



newsletter

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

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We were reminded....

....the other day, of the advertisements for one of the JAWS movies which started with "Just when you thought it was safe to go back into the water...". We had just read the latest (1 Aug 84), and presumably final, version of the revised Military Standard 1189 covering the bar code symbology for the government's LOGMARS program. We were told that publication was expected in about a month.

The very next day we received a copy of a July 23 letter from David Allais, President of Intermec, to Stu Crouse, LOGMARS coordinator, detailing strong negative comments to the proposed standard. Allais' objections center around Section 7 "Readability Requirements", which, he says, contains a "fatal flaw". We quote from the letter:

"With Section 7 in its present form you are denying yourself the opportunity to reject inferior quality bar code printing. Since bad symbols cannot be rejected (so long as they are somehow scannable with a laser scanner) they will likely become pervasive in your system. A high enough percentage of bad symbols will at best cause a severe setback to the DOD bar coding program and at worst could lead to its total abandonment."

He goes on to recommend that Section 7 be deleted and that a phased quality control procedure be implemented.

This, of course, is not the first strong negative reaction this proposed revision has encountered. Harry Palmer, of RJS, has been on record objecting to print contrast and bar space dimension requirements (SCAN Dec 83); and Ed Andersson, speaking as the President of AIM, the industry trade association, expressed concern that the bar code technology would be "compromised through ill-conceived standards and policies" (SCAN Jan 84).

Comment

We had an opportunity to explore some of these issues on July 24 at the Navy-wide LOGMARS Conference held in the Washington, DC area. The concern of the Department of Defense is that the current standards and specifications are inadequate. These revisions have been under study and review for over a year and represent the DOD's best thinking to date. No one claims the new standard will be the last version or that it will be etched in concrete. AIM, for example, will be conducting an open forum to review these and other industry-wide standards within the next few weeks. At that time the machinery may be

assembled to more closely monitor standards and specifications, and introduce more accuracy and uniformity.

Our guess is that the Department of Defense will publish Mil Std 1189A in its latest form, and then move on to improvements such as incorporating the ANSI Standard (SCAN Jul 84). The prospect of adopting one set of standards to be referenced by government, the automotive and health industries, retail, and other applications is most attractive.

The lesson to be learned: if you are planning to write a standard, be sure you have a thick skin or some very effective shark repellent!

We've always been suckers....

....for the brash, confident, aggressive approach of newcomers into the marketplace. How could we resist, therefore, these opening remarks in a letter to us: "Watch out for Databar! We think we have the product and plan to shake up the Bar Code Industry."

We first heard of the company a few months ago when they announced OSCAR (Optical Scanning Reader -- we're also susceptible to clever acronyms). OSCAR was designed as a low-cost reader for the home computer user to read software written in bar code. It cost under \$80 and preprinted software packages could be purchased for as little as \$1.25 if you joined the Databar Club. The company raised a significant amount of capital to finance the design and manufacture of the products, and an extensive PR and marketing program. Whether the consumer market and dealers were not ready for this radical departure, or the product did not fulfill its promise, OSCAR was not successful and has been placed on the back burner.

Now Databar announces its entry into the industrial/commercial bar code scanning field. Using the knowledge and facilities from its earlier venture, the company is offering a line of readers priced from \$175 to \$1100, including wands with "similar features to current products selling for between \$500 and \$2000". According to the company, several technical advances, including a unique optical system, make the Databar products faster and easier to use than higher-priced competitive products.

The model DBR 100 Portable Stationary Bar Code Reader at \$175 is battery-operated, and designed for light duty on-line application. The DBR 800 is priced at \$300 to \$400, has a display, autocode discrimination and two optical systems, including one which "views the entire height of the bar code and can read bar code even if the majority of the code is obstructed by wear, dirt, poor printing, etc." The DBR 1000 has modular components that can be configured into many different stationary and portable readers and costs from \$500 to \$1100. Both the 800 and 1000 models automatically decode 9 bar codes, without external switching. The various models will be introduced during the next 3 months starting August 15.

Databar President Steve Weinstein says "We are manufacturing our breakthrough optical systems along with our other components, rather than purchasing the OEM systems that many manufacturers now are using. Our systems are much less costly to build, as well as technologically superior." Obviously the company is not reluctant to stick its neck out. Databar Corp., 10202 Crosstown Circle, Eden Prairie, MN 55344; 612/944-5700.

Based upon what it refers to....

