



newsletter

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

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We absolutely loved....

....the idea of a giant size UPC bar code symbol on the spinnaker of a cruising sailboat. It was the brainchild of David Carlson, VP K mart, who claims it is the "largest scannable bar code anywhere." At 5 1/2 feet x 8 feet, he's probably right -- although it would take a pretty sizeable arm reach to push the wand across 8 feet. Carlson has a photograph of the boat in his office and readily scans the sail -- it really impresses those vendors, he says, who complain about how difficult it is to get a scannable UPC symbol on their products.

(Laura Hanson, Publisher of Bar Code News, thought so much of Carlson's sail that she printed it on the front cover of her May issue and sent out poster size full-color reproductions as a promotional piece to advertisers.)

We called Carlson to find out why he would want a reminder of his daily work problems staring down at him while he is out relaxing on the water. "No problem," he says, "since UPC has become such an exciting and integral part of my life." Carlson states very bluntly that UPC is now the identification standard for point-of-sale automation in the US considering the commitment by K mart and other mass merchandisers a few years ago; and also the strong stand taken by Federated Stores late last year pointing the department stores in the same direction (SCAN Feb 86). K mart plans to be scanning in all of its 2100 stores in about 3 years.

He has no particular use for "dual vendor marking" (i.e. UPC + OCR), which he feels is just a holding action by the National Retail Merchants Association (NRMA). He expects the obvious advantages of UPC will prevail.

Carlson is concerned, however, with the marking of general merchandise and particularly of apparel items. He maintains that some retailers and vendors want detailed style, color and size information encoded and feel the 5-digit UPC product number is too restrictive. He suggests that the industry re-examine Version D-2, an expanded UPC format that was included in the original 1973 UPC guidelines, but has since been abandoned. Whether it's straight UPC or UPC/D, Carlson believes the general merchandise manufacturers need help and he would like to see the issue discussed openly -- including retailers, manufacturers and POS equipment vendors.

Getting back to putting the UPC symbol on a sailboat, we know some other sailors in New England, California and the UK who will probably not let this record go unchallenged. The ultimate, of course, will be the UPC/EAN regatta to be held in the POSific Ocean. We'll probably hear from the Aussies by return mail.

The organizers of the AIM-UK 86....

....conference and exhibition were obviously disappointed by the turnout last month: 80 seminar delegates compared with 250 last year; total exhibition attendance of 680. The half day starter seminar, a new feature, did attract over 150 delegates and that was encouraging.

The show's promotional mailing was sent out only a month before the show, and was blamed by the organizers as the major cause for the lower numbers. Certainly nothing critical can be said about the quality of the speakers, including the guests from overseas: Paul Berge (Symbol Technologies International), Roger Palmer (Intermec) and Harry Burke (sporting a speaker's badge saying "Free Agent" now that he has left NCR) all tackled their subjects professionally. The user speakers we heard presented interesting and varied case studies.

COMMENT

The late promotion probably did influence the numbers, but we feel the major problem is that bar coding is still viewed as an optional benefit for most UK industry. A conference like AIM-UK is nice to attend, but not seen as essential. Apart from EAN for retailers, there are no industry standards in the UK to pressure suppliers and manufacturers to grasp the technology and to feel the need to attend a showcase exhibition and educational conference. A critical mass may be achieved if and when these standards are launched. This will establish, as in the US, a receptive audience with a need to know more. We comment on this in some detail because we believe there are lessons to be learned by other groups planning seminars and exhibitions.

One of the more difficult....

....political issues recently facing AIM-Europe was the establishment of an affiliate organization in France. Cobatech (Le Centre National des Technologies du Code a Barre) was formed in mid-1984 (SCAN/IE Aug 84). The organization did not conform to the affiliation criteria established by AIM-International: i.e., it covered bar code technology and did not include other automatic identification methods; it had only user members (especially Gencod, the French EAN affiliate); and it was biased toward retail scanning. The confusing situation prevailing in France was that some major French companies were direct members of AIM Europe and not of Cobatech, and vice versa.

A recent agreement appears to have resolved all the issues. The existing Cobatech body accepts the AIM-International constitution; the name "Cobatech-AIM France" will exist for a transitional period of a year; there will be no direct user membership since Gencod has agreed to withdraw; and the French company members of AIM-Europe are expected to join AIM-France within the next year. The officers of Cobatech-AIM France remain the same as for the previous body: Alain Macaigne (Intermec Systemes) is President; Michel Grolee (I.D. Systemes) is Secretary General.

A two day conference and exhibition is set for 11-12 June in Paris (sorry for the short notice, but we only recently received the details). Subjects covered will be bar coding, vision systems and radio frequency with a wide variety of industry applications. For details about the conference: Groupe ATYA

As the automatic identification industry has grown....

....there have been more and more demands for statistical information as to size of market and forecast of growth. Those studies that have been completed over the past few years have been less than accurate or adequate (especially when viewed from the vantage point of hindsight).

We've complained about it before. Hardly a week goes by without some consultant calling our office for a brain-picking session. Our stock answer is that we haven't done any independent research of our own, that we don't have too much faith in the reports we've seen so far, and that there is a real need for reliable data. Most callers seem to go away annoyed by our seeming lack of information and cooperation.

All by way of announcing two new studies which we hope will be an improvement.

- A major market research survey has been recently commissioned by AIM Europe. The study, Automatic Identification Systems in Western Europe will look at the status of systems in 1986 and forecast market growth through 1992. Clarendon Reports, one of Europe's leading information technology market research companies, has been commissioned to do the research with project management provided by a group of marketing executives from AIM member companies.

