Dec   Jan

DOUBLE ISSUE

We are not usually....

....enthralled with the over-simplified characterizations of industry trade shows, but we have been trying to get a direct handle on our overall feelings at Scan-Tech/US and Scan Tech/Europe.

- Certainly, respectability comes to mind since we are no longer the gimmick alternative to key entry or the "funny little lines" on grocery products.

- And explosive growth is a term that has been used to describe the expanding number of companies in the field, and the large sales increases posted by most of them.

- When you consider innovation, it would readily apply to the variety of scanning products, services and systems which are finding new applications almost daily.

The term we like best, however, is recognition. Aside from its double entendre related to automatic identification, it has become clear that bar code scanning has come into its own at all levels and in all applications, as a system of choice for keyless data entry.

SCAN-TECH/US and SCAN-TECH/Europe were held back-to-back this year, an accident in scheduling that had many exhibitors fighting jet lag in addition to the usual weariness that accompanies the pressures and long hours associated with trade shows. Scan Newsletter, of course, covered both shows. When we compared notes we found that bar code scanning is maturing and gaining recognition on a world-wide scale.

This is evident from the fact that it is virtually impossible to find a manufacturing, service or distribution industry, or industry segment, that has not adopted or is not currently considering bar code scanning as the preferred method for data input. This is not to suggest that all company management and operating groups are aware of and have accepted this technology -- there is still a long way to go to accomplish that. It's just that there is nothing out there which really competes with bar coding, and nothing over the horizon to threaten its continued growth and prosperity.

So we walked the aisles of the exhibitions in Baltimore and Utrecht, attended the seminars, took notes at the press conferences, and button-holed as many vendors and users as we could find. We soaked up as much information as we could to give us the background that we need to interpret the news. All of this will be reflected in our year-round reporting and interpretation of what is happening in this industry.

In Baltimore....

....there were over 160 exhibitors and an estimated 7,000 attendees at SCAN-TECH/US. The seminars were held at the Convention Center and in three other hotels, and were well attended. Booths were larger than ever before, with more personnel on hand to demonstrate a greater variety of products. We don't recall seeing any OCR, but RF and machine vision products were on display.

The basic products -- the building blocks of any scanning system -- were still dominant. We saw fixed position and hand-held laser scanners, wand readers, and a wide variety of printers. At times, we had to look closely to identify the same laser gun or print engine that appeared in many booths under different skins and labels.

There were some really new products, but that's not where the crowds were gathering. There was little of the "Did you see...?" that accompanied previous shows where everyone wanted to see and touch the new devices. We heard more and more of "Who do I see to design and install my complete system?" And the response by companies like Computer Identics with their System 128, and Intermec with their total systems approach, provided some answers.

Some of the new products should not be ignored, but we did not think that the price/performance possibilities were that significant: the moving beam solid state laser diode scanner, shown by Optel and Microscan, was interesting but was only shown as fixed position scanners at about $1,000 to $1,200 each; we liked the two color Zebra printer by Data Specialities, using the special Ricoh paper, but that's not going to break down too many barriers; entry by Hewlett Packard into the hand-held terminal field is a provocative development, but we didn't find Telxon or MSI Data too concerned just yet; and AccuSort's Starburst scanner is an aggressive means for reading any bar code in any position within its 9 inch read pattern -- but its fairly high price will not give it very wide distribution.

Thermal printers -- either direct or transfer -- are currently dominating the printing equipment market. Laser printers are being used by the service bureau companies to provide good quality, relatively inexpensive bar code labels in sequential or random numbering with a wide range of available type fonts and copy arrangements. Our guess is that laser printers will be widely available for direct purchase on a competitive basis to thermal in the next year or two.

We came away with very positive feelings of a strong, mature and well recognized and accepted technology. The roster of attendees included representatives from many of the Fortune 500 companies, as well as from small job shops looking to keep up with the latest technology and improved productivity.

It was a good show! Next year it will be scheduled in October in San Francisco.

There were fewer....

