



# newsletter

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

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## Identicon seems to have....

....finally found a new home. On April 26, the bar code product line and assets of the company were purchased by Vertex Industries, Inc.

"Who?" you may ask. Vertex is a holding company based in Clifton, NJ, which owns two other companies: Vertel, a manufacturer of high density magnetic stripe readers; and Torsion Balancing, producing special laboratory scales and weighing equipment. The Identicon operation will be moved to Clifton where the plan is to merge the manufacturing facilities of all three companies. Except for a few manufacturing people, none of the Identicon personnel have been asked to join the new organization.

Identicon had terminated all of its sales reps, and the new company will organize a new group. Some of the old reps may be asked to carry the line again; some of the other Vertex reps may be included; new reps may be brought in. Ron Byers, marketing VP of Vertex, tells us that only the rights to the 6000 and 7000 series equipment were purchased. These comprise the newer lines developed recently by Identicon. Byers sees a "synergism" (could there ever be a merger or acquisition without synergism?) between the mag stripe and bar code businesses.

Vertex can use the Identicon name for only two years, after which it reverts back to the original company. Talking about the original company, Ferranti-Packard, the previous owners of Identicon, plan to retain a smaller version of the company as a service organization handling the older products now in the field, and some F-P products.

Identicon has had a checkered history. It was one of the early companies in bar code scanning (non-retail). In 1976 it filed for bankruptcy after almost merging with an electronics firm. In 1977 Ferranti-Packard bought the company (SCAN Sep 77) and attempted for a number of years to get it going -- new capital, new products, many personnel and management changes. Then late last year, Photographic Sciences announced an agreement to purchase the company's assets -- and a few weeks later Ferranti-Packard pulled out of the deal (SCAN Oct 1982, Nov 82).

Now Vertex! We wish them luck. The industry is growing rapidly enough to accommodate a new company with good products, ideas and skills.

Vertex, 125 Ellsworth Street, Clifton, NJ 07012; 201/476-1331.

*also  
mergers*



Symbol Technologies has gone....

....to the well again, and has come up with a bucketful. The company has successfully sold \$4.4 million in new convertible debentures. This is the largest financing ever undertaken by S/T. The manufacturer of hand-held laser scanners has been amazingly successful in its quest for public and private funds to feed its development and growth over the past five years or so.

This large infusion of capital consists of 10-year notes, paying 12 $\frac{1}{4}$  percent interest, and convertible at \$10.25/share. There are about 2.7 million shares currently outstanding. If all of the outstanding convertible instruments were converted to common stock, there would be over 4.7 million shares -- including the over 400,000 from the current underwriting. It is significant that the offering was over-subscribed even before it was officially announced. The venture capital market is active, and bar code scanning is still looked upon favorably by investors in the so-called hi-tech industries.

The new funds are to be used to establish in-house production facilities for the LS7000 hand-held laser scanner (currently under manufacturing contract with Mars Money Systems); development of new products; active pursuit of its rights under its patents; relocation and renovation of new facilities; and for working capital.

In its most recent financial reports the company showed a slight decrease in sales (2.2%) and continued substantial losses for its latest 6 months' period. Consolidated statements for the period ending February 28:

	<u>6 months</u>		<u>3 months</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
Sales	\$1,546	\$1,581	\$ 755	\$ 771
(Loss) From Operations	(1,028)	(510)	(497)	(314)
Net (Loss)	(1,032)	(413)	(515)	(277)
Net (Loss) Per Share	(.38)	(.15)	(.19)	(.10)

(All figures in \$000 except per share.)

The company cautions that it anticipates adverse results from operations for several more months, until it completes its transition to high-volume manufacture of the LS7000 hand-held laser scanner -- currently backlogged at almost \$4 million.

These past few months....

....have been a bit hectic for MSI Data.

- President Donald Brosnan resigned in February as chief operating officer and director. Chairman William Bowers took over these additional duties until a successor is named.
- In January, the company announced it was merging with Sensormatic -- and just as quickly announced that the deal was off (SCAN Feb 83). This merger had been brewing for over a year, and as often happens in the hectic atmosphere of pending negotiations, the company's top management may have taken their eyes off the ball.

*also mergers*



- In January, Bowers predicted improved fourth quarter and year-end earnings. In February, a statement was issued anticipating that reduced gross margins and increased operating expenses would actually result in a decline in profits for the fiscal year ended March 26, 1983. In mid-April, MSI again reported year-end estimates, this time saying it expects fourth quarter and year-end earnings to be "down substantially from the same periods a year ago". According to Bowers, F/Y 83 sales will be between \$57-60 million (compared to F/Y 82 revenues of \$55.3 million).

