



newsletter

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

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The Olympics will not be the only....

....major event taking place in Los Angeles this summer (SCAN Feb 84) -- at least not to those of us tuned into major events which will have a significant impact on the bar code scanning industry.

In a major break with all the other department stores in the country, Bullocks has announced that it has chosen UPC as its code and symbol for all merchandise and checkouts. Bullocks, a 24-store chain based in California, is a division of the vast Federated Stores.

According to Bill Sumner, Director of Management Information Systems, and a key mover in this effort, there were a number of very positive reasons for selecting bar coding and UPC in particular. The very successful experience of the super-markets was no small factor. The development of the Universal Vendor Marking (UVM) System by the National Retail Merchants Association was also a key to providing the coordinated vendor and store files needed for clerical support of the system. The advances made in all types of bar code scanning devices, the competitive cost of these units, and the proven speed, accuracy and ease of operation all pointed to bar coding.

The UPC symbol will be used in its standard 12-digit format. Manufacturers will apply for their 6-digit company numbers and assign 5-digit product codes to each SKU. Initially, Bullocks will use an in-house laser printer to print the necessary symbols to run a test. Many items in departments such as housewares, hardware and domestics are already source-marked since these same products are also supplied to supermarkets and mass merchandisers. The number of Stock Keeping Units (SKU's) in a store varies from 500,000 to 1.5 million. (Just to place that in some perspective: an average supermarket has 12-15,000 SKU's; a K-mart mass merchandise store has 80-100,000.)

The first test installation, scheduled for mid-summer '84, will be in one department of the Sherman Oaks store. Although the equipment supplier has not been chosen, slot scanners will be used. According to Sumner, "this does not rule out other types of scanners -- wands and hand-held lasers -- as the tests proceed and the system spreads." It is expected that all 24 stores in the chain will have the system in operation within a few years.

Although Bullocks represents only one department store chain, it is a significant straw-in-the-wind. This respected division of a major industry conglomerate can be expected to be a showcase watched carefully by others. There have already been

inquiries and requests for information from a large number of major retailers in the country.

We certainly will be watching and reporting as well.

When we reported....

....that Symbol Technologies was suing Spectra Physics (SCAN Feb 84) for infringement on the hand-held laser scanner patents held by S/T, it was almost like hearing the other shoe drop. S/T had obtained what they consider two key patents covering these devices and had made prominent announcements regard their importance. The next question was to find out whether the company would pursue their position aggressively.

In late January Symbol Technologies announced that Spectra Physics would be their target. It would seem the battle was joined. Although there was no immediate comment from Spectra last month, we have just obtained a preliminary copy of their official response to the suit, and a letter to their customers outlining their position in the marketplace. The following excerpts are taken directly from these documents:

"Spectra Physics...intends to vigorously defend against the claim of infringement...(and) also has counterclaimed for a declaratory judgment that the patents are invalid, unenforceable or not infringed....

"The company has received reports from customers and potential customers of threats from Symbol Technologies of legal action if the customers purchase Spectra Physics' scanners. In response, Spectra Physics has announced that it intends to continue full-scale manufacture, marketing and support of the SP2001 hand-held scanner throughout the pendency of the lawsuit....

"Symbol has made numerous public pronouncements concerning the litigation -- including a number of strong and potentially misleading statements to potential customers.... We want to ensure that our customers receive sufficient facts and assurances so that this dispute does not unduly influence their business decisions.... Disputes of this kind typically take many months or years to work through the court system."

Another company which is very active in the sale of hand-held laser scanners, and which might be expected to be looking over its shoulder at how the situation will develop, is Metrologic. But President Mike Sanyour also states the patent will not effect his company's marketing plans, and further suggests that they can demonstrate "prior art", i.e., they were producing and selling hand-held laser scanners before the Symbol Technologies patents were applied for.

The major points to be learned from these developments are that hand-held laser scanners are still a very fast-growing segment of the market; that the business end of the business will continue to function normally; and that the patent attorneys will proceed to do their own thing. Everyone knows these cases take a long time to resolve and no one seems to be sitting around waiting for final decisions.

As a matter of fact, there are clear indications that other US companies, and at least one Japanese firm, will be offering their versions of this product into this market momentarily.

In a major move....

....to fill a significant void in the bar coding industry, the Automotive Identification Manufacturers (AIM), Inc. has announced its intentions to publish SCANJOURNAL. This new publication is intended to fill the need for technical information not currently available, with articles by engineers and technical people for both users and suppliers of Automotive Identification systems.