....American exhibitors than last year at SCAN-TECH/Europe 85, and the number of European exhibitors increased. Nine countries were represented: Belgium (4 exhibitors), France (2), Italy (3), Japan (1), Netherlands (9), Sweden (3), UK (12), USA (6), West Germany (14). Over 1,600 people from 20 countries attended the 4 day conference and exhibition in Utrecht, Holland on November 25-28.

AIM Europe sponsored and organized the event. The industry speakers were from America and Europe. All the user speakers were European and their subjects covered European applications as diverse as: auto industry (assembly, towline, spare parts); blood transfusion service; circulating assets (beer containers); government case paper control; electronics; mining; order taking; postal services; robot assembly; and supermarket scanning. There was simultaneous translation into English, French, German and Italian.

Some random comments and impressions:

- The timing and venue were planned to coincide with Logistica, an exhibition dealing with equipment and systems for material flow control. Logistica, however, was a first time, untried event, and did not attract the expected 20,000 visitors. In fact, it appears that SCAN-TECH Europe provided more visitors to Logistica than the other way around. Next year's SCAN-TECH/Europe is planned for Basel, Switzerland and different venues are being considered for the future. There are also plans to avoid clashing on the calendar with SCAN-TECH/USA (or Logistica).

- Although bar coding equipment dominated the show, there were a number of other technologies covered in the exhibits and seminars including OCR, radio frequency and vision systems.

- Some interesting trends have emerged on the types of print engines available. An informal survey by Ben Nelson of Markem Corp. tallied the number of different bar code printers currently on the market: 32 thermal, 11 thermal transfer, 4 impact, 3 ink jet, 2 laser printers. Of the printer/applicators, there were 3 thermal, 2 thermal transfer, 1 impact and 1 pre-printed label.

- It has become evident that the lag between an American product launch and its European appearance has been virtually eliminated. We now see the simultaneous US/European introduction of products so that end users, systems builders, consultants and the press who attended SCAN-TECH/Europe could see products at the same time (even a week earlier) as they could in North America. Technological developments are being diffused in the marketplace at exactly the same pace on both sides of the Atlantic.

Our overall impression at SCAN-TECH/Europe, therefore, was that bar code scanning is rapidly developing into an integrated world marketplace. Products and systems which were available only in the US can be readily demonstrated and installed in Europe and Japan. Although the bulk of the technology still comes from the US, European manufacturers are appearing on the scene in greater numbers. There are strong signs, however, that a great deal of attention will have to be addressed to educating the users. The bar code scanning industry in Europe is stilll supplier-driven rather than market-driven, as it is in the US. This continues to present the real challenge to market growth.

<u>One</u> <u>of</u> <u>the</u> <u>more</u> gratifying....

....opportunities that occurs during the time of the Scan Tech shows is the public recognition of those who have made significant contributions to the industry.

- The <u>Percival</u> <u>Award</u> is made jointly by AIM and SCAN Newsletter to an American individual or organization from the <u>user</u> community. This

plaque was awarded this year at Scan Tech to <u>Dr. Eric Brodheim</u>, Senior VP of Planning and Advanced Technology of the New York Blood Center. Dr. Brodheim was cited for pioneering the use of bar code scanning in blood banking dating back to the early 1970's. He joins a distinguished group of previous recipients: Mike Noll (1982); Bill Maginnis (1983); and the UPC Council (1984).

- The <u>Scan Newsletter International Award</u> is made to an individual outside the <u>US</u> who has contributed to the bar code scanning industry. This year the plaque was presented to Paul Berge, General Manager, Symbol Technologies International. Berge was a driving force over the last two years to create a professionally structured automatic identification industry in Europe. The formation of AIM/Europe and the establishment of Scan-Tech/Europe owe much to his influence. Last year the award went to Albert Heijn.

- AIM makes a separate <u>Dilling Award</u> to an individual from US vendor companies. This year the honor went to <u>Ben Nelson</u> of the Scanmark Division/Markem. Nelson has been a very active member of AIM, and has been its most successful ambassador to industry, participating in numerous educational activities. The first Dilling Award was made in 1984 to Ed Andersson.

<u>A great deal of interest</u>....