There have been recent personnel cutbacks, and Bowers looks to a leaner company, and improved results in F/Y '84. He feels the company lost momentum this past year and incurred more expenses than it should have.

One of the areas that Bowers believes offers significant growth potential is in bar code scanning. More than 50% of the company's units are now shipped with bar code capabilities. At the present time they are all wand scanners. MSI is currently working with Spectra-Physics to develop hand-held laser scanners, and expects to offer them for sale by the end of 1983. It was a few months ago that Spectra-Physics and Intermec announced their agreement for Spectra to develop a hand-held laser scanner for Intermec (SCAN Dec 82). As the industry's leader in hand-held data collection systems, this is a significant move for MSI, and highlights the anticipated importance of these smaller laser scanners. Telxon, one of MSI's principal competitors, is already receiving these hand-held laser scanners from Symbol Technologies. This will probably become a standard option with all of the producers of the portable data collection systems.

MSI Data, 340 Fischer Avenue, Costa Mesa, CA 92626; 714/549-6000.

#### We sensed a great deal....

....of excitement and optimism when we spoke with Larry Higgason, the new managing director of the Automotive Industry Action Group (AIAG). AIAG is now an independent organization with its own offices and full time staff.

Staffing is being implemented by means of executive-loan personnel from the major auto manufacturers and from supplier firms. Higgason has been sent over by Ford. Ray Wronski has been named Chrysler's full-time representative and will serve as associate director. Wronski was in semi-retirement acting as a consultant to Chrysler this past year. He will serve AIAG in the area of the group's important "just in time" programs. GM's appointment is imminent, but not yet announced, and two major suppliers are expected to announce their designees shortly. These on-loan executives are paid their full salaries and benefits while functioning with AIAG.

As yet, there has not been any additional funding to cover operating expenses. Some funds have been accumulated through the group's very successful seminars, which have drawn as many as 400-500 attendees. The board of directors is considering a number of alternatives to funding and operating procedures.

The Bar Code Project Team has finalized its draft specification of the interleaved 2/5 and 3/9 codes which are being circulated to each of the involved companies for approval. The specifications do not seem to contain any significant changes to the industry's standards, and are now patterned after the American National Standards Institute's (ANSI) proposed standards.



The label format incorporating bar codes, to designate as many as five different informational elements, is now in final test. The label may be as large as 5½" x 6" including the five symbols with a .020" narrow bar/space element, and 3:1 ratio. These labels go into field test shortly on shipments between suppliers and auto manufacturers. Complete procedures for printing and applying these labels are expected by September 1983.

The AIAG continues to solicit information and assistance from any source, and is prepared to provide speakers and/or pertinent material to any industry-related group. This very significant move to establish AIAG as an independent operating unit is a powerful expression by the industry of the importance placed in the work of the group. It comes after a great deal of effort by Higgason, and the other enlightened members of AIAG, who have been struggling to get the project moving. There are at least 2-3 years of hard work ahead to realize the ambitious goals they have set for themselves.

AIAG, Boulevard Center Building, Suite 425, 6560 Cass Avenue, Detroit, MI 48202; 303/871-3700.

#### You can read about....

....the details in our INTERNATIONAL EDITION, but for the edification of all our readers, the acquisition of the assets of the bankrupt Photographic Sciences (UK) operation took on some interesting aspects this past month.

*also mergers*

The successful bidder for the troubled company was Computype, the St. Paul, MN producer of sequential and random-numbered bar coded labels. Computype quickly separated the small portion of the company it says it really wanted -- and bid for -- and sold the balance to a consortium led by Davis & Henderson, the Canadian licensee of Data Documents (are you still with us?). The new owners turn out to be Davis & Henderson, who own half, and two of the principal employees of the company, who share the other 50%. (Keep in mind that one of the major assets of the company was the right to manufacture bar coded shelf labels in the UK under a Data Documents license).

Everyone seems happy with what they've got. It remains to be seen how each group will be building its markets on their respective portions.

#### In a move....

....to "supply a complete range of products for bar code data entry", Intermec has acquired Ultraprint Tape & Label Corp. The cost of the acquisition was \$115,000 in Intermec stock.

Ultraprint has been a key supplier of labels to Intermec and is the supplier of Intermec's recently introduced Duratherm industrial grade thermal labels (SCAN Apr 82). The company also produces other preprinted pressure sensitive paper and plastic labels.

