



newsletter

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

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There were indications....

....of strained relations between Intermec and Symbol Technologies about 2 1/2 years ago (SCAN Dec 82) when Intermec announced a joint agreement with Spectra Physics for the development and marketing of hand-held laser scanners. That non-exclusive agreement called for Intermec to provide some front end payments and commitments to Spectra Physics to design and manufacture the laser gun which Intermec would sell. Aside from some shipment delays early last year, there have not been any signs of problems.

It was a bit of a surprise, therefore, when Symbol Technologies and Intermec announced, on May 22, that they signed a two year agreement for Symbol Tech to build a custom version of their laser gun to Intermec's specs. It is a 5 volt unit to be designated the LS-7000-II. According to both companies, the agreement could generate over \$5 million dollars in purchases over the two year period. Based on Intermec's overall sales and broad product line, this strongly suggests that this unit will represent the major portion of Intermec's sale of laser guns.

"Why the change" we asked Intermec's President, David Allais, "and how will this affect your dealings and relationships with Spectra Physics?" Allais firmly stated that his company plans to preserve its good relationship with Spectra Physics. He continued, "We have lots of confidence in the people at Symbol Technologies and their ability to move forward with this important technology. It has always been Intermec's policy to provide what our customers want."

On another front, last month Intermec acquired 40% of Data Collection Systems Inc. (DCSI) for 20,952 shares of stock and the cancellation of \$700,000 in notes. Beginning in 1988 Intermec has the option to acquire the remaining 60% of the stock. DCSI develops and markets bar code data collection systems which include their own proprietary software, IBM personal computers and Intermec equipment.

Intermec's fiscal 1985 financials were just released reflecting increases of 49% in sales and 30% in earnings.

<u>INTERMEC</u>	<u>4th Quarter Ended 3/31</u>		<u>Fiscal Year Ended 3/31</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
Revenue (\$000)	10,272	8,462	40,194	26,928
Net Income (\$000)	1,200	1,143	4,009	3,089
Net Income/Share	.22	.25	.80	.66

The fourth quarter results were not as strong as those in the third quarter last year. Allais expects this "pause" to continue into the first few months of fiscal year 1986 and result in profits that will be less than those of the same period last year. He continues, however, that "given a reasonable business climate, we anticipate rising profits in the succeeding quarters of fiscal 1986 that will produce solid gains for the year as a whole."

There was recognition, of a sort, of the stellar performance turned in by Intermec over the past 3 years. The company was selected as one of Business Week's "Best Little Growth Companies in America." It's in the May 27, 1985 issue and although ranking 100 on a list of 100 may not seem impressive, the companies were selected from over 4,000 firms analyzed. Intermec made the list by virtue of its 3 year performance averaging increases of 22% in sales, 34% in profits and 15% return on capital.

In addition to....

....the Intermec agreement (see above) Symbol Technologies has signed another multi-year contract. This one is with IBM which will become a distributor of the LS-7300 hand-held laser scanner as a peripheral for its point-of-sale cash registers.

Although no one at Symbol Technologies will place any quantity value on the agreement, clearly the association with Big Blue provides the company with a good psychological boost. Chairman and CEO Jerry Swartz is fairly blunt about it, "The fact that a leader like IBM believes our hand-held laser scanner has practical application at the point-of-sale location provides further validation for both our products and our company."

Symbol Technologies has been building a broad base of laser gun distributors for all types of applications. In addition to IBM, there are similar contracts with DTS/National Semiconductor, Telxon, KeyTronics, Post-Tron, IBIS, Control Module, Universal Data, and NCR/Data Pathing Division.

The concept of holding....

....a Symposium on Industry-wide Bar Code Standards was a timely initiative by AIM/US. It was an effective way to broaden interest in this technology and to allow for interaction among the various industry groups currently working on bar code standards. At the present time, we know of active committees developing standards for the following industries: health, automotive, aluminum, shoes, heating/air conditioning, parcel shippers and book publishers -- and there are undoubtedly some we are not yet aware of.

The Symposium tackled the symbology problems head-on with speakers making presentations on how to develop a standard, how bar code scanning works, selection of symbologies, etc. And all of that was worthwhile.

COMMENT

But we came away recognizing that a major problem of many of these industry groups is not being addressed. What may be the single most important foundation block to building an automation solution is the establishment

of the coding scheme. Attempts to convert historically embedded product numbering systems to a common industry standard are leading to non-standard standards.

