



newsletter

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

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If I were you....

....I would send in my reservation to Scan Tech 82 right now!

The Automatic Identification Manufacturers rebooked this first convention of the bar code scanning industry for a new date and hotel (SCAN Dec 81). The potential interest level was so high that larger accommodations were needed. In our opinion, even the enlarged capacity (400 attendees and 40 exhibitors) won't handle the world-wide interest. Here are the new dates and location:

- November 3: Registration
- November 4-5: Two full days of programs
- Location: AMFAC Hotel and Resort, a luxurious new facility at the Dallas/Fort Worth Airport, Texas

The proposed agenda is so jam packed with important presentations and workshops that meetings are scheduled to start at 8 a.m. each day. Informal evening sessions are also planned to give everyone the most complete access to the conference speakers and industry "gurus," and for the exchange of information.

The tentative program has Day 1 devoted to presentations on equipment, and a bar code workshop on the design and use of machine-readable codes. Day 2 will be turned over to the users to present application case histories in such areas as manufacturing, distribution, medical, libraries, and others. The wind-up will include an overview of the convention and the industry, and a glimpse into the future.

AIM has had a significant growth in membership during the past year and there are now about 25 member companies. This convention will certainly improve the visibility of the organization and inevitably draw new members. For further information and reservations contact: Education Department, Material Handling Institute, 1326 Freeport Road, Pittsburgh, PA 15238; 412/782-1624.

Don't just sit there. Call MHI now.

The EAN General Assembly....

....annual meeting this year, will be in the United States for the first time. The meeting is scheduled for May 7 in Chicago, just prior to the Food Marketing Institute convention (also in Chicago, on May 9-12).

On the agenda for the EAN General Assembly will be:

- Approval of the EAN despatch units specifications.
- Approval of recommendations with respect to company identification.
- Report on the coding of general merchandise.
- Approval of guidelines concerning the acceptance of new members and the future organizational structure of EAN.

Comment

We welcome the EAN Coding Authorities from the 16-member countries. The agenda for their one-day meeting is an important one. We look forward to meeting many of the visiting members.

In particular, approval of specifications for despatch outers (case codes) could not have had better timing. The UPC Council is planning to issue its recommendations early in May, and a coordinated, compatible world-wide coding system would be a major achievement.

The sticking points that were holding up the code and symbol for shipping containers seem to be close to resolution. Although Germany has been using the EAN code and symbol to mark outers, Karlheinz Hagen of the C.C.G. sees no problem with conversion to the proposed 14-digit case code. The UPC and EAN codes can be encoded into the recommended interleaved 2 of 5 symbology, and now everyone seems ready to accept that bar code. France is still promoting a 16-digit code to include a 2-digit quantity designation, but the other members of EAN and UPC do not seem to be buying that concept.

Above all, we hope for a truly international system that will cross borders without difficulty. It will provide this industry with the basic specifications and parameters to move ahead with all of the hardware and software required.

Among the more significant potential growth areas....

....in the use of bar code scanning is mass merchandise retailing in the United States. The major mass merchandise chains, such as K-Mart, Wal-Mart and Thrifty Acres, are working on test programs based on scanning the UPC symbol.

The Wal-Mart Company is now operating two test stores. In Fayetteville, AR, the store has 15 checkouts with 84,000 stock keeping units and results are reported as excellent. In Little Rock, AR, the test store has 10 checkout lanes, 65,000 SKU's and there are some problems being worked out. (As a reference point, a typical scanning supermarket has fewer than 15,000 items in the store.)

For the front-line checkouts, the company is using NCR and DTS systems with Spectra Physics and Microscan slot scanners. In the selling areas, with "outlying" checkouts, they are using hand-held wand scanners hooked up to NCR systems, or Norand 20/20 scanners hooked up to DTS systems.

Cross-over merchandise from supermarkets has resulted in 25% of all of the items arriving at the warehouse source-marked with the UPC symbol. Items not

source-marked have bar code and price labels produced in the central warehouse and affixed to the products. Wal-Mart must produce one million labels per day, just to keep up. This is currently the major bottle-neck and problem area. The company is looking for faster and better label-producing equipment than the Printronix units that it now operates. A decision was made to use the EAN-8 format for those symbols printed in-house. UPC/LAC is too limiting, and the imprinters producing this symbol are impractical for the quantity and diversification needed.

