



newsletter

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

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There is a great deal....

....of important news to report about **Intermec** Corp. As the largest company in the industry devoted exclusively to bar code scanning products, the growth and activities of Intermec take on particular significance.

- Fiscal year 1984 (ended March 31), and especially the fourth quarter, were at record levels for sales and earnings:

	<u>Fiscal Year</u>		<u>Fourth Quarter</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
Sales (\$000)	26,928	20,727	8,462	5,568
Net Income (\$000)	3,089	2,201	1,143	734
Earnings Per Share	.66	.48	.25	.16

Sales and income increased 30% and 40% respectively for the year; 52% and 56% for the last quarter. President **David Allais** attributes "these excellent financial gains (to) an accelerating ground swell of bar code purchases for governmental, health care and industrial applications."

- In April, the company completed two agreements with **Sperry Corp.**, totalling \$10 million. These long-term contracts will be fulfilled over a period of eight years. Intermec will be the sole supplier to Sperry of bar code equipment under the **LOGMARS** program. Sperry will be replacing and modernizing computer systems for the **Air Force** at 118 air bases around the world. Shipments will begin in June 1984.
- In a radical departure from its previous policies, Intermec has undertaken a long-term objective and commitment to create a dedicated US sales and service organization. There are now 12 independent distributor organizations handling the company's products. For some, Intermec products represent almost their entire line; for others it is a small percentage of their total volume. In a revealing interview with President Allais, he described the company's intention to market and service all Intermec products directly under the Intermec name. Allais has spoken to the distributor companies and will be undertaking separate negotiations to accomplish this goal. Because of the varied nature of the distributor companies, there can be no absolute formula to achieve this, according to Allais. He expects these negotiations to be "reasonable and creative, with the ultimate results in the best interests of all concerned." Allais describes the reactions of the distributors as positive. We have confirmed this attitude with one of Intermec's major distributors.

- Allais is optimistic about the future growth of hand-held laser scanners. The recent delays in component deliveries by Spectra Physics (SCAN Mar 84) have been remedied, he says. He refuses any comment with regard to the Symbol Technologies' suit against Spectra (SCAN Feb 84, Apr 84). "We will register our rebuttal in the marketplace, and the courts will decide what they have to decide in due course."

Intermec, Box 360602, Lynnwood, WA 98036-9702; 206/743-7036.

We have added another....

....important bar code scanning company to those we will be tracking on a regular basis. Computer Identic's, which went public in December 1983, has issued its first financial reports, including a profitable first quarter in 1984:

	Year Ended Dec. 31		3 Months Ended March 31	
	1983	1982	1984	1983
Revenues (\$000)	5,748	4,189	2,117	1,209
Net Income (Loss) (\$000)	(937)	(542)	124	(139)
Net Income (Loss) per share	(.61)	(.42)	.03	(.11)

Three significant items affecting these figures should be noted:

1. After a five-month trial, the jury ruled against Computer Identic's in its anti-trust action against Southern Pacific and other railroad-related companies. This suit was started in 1976. The company incurred \$453,000 in litigation costs, which were applied to expenses in 1983, increasing the net loss for that year. This seems to be the end of a long and difficult ordeal for the company in this legal action which was based on one of the earliest applications of bar code scanning (SCAN Oct 77; Nov 77; Aug 78; Nov 78; Oct 79; Sep 83).
2. Included in the revenues for the first quarter of 1984 is \$377,000, recognized from the R & D contract received by the company from Hutton/PRC, as part of the \$2.6 million contract with that group (SCAN Jan 84).

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LATE BREAKING NEWS ITEM

* Doylestown, PA -- June 5....Benny Tafoya, President of BRT & Associates, announced today that BRT has purchased the assets of the AccuScan and Eagle point-of-sale scanning system. Terms of the cash purchase were not disclosed, but Tafoya did say it was all done by BRT without outside financial help.

* This would make BRT the seventh owner of this, at one time, well-regarded front-end UPC scanning system. AccuScan enjoyed its longest run with one owner under the Sperry Univac banner from 1973 to 1979.

* In this transaction, BRT bought the inventory, patents and trademarks from ATV Corp. (Santa Ana, CA), which owned AccuScan for a total of 10 months before deciding they didn't like what they had bought. More details next month.*

* * * * *

3. At the end of 1983 the backlog total was \$4,561,000 compared with \$883,000 at the end of 1982.

President David Collins anticipates "a continuing profitable year ahead... encouraged by our present backlog business, a strong new order rate and the introduction of new products."