....as the "key-driving vector...to replace and/or complement...personal data entry with automated data entry" a new report has been published by International Resource Development Incorporated. The report, Non-Keyboard Data Entry, examines alternatives to keyboard entry that have emerged since the late 1970's.

Although the report attracts quick attention by featuring some of the more esoteric applications -- direct brain-computer communication links, eyeball weapon control, etc., -- the technologies reviewed comprise over 15 alternatives to keyboard entry. These include OCR, OMR, mag card and, of course, bar code scanning. The report projects a 10-year forecast for the total market from \$812 million in 1984 to over \$6 billion in 1993. For 1984 OCR devices are shown as having the highest sales revenue (\$370 million) with bar code scanners second (\$143.5 million). By 1993 IRD forecasts the video/video disc as the leader with \$1.75 billion; followed by voice recognition (\$1.4 billion); OCR (\$1.3 billion); and bar code scanning (\$550 million).

Whether or not you believe the forecasts, or accept all of the premises and conclusions (we don't), it may be worthwhile to learn a bit more about the competitive technologies in the market. The report costs \$1850.

International Resources Development (Report No. 598-May 1984); 6 Prowitt Street, Norwalk, CT 06855; 203/866-7800.

Our initial report....

....on the entry of Barcode Industries into the US market (SCAN Feb 84) described the plans of this well-established French company to develop their business on this side of the ocean. In a follow-up interview with Jeremy Metz, President of the US subsidiary, and Edouard David, President of the parent company, we learned of their latest progress.

The company has moved to larger quarters, expanded its local staff and is in the process of establishing a dealer organization. According to Metz, most of the east and west coasts are covered by a distributor network of 9 companies, each with an exclusive territory. Only companies with experience and expertise in bar coding are retained. Metz is actively seeking additional representation for the Midwest and to fill other gaps in his territorial coverage.

The company's product line includes readers, pens and a range of over 50 software packages for direct interface with almost every computer configuration. This last feature is considered by David to be one of the company's strong points -- they have built a library of direct keyboard interfaces beyond the usual RS232. This, they feel, opens up their market and reduces equipment prices. The MINDREADER comes in various models, with light pens tailored to specific applications, and prices ranging from \$470 to \$620, depending on options and quantities.

Barcode's newest products will be a line of thermal printers for retail or industrial environments. Two models will be introduced this fall with prices in the \$3-4,000 range. They will have full capability for all popular bar codes and can be connected directly to the computer or driven by a keyboard display (optional).

Metz and David are very optimistic about their company's prospects in the US market (although sales estimates have been sharply cut back from their original forecast). They are already shipping products, and forecast next year's (1985) sales at over \$1 million. They feel they have a broad-based market and are soliciting business for retail, industrial, blood bank, hospital, library and just about every other available bar code scanning application. Barcode Industries, 17 Barstow Road, Great Neck, NY 11021; 516/466-5770.

We know that....

....SCAN-TECH 84 is still five months away, and to some that may seem like plenty of time to make plans. But the latest word is that the exhibitors' space originally contracted for at the Cincinnati Exposition Center has been gobbled up by 85 signed-up exhibitors. More space is in the process of being allocated to accommodate the additional companies who are starting to stand in line. All of this, according to Bill Hakanson, Managing Director of AIM, Inc., was a result of just one modest mailing.

The expected main attraction for the exhibitors will be the thousands of attendees from industry. The major expansion of activities and interest just in the automotive and health industries, and in the federal government LOGMARS program, should be enough to fill the hall on December 4-6. More on the excellent seminar program in later issues.

If you have anything to show the world related to bar code scanning, or if you want to see up-to-the-minute state-of-the-art, then make your plans now to either exhibit or attend SCAN-TECH 84. AIM, Inc., 1326 Freeport Road, Pittsburgh, PA 15238; 412/782-1624.

A joint seminar series....

....sponsored by the Rochester Institute of Technology (RIT) and Symscan has been scheduled to kick off in Rochester, New York, on September 10-11, 1984. The seminar title, Recommended Practices For The Uniform Container Symbol, will feature speakers from the major bar code using industries and organizations, and provide for exhibits for equipment suppliers.

The Rochester event is the first of the Bar Code Caravan series of 11 such presentations scheduled across the country from September '84 through April '85. For seminar attendees, the fee for the two-day program is \$425; for exhibitors the cost of a booth is \$500, with discounts for participation in more than one city.