We recently lamented, for example, the complexity of the newly proposed Health Industry Provider Application Standard (SCAN May 85) and now we see it happening elsewhere. The book publishers in the U.S. have been laboring for three years to reconcile UPC and ISBN; the heating/air conditioning and parcel shippers have been interested in bar coding for a short while, but they also face the problem (see below). What we often refer to as symbol proliferation is really a direct result of code proliferation.

We pose these questions: ● Why shouldn't there be a standard numbering system to identify every company in the U.S.? ● Why can't the 6 digit UPC manufacturer's number, with a potential for 1 million numbers, be used in other industries? ● Why are alpha-numeric part numbers so beloved by so many companies who want to hold onto their 18 character descriptive numbers because "everyone in our industry is so familiar with them"? ● And why is there so little expertise offered in this area?

We have many who can advise us on symbol selection and equipment decisions, but very few who truly understand the importance of the coding structure and how it must affect all of the other standards. If you've got something to offer, rush to your phone and call all of the industry groups mentioned above. They need you badly!

To expand a little further....

....on the subject of coding, when we were at the AIM Symposium on Standards, we contacted two industry groups representing important new applications and potential markets for bar code scanning.

- o The air conditioning and refrigeration industry has developed new bar coding guidelines designated the HVACR (Heating, Ventilating, Air Conditioning and Refrigeration) Code. The working committee is made up of representatives of three major industry associations which have endorsed the guidelines (which are now before the Technical Review Committee of AIM for comments). So far, so good. But just in case anyone in the air conditioning industry should be upset with the proposal, the committee opened the escape hatch wide enough to drive a truck through with the following two statements: "Use of the HVACR code is voluntary because it recognizes that not all products can be bar coded and that users must employ individual creativity in maximizing the use of bar coding. The HVACR code also acknowledges that established product numbering systems exist in the air conditioning industry and some manufacturers have begun the use of, or may wish to use, the all numeric Uniform Industrial Code. Product sizes and configurations also vary greatly." (We now realize why the document is called a Guideline rather than a Standard!) Contact Marjorie Hopkins, Air Conditioning & Refrigeration Institute (ARI), 1501 Wilson Boulevard, Arlington, VA 22209; 703/524-8800.
- o The Parcel Shippers Association is an organization of the major mail order houses who have recognized the potential advantages of bar coding. They

awoke one morning and realized that if they did not move quickly, they would face a severe case of rampant symbol proliferation. The Parcel Shippers,

whose major carriers are the U.S. Postal Service and United Parcel Service, formed a Technical Committee on Bar Coding in June, 1984 and have met twice. Ten of the mail order companies, plus representatives from the USPS and UPS are on the Committee and the next meeting is now being organized. A uniform numbering, or coding, scheme should be high on their agenda. Contact Chris Rebello, Current Inc., 1005 Woodmen Road, Colorado Springs, CO 80901; 303/593-5990.

We were sharply....

....taken to task by "Laser Jane" because we have not been paying sufficient attention to laser etched metal tags. Jane Channell (she refers to herself as Laser Jane) of Robins Air Force Base, GA called to tell us about the importance of this technology and about the special applications within the Department of Defense that are growing in importance.

Some of the items she wants us all to be aware of:

- Laser etched tags are moving into areas involved with robotics, machine vision and automatic retrieval systems.
- Working with companies like Control Laser, readable Code 39 symbols have been etched at densities as high as 13 characters per inch. Test samples have been successfully scanned using Symbol Technologies laser guns.
- Applications are seen in areas for identification of items such as weapons, automotive and silicon wafers. In some cases, the laser etching will be done directly on the product.
- The substrate material, depending on its color and reflectivity, is etched to represent either the bars or "reverse printed" to etch the spaces.
- Plans are afoot to modify Mil Std 1189A to include specifications that will include laser etching characteristics.

As we told Channell, although this newsletter is not the forum for a full detailing of applications and the pros and cons of this technique, we agreed that it should get more attention than it has. You can learn lots more about this if you call 912/926-5793 -- just ask for Laser Jane.

The first quarter results....

....of Computer Identics reflect a 25% increase in sales, but flat earnings compared to the same period last year. Sales are not keeping up with the torrid pace of 1984 when revenue was 75% over the previous year.

President David Collins explains that first quarter 1985 net income was affected by the start-up efforts of Computer Identics N.V./S.A., a joint venture Belgian company offering Computer Identics products and services throughout Western Europe. Collins also noted that the company's marketing expenses jumped 31% compared to last year, reflecting a more aggressive selling strategy.