....and pressure has been evident from many sources to develop definitive data to establish the accuracy of bar code scanning. Up to now, the question has been answered by referring to the LOGMARS tests that were completed in the late 1970's; or to point to the enormous number of scans completed daily in the UPC scanning supermarkets. Neither response was satisfactory in that it did not recognize the current technology, was not representative of the various symbologies and scanners in use today, or was not conducted with the rigid controls necessary.

Some independent tests have gone forward by large companies who are deeply committed to bar code scanning (notably Bell Labs and Eastman Kodak), but these were narrowly directed to the specific needs of these companies. Efforts have been underway to organize a privately sponsored Bar Code Users Group to provide the data, and it was hoped that when the Federation of Automated Coding Technologies (FACT) got going, it would undertake testing as one of its major objectives.

But the members of AIM couldn't wait. AIM, after all, is made up of vendors who are on the firing line daily, selling products in a competitive marketplace that has not yet fully accepted bar code scanning. Clearly the need was there, and no satisfactory solution was forthcoming.

Thus was born the symbology performance test that is scheduled to begin in January, 1986. The test has been developed by the <u>AIM Technical Symbology Committee</u>, and will be conducted at the <u>State University of New York at Stony Brook</u> (on Long Island). It's a complex test that involves 7 symbologies, more than 10 densities, 8 reader/scanners and labels produced by 12 printing techniques. Although there will be over 2 million scans performed, the number of permutations and combinations of all the variables brings the number of scans for each "cell" in the matrix to a fairly small number. The committee promises

to take that into account when publishing the results, and will include the statistical reliability of the data.

The stated objective of the committee is to study the inherent reliability across all reader technologies in a "real world environment." They do not seek to obtain a "laboratory view of sterile tests." The data that will be reported for each of the 7 symbologies will disclose: 1. The average first read rate across the population of symbols read. 2. The character substitution rate. 3. The percentage of substitution errors that were apparently caused by an autodiscrimination error.

COMMENT

We are a little ambivalent about the symbology performance tests proposed by AIM. On the one hand, controlled testing of symbols and scanners is a commendable goal. We support that objective and are inclined to await the results before passing judgment. On the other hand, we question the limited data that may emerge from such grandiose plans, accompanied by press conferences and wide publicity. We are tempted to agree with some points raised by Craig Harmon, in his article on the subject titled: Aiming to Accomplish What?. The opening paragraph of the article leaves no doubt as to where he stands: "Such testing will be a disservice to the industry in that the test results will be misrepresented and misinterpreted, ultimately leading to more confusion in the industry." Although Harmon may be somewhat biased, and it is doubtful that he would welcome any programs which might compete with his Bar Code User Group efforts, he does make some valid arguments as to why the test may not produce the results its sponsors hope for. The matrix of variables is so large -- and the number of scans so relatively small -- that the results may not be statistically significant.

And that's the danger of it all, and the question we are now left with: Should the leading organization in the industry invest the time, money and a portion of its prestige and credibility on a project which may yield questionable results?

For the past few years....

....many responsible voices in the industry have lamented the lack of widely accepted industry standards. What we have seen have been fragmented attempts by industry groups, many of which did not conform with one another. Thus, for example, when buying a verification device for code 39, you may have to specify a program for the LOGMARS, AIAG, ANSI or HIBC versions, even though they are all the same symbology. They do not have the identical constraints or tolerances with regard to bar/space widths or color contrast.

In a move to provide a uniform set of standards for the entire industry, AIM, through its Technical Symbology Committee, has just issued five new Uniform Symbology Specifications (USS) for interleaved 2 of 5, codabar, and codes 39, 93 and 128. (These are not to be confused with AIM's Uniform Symbol Descriptions -- USD's -- which describe the symbologies but do not contain sufficient information to be used as a standard.)

One of the major differences from other published specifications is AIM's approach to the treatment of optical properties, printing defects, inter-character gaps, and dimensional tolerances. There are indications that other

standards groups, such as ANSI's current work on print quality (SCAN Nov 85), will accept these standards as a basis for their work.