The goal of the company is to have 65% of all of their products source-marked, and to label additional products bringing the total to about 85%. (Some merchandise is just not suitable for coding and symbols.) Wal-Mart has contacted 3500 of their largest vendors and has notified them that they want their merchandise UPC-coded as soon as possible. The preliminary evaluation by the chain indicates a savings on shrinkage, and a 20% improvement in throughput at the checkout, which is better than expected.

Wal-Mart operates 500 stores. No firm program has been established as to how fast they will convert to scanning, but there will be some additional test stores during the next year. The next store selected will probably be a smaller one so that they will have representative experience from their various size outlets. Included in the system is the scanning of UPC-coded shelf labels for inventory and price control.

The mass merchandise chains are setting up their tests and evaluations without the help of any of the trade or industry organizations. The National Retail Merchants Association is still focused in on OCR, and the National Mass Retailers Institute is doing nothing in this area. The significance of these activities goes beyond these retailers. The combination of supermarkets and mass merchandisers will include just about every type of item sold at retail in the United States (other than furniture and automobiles). As more and more products carry the UPC symbol, it will make conversion to scanning that much easier for other types of retail outlets who will almost certainly be following along soon.

One of the efforts....

....to improve productivity in the US automobile industry, has been the formation and progress of the Automotive Industry Action Group (AIAG). There is now an AIAG Newsletter to broaden the information base of the group and expand membership among suppliers.

The AIAG is addressing its attention to bar coding systems for production and inventory control. According to the first Newsletter report, in a section titled, Bar Codes Are Coming!:

"The auto industry is rapidly adopting bar coding systems for production and inventory control. Automated product identification via bar codes permits a new generation of intelligent automated or roboticized processing and transfer equipment to identify the parts being handled and determine what operation is to be performed. Bar codes are already in use for receiving verification, warehouse inventory control, assembly verification, process control, automated freight consolidation, and cycle inventory checking. Suppliers are beginning to see more engineering specifications calling for a bar code label on their products.

"Currently the codes most commonly used by the industry are the 3 of 9 and interleaved 2 of 5 codes. Two new codes, Telepen and Code 128, are reviewed because they can handle the lengthy alphanumeric codes used by the auto industry in minimum space".

Those involved as suppliers or potential suppliers to the automobile industry, can obtain a subscription for \$35 per year. Contact: AIAG, c/o Robert Nitzkowski, Douglas & Lomason, 24600 Hallwood Court, Farmington Hills, MI 48018.

Comment

Although the article refers to Telepen and Code 128, we have learned, unofficially, that the industry will probably stay with interleaved 2 of 5 and 3 of 9 because they are already in place and in such wide use.

The March 1982 issue....

....of Supermarket Business magazine stepped back a bit to focus on scanning and its effects on the supermarket industry. In a thoughtful editorial, Ken Partch wrote "We may be bored with the promises [of scanning] but the most exciting part is right now -- with the applications, analyses, and controls that are beginning to appear."

A feature story inside titled: Scanning -- Phase II, refers to the new stage in the development of this technology. This involves new applications of data derived from scanning all departments -- perishables, dry groceries and general merchandise. Unlike Phase I, in which the use of scanning data was limited to front-end labor scheduling and some market research, Phase II will be operating from a data base of the entire store which is UPC-labeled for scanner tracking. New computer software and hardware will combine with store-wide scanning (including perishables) to yield greater productivity. The article goes on to describe operations in a substantial 38-store chain (Shaw's in Massachusetts) and a single store operator (Mike's ShopRite in Lansing, MI). It provides a good perspective for those in scanning or considering it.

Comment

The buzzword in scanning productivity nowadays is perishables. The introduction of scanning changed front-end operations; future major changes will occur when UPC case coding takes hold; in between there has been the coding and scanning of meat and produce.

In its wisdom, the UPC Council never rushed the industry into the coding and scanning of random-weight items. It has let it evolve as the tools became available. Scales, imprinters and software, that have been developed over the past few years, have dramatically changed the way in which these departments now do business in scanning stores. Spoilage, shrinkage and merchandising strategies are all areas showing positive effects from random-weight codes and symbols placed on packages. The impact of scanning on operations and profitability will be felt on an even larger scale as these techniques mature.

New scanning hardware....

....from an established company is always welcome and interesting news. Control Laser is the leading manufacturer of solid state and molecular gas laser sources

and systems used in industrial machine tool laser systems. Up until recently these laser sources (YAG, CO2 and ION gas) were used for cutting, welding, drilling, scribing, engraving and heat treating in a wide variety of applications. Control Laser is a public company organized in 1966, and concentrating on lasers since the mid-70's. The company's sales in 1980 were \$13.3 million.

