



newsletter

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

SCANNING, CODING & AUTOMATION NEWSLETTER • 11 Middle Neck Road • Great Neck, N.Y. 11021 • (516) 487-6370

Volume VII Number 4



December 1983

ISSN 0273-3080

When the draft copy....

....of the proposed revision to Mil Std 1189 was sent out for comments a few months ago, no one expected too much in the way of controversy. (Mil Std 1189 is the basic specification covering the code 39 bar codes for the US government LOGMARS program.)

The original specification was issued in January 1982 and there had been a number of requests for revision and clarification. The ultimate responsibility for monitoring the specification lies with the LOGMARS Coordinating Group. The task to draft the revisions and handle the comments fell to the Army contingent located in Tobyhanna, PA. Stuart Crouse was the point man on this project, and comments were due by September 2, 1983.

Among the responses was a very strong letter from Harry Palmer, President of RJS Enterprises. Palmer took specific issue with the new document, stating "The implementation of the proposed revision will insure problems of such significance and magnitude that the LOGMARS bar code will in time be determined to be inefficient, uneconomical and will be discarded as a nonviable system for data capture." The basic issues he raised related to print contrast, and bar and space dimensions. According to Palmer, the Certificate of Conformance (COC) required from the contractor "has no relationship to the bar codes accompanying it." Palmer went public with his comments when his letter was published in the November/December 83 issue of Bar Code News.

We spoke with Tobyhanna about the status of the revision. It is in final draft form, with a few changes that have been made in response to comments received. The draft is expected to be submitted to the Coordinating Group for approval at its next meeting.

Comment

There were a number of changes needed to clean up some errors and loose ends in the original standard. From what we have learned, however, we do not believe Palmer will be happy with the final draft. Additional significant changes were made to deal with the problems that arose from the use of dot matrix printers. The LOGMARS group was concerned that the specifications as written did not allow for labels generated by many of the available dot matrix type printers. This was causing some hardship with contractors needing small quantities of bar coded labels. They were either preparing labels in-house using their own computers and printers; or purchasing them from one of the special label suppliers who have cropped up during the past two years, some of whom use dot matrix printers.

The doomsday predictions that the system will be discarded because of the opening up of the specifications do seem a bit extreme. Certainly Stu Crouse doesn't believe it, and he is now in the process of trying to convince the LOGMARS group of his position.

Our own feeling is that the government has too much at stake in this very visible program to let it fail. Any hard evidence of large numbers of non-scanning labels should be presented at once and analyzed. This important specification cannot ignore problems of that kind. But neither can the government proceed on the basis of general and unsupported allegations.

In his October 7, 1983 open letter....

....to the Automatic Identification Manufacturers (AIM), Craig Harmon (Q.E.D. Systems) recommended a few projects and challenges that he feels should be addressed by the bar code scanning industry:

- A coordinated effort by the various organizations responsible for bar code standards to review specific issues such as symbol orientation and placement. For starters, he mentions the Health Industry Bar Code Council, Defense Logistics Agency (LOGMARS), Automotive Industry Action Group, National Electrical Manufacturers Association, and the Uniform Product Code Council.
- A full statistical review and analysis of the various bar code symbolologies to determine Substitution Error Rate and First Read Rate. According to Harmon, only code 39 had been subjected to such definitive studies. This gives code 39 an apparent advantage over the other available symbols, which have not been independently and objectively tested. He would include those symbols covered by AIM's Uniform Symbol Descriptions (I 2/5, 39, 93, 128 and 11) to which he would add UPC and Telepen.
- An updating of the 1981 Distribution Symbology Study Group report on the Recommended Practices For a Uniform Container Symbol/UCS Transport Case Symbol. Harmon's position on this: Improved technology has made some of the recommendations and built-in constraints outdated. He suggests the Fibre Box Association be included in this effort.

Comment

These are worthwhile recommendations that will help to maintain updated standards in a fast-changing technology. Selection of AIM as the moving force in such an effort places a significant burden on that organization which is just emerging from under the MHI umbrella, and which is testing its footings in many new areas. It is not easy to maintain objectivity and independence within such an organization, comprised as it is of companies and individuals with vested interests. We have participated in such group efforts and have often found that even the most qualified individuals cannot separate their knowledge and experience from the pressures of the companies that pay their salaries. But the issues are certainly important enough to demand the attention of the industry leaders.

Craig Harmon, Q.E.D. Systems, PO Box 2524, Cedar Rapids, IA 52406;
319/377-2518.

Metrologic is emerging....

