar code scanning presents an interesting case study. After years of false starts dating back to 1968, the Cedar Rapids, IA company became convinced of the existence of a bar code scanning market when it received 600 responses to a full page ad in the Wall Street Journal in April 1978. The responses included 289 of the Fortune 500 companies.

The lesson learned at that time was that each application was unique. The Model 101 portable scanner, designed to handle this market, required special programming for each application. At that time 8 to 16 weeks of programming time were necessary to satisfy each special application.

So back to the drawing board. In April 1979 the company introduced Data-Firm, enabling the user to make program changes in a metter of days instead of months. This led to the Federal Express order (SCAN Nov 80) for 650 terminals, with a possible 3,000 more after tests were completed. The company now predicts that it will be a "dominant force in our industry" in the 1980's primarily due to further improvements in programming flexibility. At the present time marketing emphasis is on route accounting for direct

delivery of beverage, bakery, snack food and dairy products using truck-mounted terminals.

This brings Norand into direct head-to-head competition with MSI which recently announced their new Route Manager. The MSI system is user-programmable, with customer software also available from the company. MSI estimates that there are 190,000 delivery trucks in the United States that could benefit from the installation of such a system. Other companies such as Azurdata and Telxon can certainly be counted upon to fight for their share of this market as well. This application will include both scanning and non-scanning units and will probably go well beyond delivery trucks and distributors. The Federal Express application sold by Norand, if successful, will certainly spread to the other major courier services.

The use of field units promises to become a major application for bar code scanning and one that will be pursued aggressively.

MSI's third quarter results....

....for the period ended December 17, 1980 showed a whopping 30% increase in income and sales.

		s ended 12/29/79	9 month 12/27/80	s ended 12/29/79
Total Revenues (\$000) % Increase (1)	14,189	10,930	39,763	32,019
Net Income (\$000) (2) % Increase (1)	794 30	611	2,461 41.9	1,734
Net Income/share (\$) (2)	.33	.27	1.06	.76

- (1) Compared to same period last year.
- (2) Net income from continuing operations.

The Flexographic Technical Association (FTA)....

....is holding their 23rd Annual Technical Forum on May 12-14, 1981 at the Hyatt Regency in Kansas City, MO. The Forum includes two sessions on the so-called UPC container symbols (also called the distribution symbol or the Uniform Container Symbol). We hope that the final DSSG specification is issued by the time the sessions are held.

For further information: FTA, 95 West 19th Street, Huntington Station, NY 11746; 516/271-4224.

If you are setting up your 1981 calendar....

....you may want to allow time for the Material Handling Institute's 1981 Automated Material Handling & Storage Systems conference. It is scheduled for September 16-18, 1981 at the Franklin Plaza Hotel in Philadelphia.

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