COMMENT

> *Standards, it has always seemed to us, are critical to the growth of this industry. The incompatability of systems, equipment and software in the computer industry has always boggled our minds -- and has resulted in enormous additional costs and headaches to the end users. The experience of one bar code company, which has to write over 100 interfaces so that its equipment can function with the variety of computers out there, goes straight to the point. We recently heard someone explain that as "the democratic/capitalist way" -- a reflection of each entrepreneur who thinks he has a better way of doing it. Maybe so, and certainly no one can be forced to adopt these voluntary standards. We suggest, however, that we would all be damned fools not to support a move toward working standards as a bedrock foundation to build on.*

When you stop....

....to think about it, a single $100 million procurement, in an industry that probably ships less than $500 million per year, is significant by any measurement. That is the estimated dollar value of a Request for Proposal (RFP), currently out for bid by the Army (if the government picks up all of its options over the next 5 years).

This one is for scanners, printers, peripherals and software for forward tactical field operations of the Army. The procurement is being managed by the Tactical Management Information Systems (TACMIS) out of Fort Belvoir, Virginia. The equipment must be portable and suitable for operation under field conditions. These field units are already equipped with van-mounted and portable computers which will support the scanning systems. The proposal due date is January 13, 1986.

Up to now the major government LOGMARS procurements have been awarded to systems integrators -- such as Sperry, IBIS and CACI. Now at least one manufacturer in the industry plans to take a shot at bidding directly for the entire package. The bid is for a minimum of 1,200 printers and 41,000 scanners and readers; the maximum could go to 6,000 printers and 100,000 scanners and readers! Computer Identics plans to bid directly although the company may actually manufacture only a portion of the requirements. In effect, C/I plans to act as a system integrator for the balance.

This procurement continues the principle that all LOGMARS systems be based on state-of-the-art technology, and that no special development monies or efforts are to be included. However, it does specify printers that cannot weigh over 25 lbs., which precludes any devices other than the smallest dot matrix types -- and all equipment will have to be made to withstand very rigorous environmental conditions (e.g. temperature range from -25°F to 150°F).

Although no one seems to have any accurate data on the total value of bar code systems that have been purchased by the U.S. Government, the amount is obviously very large and growing, and attests to one of the most successful applications of bar code scanning. It also provides a very substantial manufacturing base for many suppliers.

One last point, before anyone rushes off to become a direct bidder: the actual proposal document, including amendments, is about 3 inches thick, mostly printed 2 sides. There are more than 1,000 pages to be analyzed and over 400 line item price quotations to be computed.

In a surprise announcement....

....that could have very positive implications for its future, Symbol Technologies reached a settlement with Spectra Physics on the patent suit it instituted two years ago (SCAN Feb 84). On January 28, 1984 Symbol Tech charged infringement under its patents on hand-held laser scanners. On December 16, 1985, it was announced that Spectra will pay royalties to Symbol on its sales of hand-held laser bar code readers. Both companies expressed satisfaction that they would be able to avoid any further legal expenses.

But the advantage was clearly Symbol Tech's. Spectra's major customer for its laser guns had been Intermec, which had helped with the product development funding. Intermec placed a large order with Symbol Tech last year (SCAN June 85), which was a clear sign of Symbol's strength in the field. Validation of its patent enhances that position.

Although the timing might be coincidental, the announcement that MSI Data has switched from Spectra to Symbol for its laser guns enhances the glow that must be emanating from Bohemia, N.Y. MSI was probably Spectra's second largest customer for these devices, and now joins Telxon as the two largest manufacturers of portable data terminals who are using Symbol Technologies' scanners. MSI signed a 2-year agreement valued at $2 million.

Continuing with the positive financial results reported last year, Symbol Technologies has completed a very respectable first quarter for F/Y 1986. Compared to the same period last year, sales are up 50% and dollar earnings have increased six-fold.

SYMBOL TECHNOLOGIES	3 Months Ended 9/30	
	1985	1984
Revenues ($000)	$4,372	$2,914
Net Income ($000)	221	38
Net Income/Share	.04	.01

The company still has a long way to go to establish a reasonable price/earnings ratio, but its shareholders seem to have settled into fairly solid support for the stock in the $10-11 range. The number of outstanding shares increased this past year to over 5 million (+ 41%) as the company sold equity to fuel its rapid growth.