Symscan is an independent consulting firm that provides professional services dedicated to the introduction of automatic data capture. RIT is one of the leading institutions in the development of printing technology worldwide.

RIT-UCS, T & E Center, One Lomb Memorial Drive, Box 9887, Rochester, NY 14623; or ask for the UCS Coordinator at 800/448-1414 (in New York 716/458-6570).

There continues to be....

....a great deal of attention focused on the radical coupon redemption experiment being conducted by the Wegmans Food Market chain. This is the one based

on UPC scanning, launched in conjunction with Catalina Marketing Systems and TRIM, the market research firm (SCAN May 84).

The first test phase of the program was last month, and at the end of July the next major phase was introduced. This involves the printing and presentation to the customer of special high-value coupons at the checkout counter as purchases are made. The coupons will be redeemable for the future purchase of a sponsor's product -- and the coupons are issued directly to the consumer as the purchase is made of a competitive or related product. It is this part of the program that has many people sitting up and watching carefully.

Comment

The implications to marketing strategies, advertising and couponing could be most significant -- some say devastating. It permits a company's direct access to a competitor's customer base at the point-of-sale. Some companies are so upset as to be threatening legal action claiming invasion of privacy, or whatever.

Consider this scenario: the manufacturer of OK Pudding, which has 10% of the market, buys the Catalina service and authorizes issuance of a \$1.00 coupon to anyone who buys Super Pudding, which happens to have 70% of the market. That's the kind of targeted merchandising that ad men dream about. It doesn't take too much imagination to visualize the next time the exclusive pudding category comes up for renewal: Super Pudding will be in there bidding to tie up that product category for a long time.

And just think: it was all made possible by bar code scanning. Those of you who have been readers of SCAN Newsletter over the years have been able to follow our many reports pointing to the untapped potential for change that UPC scanning will bring to grocery merchandising, distribution and store operations. This is just one example of the real revolution to come in this area. And we can tell you that it is really making some people very nervous.

Even as we write....

....this report, we may be crossing the 10,000 mark in UPC scanning supermarkets in the US and Canada. The last report from the Food Marketing Institute (FMI) was for May '84 with a total of 9,797 stores.

UPC SCANNING SCOREBOARD (US & CANADA)

<u>Vendor</u>	<u>Installations 4/30/84</u>	
	<u>Number</u>	<u>%</u>
NCR	3,569	36.4
Datachecker	2,556	26.1
IBM	2,279	23.2
Sweda	628	6.4
DTS	594	6.1
TEC America	137	1.4
Berkel	34	.4
TOTALS	9,797	100.0

Best estimates are that the US is approaching the 50% mark in scanning as compared to the ACV, i.e., of all merchandise purchased in US supermarkets, about half are scanned at the checkout.

Continuing its winning ways....

....Intermec reports the first quarter results of FY '85, reflecting a 59% increase in sales and 25% increase in net income, compared to the same period last year. These figures fell short of the record fourth quarter of FY '84 (SCAN Jun 84) but President Allais predicts "rising profitability as the year continues".

<u>INTERMEC</u>	3 Months Ended June 30	
	<u>1984</u>	<u>1983</u>
Revenues (\$000)	\$8,045	\$5,039
Net Income (\$000)	565	499
Net Income/Share	.12	.10

Telxon's sales and earnings....

....continue to surge ahead (SCAN Jul 84). For the first quarter FY '85 sales were up 64%; income multiplied 6 times compared to the same period last year.

<u>TELXON</u>	3 Months Ended June 30	
	<u>1984</u>	<u>1983</u>
Revenues (\$000)	\$12,964	\$7,885
Net Income (\$000)	845	107
Net Income/Share	.18	.03

According to President Ray Meyo, backlog is up to \$10 million (versus \$6 million 3 months ago) and shipments have begun against the \$50 million government contract Telxon recently received (SCAN Jul 84).

In a continuing effort....

....to broaden the awareness and education of members of the health care industry, the American Hospital Association has published a new guideline report: Bar Code Technology -- Applications in Health Care. Written by Craig Harmon, Q.E.D. Systems, who has been seminally involved in the Health Industry Bar Code (HIBC) program, the document is a broad introduction and overview of bar coding. It attempts to provide a rationale to the hospital for the installation of scanning systems, and covers applications, costs, available equipment, a directory of suppliers and a six-step Systems Planning Process.

AHA -- Hospital Technologies Series, Division of Management and Technology, 840 North Lake Shore Drive, Chicago, IL 60611.