Initial plans call for a quarterly publication starting in late 1984 (in time for SCAN-TECH '84); starting in '86 the plan is to publish bi-monthly. The editorial calendar is as follows:

Fourth quarter 1984.Industry Standards
First quarter 1985.Systems Overviews
Second quarter 1985.Printing/verification
Third quarter 1985.Scanning
Fourth Quarter 1985.Data Communications

Rick Bushnell, SCANJOURNAL Chairman, is sending out a call for papers on the subjects listed. There will be a five-person AIM Editorial Review Board to review papers and oversee editorial content. Advertising is being actively solicited. This will be a slick and very professional publication.

Initial projections for paid circulation are quite modest (1,000 in 1984; 3,000 in '85; 5,000 in '86) and charter subscription rates are pegged at \$30 per year. For specific information on publication deadlines, the length and format of papers, advertising rates, etc., contact SCANJOURNAL, AIM, Inc., 1326 Freeport Road, Pittsburg, PA 15238; 412/782-1624; or call Bushnell at his BRT offices: 215/348-0702.

Other news from AIM:

- Rick McDonald of Data Composition has been appointed Vice President to complete the unexpired term of Dick Dilling, who has retired due to illness.
- Membership in AIM is now at 38 companies and increasing. We have heard there is an unofficial working target to reach 100 members in the near future.
- There are very active, but not yet public, activities to create international affiliates of AIM.
- SCAN-TECH/EUROPE has been set for November 6-8, 1984 in Amsterdam. All pertinent details are described in this month's INTERNATIONAL EDITION. AIM/USA will be the sponsor of this International Seminar and Showcase for bar code scanning.

also conferences

Have you heard....

....about "LOGMARS Shipboard"? It's the US Navy Program for introducing bar coding technology on board ships to "significantly reduce the time spent by ship-board personnel in data entry and greatly improve the validity of data".

The above quote is taken from the Navy Request For Proposal/Solicitation No. N00600-84-R-0888 issued by the Washington, DC Navy Yard. The title of the procurement is Feasibility Study for Potential Use of LOGMARS Coding. Its intent

was to seek "contractor assistance to implement a prototype test of bar coding technology in the shipboard environment".

The contract would include data acquisition, visits to ships and other activities, progress reports, identification of bar coding equipment manufacturers, cost/benefit studies, extensive reporting and, finally, implementation of bar coding applications.

The two paragraphs above are a condensation of many pages in the procurement document describing a very extensive and involved program for implementing a bar coding system for use on board ship. There are three basic or firm requirements for the initial contract to gather and report information, with additional options that could involve further studies and the actual purchase and installation of systems.

For further information: Naval Regional Contracting Center, Washington Navy Yard, Washington, DC 20374; William Barker, Code PB, A/C: 202/433-4319.

[Editor's Note: We received a copy of the solicitation (dated March 2, 1984) too late for our March edition. The original bid opening date was set for April 2. We learned just as we were going to press that the opening date has been extended to April 12.]

We still hear negative....

....comments about the benefits of UPC scanning from retailers who have not yet committed to the program, and from manufacturers lamenting the start-up costs. The surprising low level of current new installations may be partly a reflection of these feelings. We have always felt that most of these comments are based on ignorance of the facts due, in part, to the singular lack of good information available.

It is for this reason that we welcomed an excellent article in the February 1984 issue of Progressive Grocer which we commend to everyone. Titled "Life in the Fast Checkout Lane", it is about an independently-owned two store supermarket operation in Des Moines, IA. The article discusses the specifics of installation costs, flexibility, operations, price testing, check cashing, detailed departmental reports, labor scheduling, and many other details that relate to the bread and butter questions of the retailer.

The retailer, Fairground Super Valu, has a Data Terminal System installation -- and if we were DTS, we would send out a copy of this article to every supermarket operator in the country.

Azurdata has released....

....a new Shelf Price Audit System which allows grocery stores to perform on-the-spot shelf or retail price verification. The Azurdata Scorepad 3.0, a portable, programmable terminal, can store up to 30,000 items. A clerk can load the price file from the POS system and walk the store aisles scanning the UPC item labels and verifying shelf label prices.

More and more stores are becoming aware of the consumer sensitivity to incorrect shelf marking which can destroy scanning system credibility. According to Jim

Bartley, VP/Sales and Marketing at Azurdata, "Preliminary studies have indicated that the Shelf Price Audit System usually pays for itself in two to six months. Several stores in which studies have been performed have shown that the system could significantly save them money, dollars previously lost to incorrect pricing."