The comeback trail....

....is not an easy one to travel, but Bill Bowers believes his company is doing it successfully. Bowers is Chairman of MSI Data. For many years MSI had featured itself as the leader in the sale of portable data collection terminals and systems. The company's leadership has eroded over the past two years, however, and it has surrendered first place to the aggressive Telxon.

In a recent interview, Bowers was open and forthright about the troubles his company has gone through, very positive about the way in which MSI has emerged from those difficulties, and optimistic as to the bright future ahead.

The problems probably started during the protracted negotiations with Sensormatic over the proposed acquisition of MSI Data (SCAN Feb 83). These negotiations took almost a year, and in January, 1983 the announcement was made that Sensormatic would acquire MSI Data in a deal that would bring MSI stockholders $100 million. MSI stock, at the time, was probably not worth more than one-third of that price. Those were pretty heady times, and management people at the company had been busy congratulating themselves for months -- while business really wasn't going on as usual.

The deal fell through three weeks after it was announced, and the effect on MSI was very negative. The company had lost its momentum; no new products were under development; key personnel were leaving the company; there was a blurred image in the marketplace. It took a couple of years of shuffling management responsibilities and trying to regain a positive self-image before the company was back on track.

Things are much better now, says Bowers, "We have a new management team, starting with Chuck Strauch, who assumed the presidency about a year ago; we are now introducing new products with more to come; the acquisition of Azurdata has gone well; and we are creating stronger marketing organizations in the US and abroad." Bowers dismisses the pending lawsuits with Telxon as not significant and characterizes their relationship as "friendly competitors."

What about the future? MSI is looking for new applications, including those requiring customized versions of their portable data terminals. Bowers won't predict future sales or earnings -- but expects revenues to increase with a good chance the company will be profitable this year.

A couple of parting shots from Bowers: How come our recent report from the UK (SCAN Oct 85) about a Zengrange system sale to the Department of Health and Social Security failed to mention that MSI supplied the 2,400 Datawands, 900 Datawells and 600 Chargers? And MSI's Chairman believes the industry needs an inexpensive ($50-$100) non-contact scanner for applications such as reading bar coded hospital patient wrist bands. Any takers?

One of the rising stars....

....on the European bar coding scene is Barcode Industrie, based in Bougival, France. The company can trace its origins back to 1981 when it operated as Intermec France, with a 19% stakeholding held by Intermec Corp. (USA). The turning point came in 1983 when the French management, headed by Edouard David, President, decided to buy out the stake held by Intermec Corp. and to set up Barcode Industrie as a French owned operation. The goal was to become more involved in manufacturing and in product customization for the French market.

David and Gilbert Warnan, Director of Research, now head a staff of 35, 5 of whom are involved with research and development. The company's product lines include: a series of decoders known as MindReader for which interfaces have been developed to over a hundred terminals and microprocessors; a MindReader Net (bar code data capture network); and the BarPen. It manufactures prototypes and early production units in-house, but subcontracts volume production.

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Within two years after separating from Intermec, sales had doubled in 1984 to 23FF million ($3 million), although profits were sharply off to 34,000 FF ($5,000). For the current year management expects sales to be up by 20% and profits to be more in line with the 1.7FF million achieved in 1983. The fall in profits in 1984 was due to the set-up costs of the US subsidiary and interest charges to finance short-term borrowing to fund expansion. The company was started with 300,000 FF capital ($40,000) and all profits have been re-invested.

Barcode Industrie claims to have 70% of the bar code equipment market in France and a 25% share in Western Europe. Its American subsidiary, Barcode Industries Inc., was started in February, 1984, and believes it is among the top five manufacturers of on-line hand-held bar code scanning equipment in the United States. The US company has over 100 customers, at least 25 of whom are Fortune 500 companies. Although the US and French executives are reluctant to disclose US sales and profits, they do refer to growing sales, positive net income for last year and this year, and indications of an expanding order position through a network of authorized distributors.