Continuing their aggressive program to introduce new products (SCAN Apr 84) Computer Identics has added two portable bar code terminals to their line. The SCANSTARS 500 and 501 can run a 32KB user-written basic program and have additional 128KB optional file memory. An LED display allows two lines of 20 characters each; bar code scanning is with a stainless steel pen.

Robert Shallow, Senior VP/Sales and Marketing, also announced Mac BarCode, a bar code generating software package for the Apple Macintosh Personal Computers. Mac BarCode enables Macintosh users to generate all popular bar code symbologies for many current uses. When used with a C/I light pen or hand-held scanner, Macintosh becomes a bar code work station reading and automatically distinguishing six of the most common bar codes without requiring manual switching.

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

Hard-on-the-heels....

....of last month's announcements of five new contracts totalling \$3.5 million, Symbol Technologies has now been awarded a "multi-million dollar contract" for their LS 7000 hand-held laser scanners. Chairman/CEO Jerome Swartz says this is the largest single contract in the company's history.

The contract is with IBIS Corporation, a systems integrator in Vienna, VA. IBIS is the prime contractor for a large Department of Defense award. IBIS, in turn, has sub-contracted with Telxon for the terminals, and Symbol Technologies for the scanners. The LS 7000 will be used in hardware/software communication environments as part of the DOD LOGMARS material handling and management program. This government contract does not define the exact number of terminals and scanners that will be ordered. According to Ray Martino, President of Symbol Tech, there could be as many as 10,000 units or more, totalling over \$10 million during the next 18 months. (Telxon is estimating their portion of the award to be as much as \$50 million in equipment and services. More about Telxon next month.)

Symbol Technologies' third quarter (March 31) financial results look like this:

	<u>Third Quarter</u>		<u>Nine Months</u>	
	<u>1984</u>	<u>1983</u>	<u>1984</u>	<u>1983</u>
Sales	2,439	977	6,025	2,298
Net (Loss)	(583)	(552)	(1,240)	(1,894)

With sales booming ahead, Swartz continues to predict the company will be profitable in the fourth quarter, ending June 30, 1984.

Symbol Technologies, 1011 Lakeland Avenue, Bohemia, NY 11716; 516/563-2400.

Rexnord, the \$800 million....

....international manufacturing company, has acquired InstaRead (Orlando, FL), a subsidiary of Control Laser, for an undisclosed amount of Rexnord stock. InstaRead makes laser-bar code scanners and accessories for a wide range of industrial applications. The company was formed in May 1983 and now employs 40 people. Sales for the first 12 months of operations were more than \$900,000, and President Frank Thomas forecasts \$4 million for 1984. Management is projecting continued growth over the next few years at an annual rate of 400%.

Among its many other products, produced in over 50 plants, Rexnord currently makes high-speed laser scanners for automated warehouses and airline baggage handling. The two companies expect their product lines to be complementary and are looking toward major involvement in bar code scanning.

InstaRead, 2400 Diversified Way, Orlando, FL 32804; 305/843-8975.

A new agreement....

....between NCR and Metrologic calls for Metrologic to supply a special version of its Scanhandler Hand-held Laser Scanner for NCR's line of POS Systems. The product, designated the NCR 7830, will be distributed through NCR's worldwide marketing organizations. It is expected that many existing scanning and non-scanning installations can be field-upgraded by addition of the 7830.

According to Carl Kline, NCR Product Manager, department stores and specialty retail outlets have been targetted as market areas where the unit is expected to gain acceptance for scanning bulk products, soft goods and clothing.

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

If you are a part of,....

....or a supplier to, the health industry, you should be studying the new alphabet-soup designations related to the HIBC (Health Industry Bar Code):

- You may want to apply for your LIC (Labeler Identification Code) with a check made out to the HIBCC (Health Industry Bar Code Council). Based on annual sales, fees start at \$500 (under \$2 million) and go as high as \$20,000 (if sales are over \$500 million).
- Your item code will include a PCN (Product Code Number) and each package will have a designated U/M (Unit of Measure).
- As an alternate code you can use the UPC (Universal Product Code) format incorporating your NDC (National Drug Code) or NHRIC (National Health Related Item Code) administered by the FDA (Food and Drug Administration). You will also have to decide whether you will use NSC (Number System Character) 0 or 3 as a UPC prefix.
- You will have to express the product's expiration date in Julian format, determine when to use one or two +'s as a code prefix, decide whether the Lot/Batch or Serial Numbers are your thing, identify a Link character, and learn how to compute a modulus 43 check character.

- Unless you are really a glutton for punishment, you won't have to study the decode algorithms of the UPC and code 39 symbologies. These will be done for you by the available printer-software packages or by your film master supplier.