Control Laser has introduced its InstaRead I Scanner, described as a moving beam laser scanner measuring 4 3/4" x 4 3/4" x 18". This compact package contains the entire system: laser scanner, decoder and processor. The unit can be programmed, from the InstaRead remote hand held programmer, to operate as many as eight different code types, each up to 40 characters. Of particular interest, the company claims that the system will read up to eight code symbologies "indiscriminately" and any two in the same sweep sequence. There are 850 scans per second with real-time diagnostics.

The price ranges from \$4,647 for one, to \$3,718 for more than 50. According to product manager, Dick Wheeler, the company has orders in house totalling over \$500,000, has 250 units in production, and shipped 10 units in mid-March. Patents have been applied for covering the decoding capabilities of the analog portion of the system. The company's marketing focus will be on end-user systems (not OEM).

Wheeler, formerly with MRC (which doesn't seem too active these days) has also told us that Control Laser is now "on the launching pad with our hand-held version and will be demonstrating the prototype within the next few weeks". Control Laser Corp., 11222 Astronaut Boulevard, Orlando, FL 32809; 305/851-2540.

A substantial contract....

....for the development and installation of a program to improve distribution control has been entered into by Symbol Technologies for American Bakeries Company, Chicago.

The anticipated benefits for American Bakeries will include accurate data entry, and productivity improvement in the distribution and return of merchandise. The entire project will be implemented in three phases. If all phases are completed, it will take about 18 months and cost over \$3.5 million. Of this total there will be \$1.6 million of Symbol Technologies' scanners, and \$2 million of equipment that S/T will purchase from outside vendors for inclusion in the system.

According to Neil Leist, Chairman of the Executive Committee of American Bakeries, "As a result of the use of Symbol's scanning equipment, we anticipate a return of our entire investment in less than one year after the program's successful implementation."

In related news, Jerome Swartz has assumed the position of Chairman of the Board of S/T in addition to President. William Trautman has been brought into the company as General Manager and Chief Operating Officer.

Photographic Sciences has completed....

....its acquisition of Harland Data Systems (UK) from the Harland Group (SCAN Mar 82). The final price, approved by both companies, was \$1.8 million in

cash and notes. According to David Morrison, Harland's Chairman, "This sale enables Harlands to concentrate more capital resources into the group's major area of involvement -- that of pressure sensitive labeling systems."

As for Photographic Sciences, they are acquiring a specialist in the supply of computer-generated bar coded labels for electronic data collection and management information for retail, medical and industrial applications. According to John Hickman, Chairman, this will accelerate the company's "development in the assembly of capabilities necessary for the world-wide marketing of a completely integrated turn-key symbology system based on bar code technology." He feels that Photographic Sciences will be "better positioned to participate profitably in the new and fast expanding field of providing bar coding solutions for management information and controls."

IBM now has available....

....a Field Developed Program, issued 2/28/82, for interactive data capture using bar codes. This new software package titled "IBM Series/1 -- Data Capture/Interactive Edit and Transmit Support For: Bar Code, Optical Character, and Magnetic Media Devices" is a low cost, distributed data collection system. Data is entered with any of a variety of terminals, edited on the Series/1 and optionally transmitted to a host for processing. Programming knowledge is not required to construct edits or error messages on this Series/1. Edit tables can be received from a remote host and dynamically updated during transaction editing.

The license fee for the program is \$150 per month for 12 months, with a separate license required for each designated machine on which program materials will be used. For further information, and to order a program, contact your local IBM, General System Division office.

There will be an important conference....

....convened by the US Department of Defense to review the broad-based applications of machine readable codes. It will be held at the Tobyhanna Army Depot on May 4-6, 1982. The purpose of the meeting is to bring together US Army personnel from all over the world who will be involved in scanning operations management. This is a follow-on to the work of LOGMARS. Papers will be presented during the three days and a tour will be conducted through the Tobyhanna, PA facility to familiarize the 100 attendees with the operational details of scanning.

In a move....

....to consolidate all administrative and manufacturing facilities into a single more spacious building, Data Composition has relocated to Richmond, CA. The company provides a full range of computer assisted photocomposition and printing services including optical scanning labels, identification cards and related scanning products. Data Composition, 1099 Essex, Richmond, CA 94801; 415/232-6200; 800/227-2121.