....more and more as a company to be reckoned with in laser scanning equipment. Under the management of Harry Knowles, Chairman and Chief Technical Officer, and Mike Sanyour, President and CEO, the company has been announcing some important developments:

- Agreement with NCR, which will market Metrologic's Scanhandler hand-held laser gun (SCAN Jun 83) with its POS equipment.
- Agreement with Envipco (SCAN Aug 83) to design and produce laser scanners for that company's reverse vending machines. These are for recycling cans and bottles in states with the new "bottle return" laws.
- Appointment of Matt Lydon as National Sales Manager. Lydon is from Soabar where he was Marketing Manager. At Metrologic he will be responsible for developing new business for the laser scanner line.
- An on-going OEM relationship with CLSI for library systems; other end-user clients including Oldsmobile, Federal Express, Clairol, Zayre and Delco.
- Recent expansion and renovation of office and production areas at its Bellmawr plant.

The company has always pointed to the vertical integration of its products, and claims to be the only scanning equipment company that makes its own laser tubes, printed circuit boards and optics.

Metrologic Instruments, 143 Harding Avenue, Bellmawr, NJ 08031; 609/933-0100.

Accu-Sort has been active....

....in the bar code scanning business for many years, but rarely makes big news. A recent contract, however, is significant in its size and application.

The company announced a \$2.5 million contract to supply 850 laser scanners intended for use with the US Postal Service mail bag sorting system. Accu-Sort is supplying the equipment as a subcontractor to a subcontractor for the prime supplier (Electronic Data Systems/EDS). The system includes tags, printed with the code 39 symbol, hung from mail bags identifying destination codes to be scanned at airport facilities. Scanners will be clustered in groups of as many as 12 units to provide omnidirectional scanning with a depth of field of up to 60 inches. Delivery of the scanners is expected to start December 1983 and will be completed in six months.

Accu-Sort has also been hard at work on new products, according to Bert Willoughby, VP/Marketing. The company has developed an omnidirectional scanner; and a so-called "black-on-black" scanner particularly suited for reading embossed codes on automobile tires.

Accu-Sort Systems, 511 Schoolhouse Road, Telford, PA 18969; 215/723-0981.

The trend is continuing....

....for companies with bar code related products to move to the public "well" for additional funds. During the past few months we reported the pending

offerings by Computer Identics (SCAN Sep 83); Imtec (SCAN Oct-Nov 83); and Bar Code Inc. (SCAN Oct-Nov 83). Here are some others:

- **Graphic Technology, Inc.** (Olathe, KS) is now in registration, offering 600,000 shares in the range of \$7-10/share. Of this total 90% will be for the benefit of the company; 10% for selling shareholders. GTI states it is the leading designer, manufacturing and marketer of vinyl bar coded shelf labels to mass merchandisers. Recently it introduced a high-speed laser printer, and related label material, for production of bar coded shelf labels by the customer. Sales for FY 83 (ended 6/30) were \$7.7 million with earnings of \$901,000 (\$.72/share), up significantly from previous years. K-mart is the company's largest customer for vinyl shelf labels accounting for 12% of total sales.
- One that slipped by us was **Telxon Corporation** which went public in July 1983. This producer of portable micro-computer systems (or data entry terminals) sold 1,600,000 shares at \$13/share, of which about half (\$10 million) went to the company and the balance to selling shareholders. Ray Mayo, President, estimates that the company is the No. 2 manufacturer and supplier of portable terminals (behind MSI) and that over 160,000 units have been sold. Over 50% of current sales have bar code scanners attached and are programmed for bar code data input. Telxon has the exclusive distribution for Symbol Technologies' hand-held laser scanners for use with portable terminals (SCAN Oct-Nov 83). Telxon sales in FY 83 (ended 3/31) was \$32.5 million with a net income of \$2.2 million.
- In a move that may ultimately raise additional funds for the company, **Photographic Sciences** is registering 1.1 million shares of stock to cover outstanding notes and warrants. If the holders of the notes and warrants (priced from \$1.75 to \$3.00) choose to convert the common stock the company could raise over \$2.5 million and reduce its indebtedness by over \$400,000. The recent price of the stock at \$3.00 would indicate that not all of these conversions will occur in the immediate future. Part of the registration, which was effective November 16, 1983, included about 100,000 shares now held by the company's Chairman and CEO, John Blackert. For the first quarter of FY 84 (ended 9/30/83) the company reported a small profit on sales of \$660,000. This compared to a \$247,000 net loss on \$1.6 million in sales for the same period last year.

The financial news from **Symbol Technologies**....

....is not easy to evaluate, and the company's quoted stock prices seem to reflect that difficulty (recent price of 8 3/4; as high as 18 a few months ago). The company published its first quarter FY 84 results:

	<u>3 Months Ended Sept. 30</u>	
	<u>1983</u>	<u>1982</u>
Net Sales	1,525	656
Operating (Loss)	(94)	(620)
Net (Loss)	(219)	(885)
Net (Loss) Per Share	(.07)	(.32)

(All figures in \$000 except per share)

Certainly the 133% increase in sales and dramatic reduction in operating loss are significant, and bear out some of the prior forecasts. But the company is not yet in the black as had been anticipated at these sales levels.