Smith-Bucklin & Associates have been appointed to provide the management and administrative services. In a telephone interview with Henry Givray, designated by Smith-Bucklin as the Executive Secretary for the HIBCC, he indicated widespread support for the program from the hospitals and industry. So far, six companies have requested a total of 200 LIC numbers (a supplier can obtain a separate number for each corporate subsidiary or division -- one company applied for 100 numbers).

In addition to the two-day conference scheduled by HIMA (Health Industry Manufacturers Ass'n) on June 26-27 (SCAN May 84), NWDA (National Wholesale Druggist Ass'n) will include a session on bar code scanning at their June 17-20 Business Systems Seminar in Denver. Featured on the program will be Bill Shultz (Schering); Ed Shadd (Symscan); Ted Williams (Computer Identics); and Chet Benoit (Welch Allyn). There will be exhibits, but we do not have details.

HIBCC, 111 E. Wacker Drive, Chicago, IL 60601; 312/644-6610. NWDA, Box 238, Alexandria, VA 22313; 703/684-6400.

There are few companies....

....in the industry pursuing bar code applications as aggressively as Weber Marking Systems with their Legitronic Label Printing Systems.

- Joseph Weber, Jr., President, announced that the company has become an Authorized Value-added Dealer for the IBM Personal Computer product line. Weber will be combining its own proprietary labelling software with the IBM PC, which will be the basis for the new 2500 series Legitronic Label Printing Systems. The system can store up to 175 label formats, is menu-driven, has prompts, a unique sequential numbering feature, and the capability to graphically represent labels on the screen. The Models 2550 and 2560 printers are available with this system with speeds of 150-300 lines per minute. Cost is \$14,500.
- A new Legitronic 1700 Series Label Printing System has similar capabilities at what the company calls a more reasonable price -- \$8,900.
- The Legitronic 1410 Labelling System at \$6,000, includes a durable terminal with easy-to-use software, and an industrial dot matrix printer which can print at 260 lines per minute in horizontal or vertical format.
- Expanding their effort to provide more complete scanning systems, Weber will also be selling AccuSort bar code scanners as part of their total line of bar code system products. The scanners include the ASIRT III Portable Data Collection Reader and Terminal, the Model 4510 Low-cost Reader, and the Model 4610 Reader.
- The company now offers label imprinting services for small quantities of labels. This service is aimed at the LOGMARS and automotive industry

requirements. Orders are accepted for as few as 10 labels, with variable information, graphics, sequential numbering, colors, stocks and adhesives.

Weber Marking Systems, 711 West Algonquin Road, Arlington Heights, IL 60005; 312/364-8500.

There are some months....

....when we are gratified to learn that subscribers are really reading SCAN Newsletter. Some comments we received this month, triggered by our May issue:

also auto
Re: Dot Matrix Printers and the Automotive Industry
David Collins, President of Computer Identities, points out that dot matrix printers are not inherently poor quality printers of bar codes. The lack of attention to substrate quality, ribbon changes, code density, and other factors affecting print quality, are the culprits, according to Collins. When quality is ignored, he has seen impact printers produce non-scanning symbols -- especially at high-density formats.

Re: Blood Bank Labels
The production of bar code labels for the blood bank industry is not a monopoly of Computype -- nor did we intend to infer that. Roger Stabley of York Tape & Label (York, PA) points out that his company provides a substantial quantity of labels to the Red Cross and other blood banks -- and other label suppliers are entering this expanding marketplace.

RZ-VUWJTA
Re: New Systems to Verify Shelf Prices
Teixon has long recognized the importance of tying shelf marking to the supermarket UPC data file, and has been marketing their Shelf Price Audit System for a number of years, according to Jim Bartley, VP Sales and Marketing. The system "has been helping stores add money to their bottom line while improving customer confidence."

Re: Validation of Coupons and the Coupon Solution
Will the new Catalina Coupon Solution system, for issuing cents-off coupons to purchasers of competitive products, radically change the marketing strategies of the major supermarket suppliers? A retired marketing executive of one of the top three food companies thinks it will. "This will give any small company complete access to the customer base of the large suppliers," he believes, "creating chaos in the industry". He continues "This ought to be stopped before it gets out of control." He never did say how he would suggest stopping it -- nor does he want to be identified at this time.

As we indicated last month....

....Imtec has refiled with the SEC for their public offering. The new issue will be for 225,000 shares at \$3.00/share. President Jim Williams expects smooth sailing for the registration and hopes to be effective by mid-June.

Imtec Corp., Box 529, Chester, VT 05143; 802-875-2115.