<u>COMPUTER IDENTICS</u>	<u>3 Months Ended 3/31</u>	
	<u>1985</u>	<u>1984</u>
Revenue (\$000)	2,646	2,117
Net Income (\$000)	122	124
Net Income/Share	.03	.03

Collins told the shareholders, at the May 21 annual meeting, that new orders were strong for the first 4 1/2 months of 1985, running 63% ahead of last year. He predicted sales for the full year would increase 40-50%. The company recently established the Computer Identics Credit Company to finance bar code scanning products and systems for its customers. This is a joint venture partnership with Comlease Company, a major equipment lessor in New York City.

Under a new agreement signed with Honeywell Information Systems' Manufacturing System Division, Computer Identics will provide bar code data collection technology for the recently introduced Series 4000 Honeywell factory data collection terminals. This four year agreement covers the integration of bar code technology as one of the standard operating features of the new Honeywell terminals. Under the agreement, Computer Identics will also provide bar code light pens and badge readers for the new Honeywell terminals. Computer Identics has been an OEM supplier to Honeywell for other bar code products since 1981.

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

With sales running....

....at 2 to 3 times last year and earnings at more than 10 times, IMTEC is moving ahead very smartly.

<u>IMTEC</u>	<u>9 months Ended 3/31</u>		<u>3 months Ended 3/31</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
Revenue (\$000)	1,956	795	751	261
Net Income (\$000)	182	15	66	2
Net Income/Share	.22	.02	.08	.01

To fuel this rapid growth President Jim Williams is cautiously testing the financial markets for an opportune time to raise additional funds.

The company has just introduced its newest Bar Code Printer/Applicator/Laminator. The model 3024PAL includes a robotic arm to apply labels at a reach of up to 8 inches, helping to minimize or eliminate redesign of standard conveyor systems. The unit prints, laminates, forms and applies labels at speeds of 30 to 60 per minute, and is designed for applications such as printed circuit boards. The price of the 3024PAL is \$18,450.

IMTEC, Box 529, Chester, VT 05143; 802/875-2115.

Citing a variety of factors....

....which affected earnings, Graphic Technology, the Olathe, KS producer of vinyl bar coded shelf labels, reported a decrease in its most recent quarterly earnings. According to President Terry Van Der Tuuk, sales and gross margins were below expectations due to significant price competition, raw material quality problems and lower than expected sales from their new Los Angeles laser center. Van Der Tuuk adds, however, that "record sales in March 1985 and a current order backlog more than twice the backlog at this time the previous year, supports the fact that we have removed our major obstacles and we are on our way to a record breaking fourth quarter...(of) \$5 million dollars."

<u>GRAPHIC TECHNOLOGY</u>	<u>9 Months Ended 3/31</u>		<u>3 Months Ended 3/31</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
Revenues (\$000)	10,389	8,775	3,691	3,240
Net Income (\$000)	967	887	258	410
Net Income/Share	.51	.59	.14	.22

A new group of products....

....has been launched by Welch Allyn. The B150 Thermal Printer is designed to print bar codes onto heat sensitive labels for applications such as point of sale, inventory identification and demand label generation. Bar codes can be printed in codes 39, I 2/5 and UPC/EAN, printed vertically or horizontally, from a 2.8 inch wide printing web. Features include automatic consecutive numbering and the unit can be operated as a stand-alone or as part of a larger system. The price ranges from \$2,351 to \$2,475 depending on quantity.

The new HBD-100, a single board bar code interface for the IBM PC's without any software or hardware modifications, is installed by plugging the board directly into a slot on the PC bus. A 9-pin port accepts Welch Allyn's digital scanner input. The unit automatically discriminates between five major bar codes: UPC, EAN, Codabar, 39 and I 2/5. The price of this unit is \$500 to \$800 depending on options selected.

The company has also introduced a new single chip decoder, the LTS-3, which adds bar code reading capability to data input products. According to Welch Allyn, by incorporating the LTS-3 into these products the need for the development of bar code decoding software is eliminated. The LTS-3 decodes Codabar, 39, I 2/5, UPS and EAN symbols with auto discrimination. Based on quantity purchased, the price of the unit runs from \$167 to \$237.

Welch Allyn, Industrial Products Division, Skaneateles Falls, NY 13153;
313/685-8351.

A new line of thermal printer mechanisms....

....designed for OEM applications has been introduced by the Graphic Instruments Division of Gulton Industries. The company describes the line as universal because the same print heads can be used "to meet virtually any OEM requirement."

The mechanisms come in numeric, alpha numeric and graphic/bar code styles, are available in widths from 2" to 5" and densities through 100 dots per inch. They can be used in log or text format, mounted vertically or horizontally and put into panel mount or desk-top instrumentation. The mechanisms drive Z-fold, roll or label stock and are available in high (up to 4 inches/second) or low speeds with or without print head drive electronics. The price ranges from \$162 to \$369 depending on models and options selected.