New products are on the horizon and are likely to be concerned with scanning and decoding. Although Barcode Industrie does sell some printers, Edouard David tells us that there is no intention to enter this field as a major distributor or manufacturer. It is clear that the company is seeking investment to fund further growth and major R & D. We would not be surprised if there were to be an announcement soon of an investment for a minority stake in the business. The company and its young management are ambitious and they see, as a realistic goal, annual sales of 100FF million ($13 million) and a stock exchange listing by the end of the decade.

In a continuation....

....of its plan to acquire all of its key distributors, Intermec has concluded a letter of intent paving the way for the future acquisition of its oldest and largest distributor, Intermec/TEMA. The transaction for stock is expected to be completed within the next 12 months and is structured to be accounted for as a pooling of interests.

Headquartered in Natick, Mass. Intermec/TEMA provides complete bar code data collection system sales, service and support to customers in the 6 state New England region. Ray Stevens, who founded TEMA in April, 1970 is President of the company. The 33 person firm focuses exclusively on bar code related equipment and systems and has been associated with Intermec for 15 years.

We remember Stevens from way back when he was little more than a one-man operation covering the entire eastern half of the country, marketing bar code products when the industry was in it infancy. The acquisition of his organization would represent a major step toward the Intermec goal to build an integrated marketing organization.

The third quarter....

....for Computer Identics showed a 25% increase in sales, but a sharp drop in earnings. The 9 month sales were up 35%, but earnings were off 20%.

COMPUTER IDENTICS	3 Months Ended 9/30		9 Months Ended 9/30	
	1985	1984	1985	1984
Revenues ($000)	$3,120	$2,515	$9,439	$6.986
Net Income ($000)	16	196	387	485
Net Income/Share	–	.05	.08	.11

The decrease in earnings was attributed to higher selling expenses to support
new products and open new sales offices; and to significant equity losses
($113,000 so far this year) in the start-up costs of the joint venture European
company formed in 1984 in partnership with Bekaert.

C/I's major effort these days is in the introduction of its very ambitious
System 128, the fully integrated manufacturing information and control system
capable of supporting over 4,000 bar code readers and terminals in one local
network. System 128 was prominently featured at Scan Tech. It is the
culmination of the multi-million dollar research and development project funded
by Hutton/PRC Technology Partners (SCAN Oct 83, June 84).

With an almost 70% increase....

....in sales and 25% increase in earnings over last year, Imtec's first
quarter results continue the company's solid gains.

IMTEC	3 Months Ended 9/30	
	1985	1984
Revenues ($000)	$673	$399
Net Income ($000)	38	31
Net Income/Share	.05	.04

In order to broaden its stockholder base and to encourage more trading in the
company's securities, Imtec has declared a 5 for 4 stock split of its common
stock to stockholders of record as of December 2, 1985.

The company had completed its 1985 fiscal year on June 30, with $2.8 million
in sales -- almost tripling 1984 revenues. That was the first profitable year
of the company with net income of $.26 per share.

The company also announced the purchase of certain assets, inventories and
manufacturing know-how from Santec Corporation an Amherst, New Hampshire based
dot matrix printer manufacturer.

In 1983....

....just a year after being appointed General Manager of Swedot's Belgian
subsidiary, Olof Hiden was invited to become Managing Director of the main
Swedish operation. He agreed, and as part of the deal he was offered the option
to purchase outright control of the Belgian business by the end of 1985.

Hiden has decided to exercise that option. He has relinquished his position
as MD of Swedot AB, and he returns to Brussels, where he has had a home for 17

years. He is now owner/Managing Director of Swedot Europe SA. The company will
be the exclusive distributor of Swedot's products in the Benelux countries.
Olof Hiden will continue to take an active part in AIM Europe. His old position
in Gothenburg is taken over by Frans Krigen.

Swedot Europe SA Avenue De Frè 263, B-1180 Brussels, Belgium; Belgian telephone:
02/375 44 80; Telex: 65799

Not all organizational developments....