Intermec's president, David Allais, has appointed Robert Brooks, media development director of Intermec, as the managing director of the new wholly-owned subsidiary. Elmer Busch, Jr., former president of Ultraprint, has been named general manager. The subsidiary company will continue to operate in Cincinnati and no significant personnel changes are anticipated.



We were reminded....

....by Ben Nelson, of Scanmark/Markem, that May 1983 marks the 10th anniversary of the Universal Product Code. The original specifications were issued in May 1973, after the years of experimentation with other symbols and systems. For those who remember the variations of the round and half-round bullseye symbols, this industry came close to being referred to as the "rotary" code industry.

We have previously noted the importance of UPC to the entire bar code industry, with its high visibility and widespread use. It was a technology tailored to meet the specifically-defined needs of the retailers and was not an adaptation from another industry. It has proven as successful as its most optimistic forecasts -- albeit a bit slower than anticipated by some. In the US only the department stores, among all retailers, have not already adopted, or anticipate, the UPC code. It has spread worldwide through the International Article Numbering Association EAN. With the added introduction of the shipping container code a few months ago, the bar code symbol will be ubiquitous within a few years.

So, happy 10th birthday, UPC. To paraphrase: "You've come a long way, bar code."

And to liven up....

....the friendly contest as to who has the bragging rights to having made the most significant gains in UPC retail store installations, here comes the announcement of the first chain to install 500 scanner-equipped stores.

The Bartow, FL supermarket is the 500th scanning system location of the Winn-Dixie store chain. And they are all equipped by NCR -- who, of course, made the announcement.

That is a most impressive number, and our congratulations to W-D and NCR. Each of the 500 stores communicates daily with one of the 11 data centers of the chain, making it "one of the largest supermarket communication networks in the country." according to W-D president, A. Dano Davis. We haven't seen the latest figures from Kroger, but they can't be too far behind, and should also be crossing the 500 mark soon.

There just doesn't seem....

....to be any way to stop the proliferation of Datachecker's Positalker: Safeway announced the installation of the talking scanners in one of its San Diego stores; there are now over 280 installations throughout many chains in the US; and now National Semiconductor has bravely introduced a French-speaking version, specifically designed for the French-Canadian marketplace in Quebec.

This is part of the company's expanded efforts in Canada. A new Dispatch Service Center has also been opened in Quebec, to handle all equipment service calls on a prompt and automated basis, controlling 55 field service engineers.

We haven't yet heard the new French version of the Positalker. We hope it avoids the use of "Français", the fractured French-English patois that has been anathema to the protectors of the language in French-speaking areas.



If the bar code scanning industry....

*also literature*  
....had an established technical journal, it might have published the article by Wellman Hoff, titled Evaluate Dot Matrix Printers' Abilities To Produce Bar Code. The article appeared in the Winter 1982 edition of the Computer Technical Journal.

Hoff presents a detailed set of guidelines to analyze a dot matrix printer's output and whether the unit can correctly print standard bar codes. It is replete with diagrams, formulas, equations, and a computer program to accomplish this analysis. It looks like a good piece of work, but we will leave it to the printing technicians and theoreticians to do a complete evaluation of its accuracy and usefulness.

Bill Hoff is a CPA and the owner of Hoff Associates, which provides accounting services and computer consulting to business. We are sure he would welcome inquiries and honor requests for copies.

Hoff & Associates, 1546 North Arlington Heights Road, Arlington Heights, IL 60004; 312/253-5554.

The new and updated....

*also literature?*  
....1983 Directory of Bar Code Manufacturers and Services, is now in preparation. It is scheduled to be published in July, and listings are now being solicited from all companies with products or services to offer this industry.

Last year's Directory, which was the first ever published, had about 67 listed companies. The publisher is anticipating that the 1983 edition will be double in size. The proliferation of companies supplying bar code-related products has been amazing, and the increase in listings reflects the very dynamic growth of bar code scanning. Ads are also being solicited for the publication.

North American Technology, 174 Concord Street, Peterboro, NH 03458;  
603/924-6048.

In an effort to move....

....bar code scanning along more rapidly at the retail level, the National Association of Recording Merchandisers (NARM) is aggressively coordinating efforts between the record and tape producers and the retailers.

Joe Cohen, NARM's executive vice president, has contacted the manufacturers and asked them to provide their data base system and product numbers to his organization for dissemination to the retailers. Cohen feels that with the record business going through a difficult period (sales are down, along with advertising and merchandising budgets) this is the time for improved efficiency and productivity. Inventory can be better controlled and dollars saved. The test stores that are scanning at the front-end and in the back room have proven that the system works and provides real benefits to the retailers.