Graphics Instrument Division, Gulton Industrial Park, East Greenwich, RI 02818 or call Ken Smalley in New Jersey at 201/548-6500.

It's just about the right time....

....to annotate your calendar and to make some preliminary plans for the Scan-Tech 85 show and seminar (would you believe this will be the fourth annual Scan-Tech?). This year it will be held at the Baltimore Convention Center on December 2-5. There will be over 35,000 square feet of exhibit space with more than 150 exhibitors to accommodate the 7000 attendees expected. This year's chairman is Richard Bravman/Symbol Technologies.

If you plan to exhibit and haven't booked space, don't put it off any longer. The initial 25,000 square feet contracted by the Committee was sold out in three hours. For those who plan to attend as visitors or delegates, we will be getting more details in the coming months.

AIM, Inc., 1326 Freeport Road, Pittsburgh, PA 15238; 412/782-1624.

SCAN-TECH Europe '85....

....is scheduled to take place in Utrecht, The Netherlands from 25-28 November. It is unfortunate that SCAN-TECH Europe '85 clashes with Thanksgiving Day (US) and takes place just one week prior to SCAN TECH-85 (US).

The time and venue have been selected to coincide with the new international exhibition Logistica, which covers the closely related and complementary subject of material flow control. Logistica will be staged in an adjoining hall, and anticipates drawing over 20,000 visitors. AIM/Europe, the sponsors and organizers of the SCAN-TECH Europe event, believe that many of Logistica's visitors are prime targets for the SCAN-TECH exhibition. The organizers of both events have agreed to coordinate international promotion to attract the widest participation. SCAN-TECH Europe has been expanded to 4 days of exhibitions and 2 1/2 days of conference sessions. Simultaneous translation will be available in four languages: English, French, German and Italian.

The number of booths available to exhibitors is up almost 50% to 142, and 49 of these have been snapped up by the first 22 companies who have booked space. More details from: SCAN-TECH Europe '85, International Secretariat, The Old Vicarage, Haley Hill, Halifax, England HX3 6DR; UK 'phone (0422) 59161; Telex 517250.

Parcon, the Swedish....

....systems company, has acquired the UK company, Dataport Microsystems, a subsidiary of Unitech. Dataport, which manufactures and markets portable terminals, is itself the result of a take-over less than two years ago, when Data Recognition and UCSL Microsystems merged (SCAN/IE Jan 84).

Micronic, a subsidiary of Parcon, manufactures and distributes its own range of portable terminals and has installed 50,000 worldwide. There is bound to be some product overlap, especially between Dataport's Models M55 and M62/65 and Micronic's Models M200 and M445.

In the UK, Hugin Group has the rights to market the Micronic hand-held terminals, with 1984 sales of the product at over £800,000 (\$1 million), an increase of 61% over 1983. A spokesman for Hugin Group said that it will continue to sell the Micronic range in the UK retail sector.

Another veteran of....

....bar code scanning has formed his own consulting company. Rick Bushnell is now President of Controls for Automation and Management (CAM) providing consulting and design services "directed at making American industry more productive and more profitable." Bushnell has been active in bar coding for 15 years with Accu-Sort Systems and then with BRT & Associates. He was Chairman of AIM and has been a speaker at many industry seminars.

One of CAM's recent assignments was to develop the bar code symbology guidelines for the Heating, Ventilation, Air Conditioning and Refrigeration Industry (see above). Bushnell sees his company as providing the services to industry for "project evaluation and implementation planning; system development and presentation; subsystem analysis and design."

CAM, 24 Far View Road, Chalfont, PA 18914; 215/822-8531

What better sign....

....of a growing, prosperous industry than the increase in publications dedicated to the technology? SCAN Newsletter, started in 1977, was the first regular periodical, followed by Bar Code News, Health Industry Scanning News, Health Industry Lines (HIBCC), and the AIAG Newsletter. Now comes Automatic I.D. News, which is a bi-monthly scheduled to debut in July and targeted for the "entire optical/magnetic/sound recognition" industry. From its announcement flyer the concentration will be on bar code scanning, featuring new product information.

Automatic I.D. News, published by Gordon Publications, will be tabloid size, will accept advertising and will have controlled circulation (free to subscribers). Publisher Douglas Edgell, also President of Toy Trade Publishing, indicates that it was "the toy industry's growing need for effective inventory control systems that helped spur his plans for this new magazine."

Automatic I.D. News, 545 Fifth Avenue, New York, NY 10164; 212/503-2990.

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