In a related story, a New Jersey study completed by the State Division of Consumer Affairs recently reported an error rate of \$.27 per \$100 of purchases in a survey of scanning supermarkets. This, the state group estimates, translates into a \$13 million loss for the state's shoppers over a period of one year. The areas most prone to error, according to the study, include specially priced items, coupon items, items with more than one price, and produce. No comparisons were available, by the way, as to the comparable error rate in non-scanning stores.

Azurdata, 4102 148th Avenue NE, Redmond, WA 98052; 206/881-5100.

We promised a 1983 recap....

also scanning scoreboard
....and analysis of the UPC installations in the US and Canada for this issue -- but there have been some reporting and administrative delays at the Food Marketing Institute. **FMI** is the semi-official gatherer of these statistics and, as you may recall (SCAN Sep 83; Oct-Nov 83), revamped their entire database last year. They are still having problems verifying the accuracy of the reported data.

We will try to pull it all together for May.

Intermec has introduced....

....the SQUARE MATRIX flexible format printer. The company describes the product as compact and light weight allowing the user to custom design **labels** containing bar codes and graphic information to suit virtually any application. The Model 8625 printer can print multiple bar codes in varying heights and densities and users can define bar code location on the label.

There are 7 selectable bar code symbologies including 39, 93, interleaved 2/5, 2/5, 11, Codabar and UPC/EAN. The 8625 operates with a thermal print head and has 3 different graphic fonts, including an OCR-A like font. The Model 8625 sells for \$2995 in single quantities. Intermec, 4405 Russell Road, Lynnwood, WA 98046; 206/743-7036.

In order to provide....

....users of **IBM** terminals access to bar code scanning as an efficient means of data entry without requiring software or hardware modifications, Computer Identities had introduced 4 IBM-compatible readers. According to the company, SCANSTARs turn an IBM terminal into a bar code work-station. They incorporate the most advanced bar code scanning technology to scan, decode and emulate IBM 3178, 3278, 5251 and 5291 keyboard functions.

Robert **Shallow**, Senior VP of Sales and Marketing, says the units are built to last in the factory or office environment, and use a stainless steel lightpen or a hand-held laser scanner. A SCANSTAR is installed directly between the IBM keyboard and terminal display. The units have the capability to auto distinguish among standard industry codes such as 39, Codabar, interleaved 2/5, UPC/EAN or 128.

The company has also added a compact, on-line bar code scanning terminal, called the SCANSTAR 100 to its line of products. This unit is described as containing enough decoding logic for 10 industry standard bar codes and reads and automatically distinguishes among them.

Computer Identics, 5 Shawmut Road, Canton, MA 02021; 617/821-0830.

Is there room....

....in this industry for a one-man operation, with unique technology and a self-deprecating sense of humor? Maybe!

Calling his company LOGMARS Ink, Jim Nevison is not sure that what he is doing would be of interest to the "high level management" this Newsletter is published for. He says, in his usual modesty "I'm afraid an article about my gadget would insult your readers, who would think you went bonkers".

What happened, according to Nevison, was that he got so mad two years ago when Mil Std 1189 (LOGMARS) was published that he tried to "beat the system." He developed his "magic ink" which he mixes and bottles at \$10.00/bottle to go with his LOGMARS Press.

This is what you get for \$595 in the Model 595 impact ink marking system kit: 1 LOGMARS-Press with Allen wrenches; 1 ink plate; 1 stamping plate; 1 metal LOGMARS type holder; 1 rubber hand roller; 2-Oz. jar LOGMARS paste ink; 1 font LOGMARS type with 5 each letters, 8 each numbers, etc.

Nevison's instructions tell you to place the type, numbers and letters, in a couple of ice cube trays, set the type into the printing head, mount the head into the press and away you go. The LOGMARS Press and Ink are specifically designed for government contractors to print bar codes on bags, chipboard, corrugated boxes and labels.

You can find Nevison and LOGMARS Ink on Route 5, Box 227, Ennis, TX 75119; 214/331-4381.

In announcing the appointment....

....of Bernie Venetianer to be the east coast regional sales manager for Data Composition, Barbara Armstrong, VP/Sales, indicated she is "very excited about the experienced eastern support he will bring to our clients, dealers and distributors."

Venetianer was most recently with Photographic Sciences and he has been active in sales in the bar code scanning industry since 1974. Data Composition, based in Richmond, WA, specializes in the photocomposed production of bar code and OCR labels.

The east coast office will be at 86-29 155th Avenue, Howard Beach, NY 11414; 212/398-9747.