....in bar coding are limited to the United States and Europe. A new
organization, affiliated with AIM International, is being formed in Australia.
At a meeting in July a steering committee was appointed to pursue affiliation
with AIM International. The planned inaugural date has slipped a little but
things are set to move quickly in the New Year. About 30 companies are likely
to be founder members.

Initially, the geographical scope of the new body will only cover Australia.
Once established, companies from New Zealand and Southeast Asia will be invited
to join. To account for this broader base, the new AIM International affiliate
will be known as AIM Pacific (AIM PAC). To date there has been close liaison
and cooperation with the Australian Product Numbering Association (the EAN
affiliate), but the thrust of AIM PAC will be on industrial rather than retail
applications. The National Materials Handling Bureau (NMHB) has acted as a
catalyst during the last few months and Jack Sayers of that group is reported as
one of the prime movers of this effort. This government sponsored body has
offered to provide the secretariat services for AIM PAC for its first few years.

The NMHB recently sponsored (end October) a two day seminar and exhibition for
bar coding and automatic identification. In anticipation of the formation of
AIM PAC, the event was called SCAN-TECH Pacific 85 and attracted over 100
delegates with 26 exhibitors.

AIM Pacific, National Materials Handling Bureau, PO Box 344, North Ryde,
NSW 2113, Austalia; Australian telephone: (02) 887 8111; Telex: AA 25386

One of the more sensitive issues....

....that surfaces from time to time in business is "conflict of interest."
Sometimes the issue is clear-cut; more often the perceptions of the parties
involved are clouded by their interest.

There have been a number of such issues during the past two years revolving
around the Health Industry Bar Code Council. The selection of symbologies, for
example, was fraught with pressures both on and off the committees, from health
product vendors, scanner equipment vendors, and consultants, as to what would be
best. Some of this has come to a head, centered around a flap about the
position of Bill Schultz as a member of the HIBCC Board of Governors.

First, some background: For many years, Schultz was with Schering, the
pharmaceutical company, and he actively participated in a number of industry
organizations related to automatic identification. During the early formative
stages of the HIBCC, Schultz attended as a delegate representing the National
Wholesale Druggists Association (NWDA). Ultimately he was appointed to the

Council Board of Governors as a member representing NWDA. During the planning
period, he was the staunchest, and most vocal, advocate of UPC, which ultimately
became the alternate symbology allowed on vendor packages. Not everyone agreed
with the Schultz/NWDA position, and there were undoubtedly some noses slightly
out of joint because of it.

Earlier this year Schultz changed jobs -- he is now a full time employee of
Computer Identics. NWDA, however, wants him to stay on as a Governor on the
HIBCC Board, presumably because he has done a good job representing their
position. This is where perception comes into play. Intermec, a direct
competitor to Computer Identics, feels that Schultz' presence on the board,
where vendors of bar code equipment were not supposed to serve, gives Computer
Identics an unfair advantage.

That's where it stood when Intermec's President David Allais wrote to the NWDA
asking them to reconsider Schultz' position in view of his new employment. The
prompt reply from NWDA told Intermec, in effect, not to meddle in NWDA affairs.
If Intermec, the NWDA letter continues, could point out any "concrete examples
of conflict of interest" they would consider it. C/I President David Collins is
standing solidly behind his new employee, supporting the NWDA position.

And that's where it stands right now.

You **can** **now** **obtain**....

....the new set of standards adopted by the **Health** **Industry** **Bar** **Code** **Council**
(HIBCC). The document includes both the supplier labeling standard for those
products purchased by the hospital; and the provider application standard for
bar codes generated within each facility.

To get your copy, send $20 ($15 for HIBCC members) to Valerie Rohrbough,
HIBCC, 111 East Wacker Drive, Chicago, IL 60601; 312/644-6610.

We **knew** **it** **would** **happen**....

....but there was little we could do about it. Even with the expanded space
of this Double Issue, we have not been able to include all of the latest news.

In our upcoming issues we will be covering the newest of the new products;
the recent decision by the US book industry to place **EAN** symbols on hardcover
dust jackets; some new trade shows that have been scheduled for 1986; the
most recent decisions by the ANSI group writing a print quality standard;
and much more.

A Happy and Prosperous New Year to all!