A tentative explanation offered for the continuing operating loss is that the company is spending now to gear up for even greater future growth.

Part of the plan for future growth is the addition of new personnel to the management team: ● Raymond Martino has been named President and Chief Operating Officer. Martino comes from Mars Electronics, a division of M & M Mars where he was VP/Marketing and Sales. Mars is now the prime manufacturer of S/T's hand-held laser scanner. ● John Erskin is the new Director of Manufacturing. He was Plant Manager for Keuffel & Esser. ● Richard Serwetman is now Director of Engineering. He previously was Project Engineer at Raytheon and Kodex. ● Gerald Gulley, the new VP/Sales, came from Data Terminal Systems where he was Director of Major Accounts. ● Michael Callahan, VP/Controller, was formerly Corporate Controller at Lundy Electronics & Systems.

The FY 84 second quarter....

....results of Intermec reflect a record \$6.2 million in sales (up 24% from last year) and a 37% rise in income to \$700,000 (\$.25/share). Six months' figures show similar increases over last year's results.

Intermec believes they are in a competitive position to become the OEM supplier to the successful bidders of bar code scanning equipment for federal government procurements (SCAN Oct-Nov 83). Successful contracts for these procurements are not expected to be effective in Intermec's current fiscal year.

	<u>Period Ended Sept. 30</u>			
	<u>Second Quarter</u>		<u>Six Months</u>	
	<u>1983</u>	<u>1982</u>	<u>1983</u>	<u>1982</u>
Net Sales	6,228	5,019	11,266	9,135
Operating Income	930	741	1,478	1,150
Net Income	699	511	1,149	839
Net Income/Share	.15	.11	.25	.19

(All figures in \$000 except per share)

Intermec has introduced three new products from which the company anticipates significant results: 1) an intelligent user-programmable shop floor bar code reader; 2) a badge reader that simplifies shop floor data entry including time and attendance records; 3) a portable bar code reader that supports Intermec's new laser scanner.

In a significant policy turnaround, Intermec has placed its trade-mark code 39 in the public domain. The company expects that relinquishing this trade-mark, which has been widely used and identified with this popular alpha-numeric symbology, will encourage wider industry acceptance.

An example of....

....how a total bar coding system can involve all aspects of production and distribution, and the variety of codes, labels, symbols, equipment and software

also
conferences,
spec operations

that must be integrated, will be demonstrated at a special seminar conducted by the Ford Motor Company. The seminar is intended for Ford personnel and will involve presentations and supplier exhibits at the Ford World Headquarters in Dearborn on December 16.

Dr. John White will kick off the day with an executive overview similar to his presentation at SCAN-TECH '83 in San Diego recently. This will be followed by special material on bar code technology and applications as they relate to Ford's operations, presented by Ed Coe and Jack Loeffler -- both of whom have been active with the Automotive Industry Action Group.

also
auto

Examples of some tentative plans at Ford include widespread use of bar coded information throughout the production operations. A bar coded label, with a randomly-assigned number tied to the Vehicle Identification Number (VIN), will be placed on the underbody of the vehicle and trace its progress through production; a separate bar coded label will be placed in the windshield through all the finishing and quality-control procedures; finally, a permanent bar code label will be affixed to the vehicle (possibly on the door edge) to be scanned by the dealers for the life of the vehicle.

Parts for the automotive aftermarket will be bar coded for purposes of inventory and stock control throughout the dealer network, suggesting a large requirement for scanners in the field.

Not all of the decisions have been reached regarding the codes, symbologies, equipment or systems to be employed. Symposia of this kind are intended to bring together company planners and users to review the proposed systems, and to meet the vendors and become more familiar with the available equipment and supplies.

Azurdata has acquired....

....a new Vice President/Sales and Marketing. Jim Bartley, formerly President of Identicon, just prior to the sale of that company to new owners (SCAN May 83), has been appointed to this new position. Bartley's responsibilities with this manufacturer of portable data collection terminals include sales growth, market penetration and management of marketing personnel.

It is always gratifying when key industry personnel choose to remain in the bar code scanning industry when a change has to be made.

There are those....

....who believe bar code equipment should be made simpler and cheaper, Consider the E-Z-Reader by Percon. In the words of the company "Rather than price in loads of extra features, push buttons, options and color choices, we've chosen to do something you'll really appreciate -- keep the cost down."

The unit can be plugged into the RS-232 port of any computer and for \$289 you can simply read 3/9 or interleaved 2/5 bar codes. Percon, Box 1342, Eugene, OR 97440.