The study will cover 16 countries (all of Europe excluding Finland and the Eastern Bloc countries). Four technologies (bar code, radio frequency, OCR and MICR) will be assessed over 15 application areas and three product types: Symbol/data generators, symbol/data detectors, and media (tags, labels, forms). The analysis covers the installed base, unit volumes for shipment, price trends and consequent industry revenues at current end-user prices. The full cost of the report will be £1,200 (\$1,800). Extensive pre-publication discounts are offered to any AIM International member companies and to those placing orders before June 30, 1986. AIM Europe Secretariat, The Old Vicarage, Haley Hill, Halifax, ENGLAND HX3 6DR; telephone (0422) 59161; telex 517250 ISMARK.

- Gorham International has undertaken a new multi-client annual program with the impressive title Bar Code Printers, Scanners and Readers; Markets, Technologies and Business Opportunities -- an Annual Service. The features of the service include quarterly newsletters, product directories, specification guidebooks, product inquiry service, patent reviews, case studies, meeting summaries, a comprehensive annual report, and an annual individual client executive briefing. Since there is such a broad range of services available, the company has mailed out an "interest questionnaire" asking, among other questions, whether prospects would join the program if the subscription fee were \$10,000. Gorham International, Gorham, ME 04038; 207/892-2216.

There has been a small....

....but significant change by the Motor and Equipment Manufacturers Association (MEMA) to their Automotive After Market Individual Part Bar Code

Guidelines (SCAN Apr 86).

The original guidelines (under paragraph 4.0-Recommendations) suggested that both code 39 and UPC should be printed as dual symbols where UPC is required by the customer. MEMA, it seems, received some negative feedback to this and wisely (we think) added the following to that paragraph:

"A manufacturer may choose to use a single symbol (UPC or code 39) on his product, if that symbol will adequately serve the requirements of the market in which the product is distributed."

Citing high costs....

....and low shipments, Computer Identics had a poor first quarter:

<u>COMPUTER IDENTICS</u>	<u>3 Months Ended 3/31</u>	
	<u>1986</u>	<u>1985</u>
Revenues (\$000)	\$1,983	\$2,646
Net Income (Loss) (\$000)	(538)	122
Net Income (Loss)/Share	(.11)	.03

The significant loss continues the negative results of the fourth quarter of last year (SCAN Apr 86). One of the cost problems the company is still pointing to is the large administrative expense incurred in preparing its government bid, although these costs seem minor when compared to the \$1.4 million in losses over the past 6 months. In addition, according to President David Collins, marketing inefficiencies related to the establishment and training of a direct sales team fell heavily on the quarter; and there had been delays in the shipment of their STARNODE products which were attributed to late availability of user software.

In a major marketing move, Computer Identics will add five bar code printers to its product line to be sold under the PRINTSTAR name. The company will OEM these printers from Data Specialties (Northbrook, IL) and from Micro Peripherals (Salt Lake City, UT). They will include dot matrix, impact, thermal and thermal transfer models.

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

The early reports....

....from Intermec, anticipating lackluster results for fiscal year 1986 (SCAN Apr 86), were borne out by the final audited figures just released.

<u>INTERMEC</u>	<u>3 Months Ended 3/31</u>		<u>Fiscal Year Ended 3/31</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Revenues (\$000)	\$10,172	\$10,272	\$43,090	\$40,194
Net Operating Income (Loss) (\$000)	(291)	1,788	774	5,979
Net Income (\$000)	459*	1,200	1,524*	4,009
Net Income/Share	.08*	.22	.28*	.80

(*After adding extraordinary income)

Intermec has launched a new series of seminars billed as The Winning Edge. The one day traveling show is scheduled to debut in four New England cities: West Haven, CT - 6/17; Enfield, CT - 6/19; Lowell, MA - 6/24; Braintree, MA - 6/27. The seminars are geared to manufacturing and distribution managers and will provide an overview of bar coding, including complete systems and case studies. The cost is \$195.

Intermec, Box 360602, Lynnwood, WA 98046-9702; 206/348-2795.

For fiscal year 1986....

....Telxon continued its solid gains of the past few years with increases of 28% in sales and 63% in profit.

<u>TELXON</u>	<u>3 Months Ended 3/31</u>		<u>Fiscal Year Ended 3/31</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Revenues (\$000)	\$24,164	\$19,965	\$82,095	\$64,019
Net Income (\$000)	3,001	1,817	8,109	4,984
Net Income/Share	.33	.24	.96	.67

The company attributes its successful year to three factors: An expanded direct selling force and VAR network to meet what it sees as an increased demand for its portable tele-transaction computers (PTC's); improved international performance contributing 15% to revenues and profits; and significant improvement (+5%) in its gross margins. Telxon's balance sheet at the end of its fiscal year showed \$20 million in cash, \$45 million in working capital, a current ratio of 4.2:1 and no long-term debt. Not bad!

After divesting itself...

....of its European and West Coast operations and all of its bar code products a few years ago (SCAN May 83, Aug 83), Photographic Sciences has been reorganized into a leaner, more profitable company. In the early 1980's overexpansion and some poor management decisions had brought the company close to bankruptcy.

With new management and fresh venture capital, the company has returned to profitability and is striving to regain a significant presence in bar coding. Photo Sciences now sells film masters and the Quick Check -- a moderately priced verification device for checking printed symbols.

In its latest effort to strengthen its position in the bar code industry, the company has signed a letter of intent to acquire Optel Bar Code Systems of East Rochester, NY. If the final agreement goes through, and it's expected in 6-8 weeks, it will be based on an exchange of stock. (Photographic Sciences is an over-the-counter public company; Optel is privately owned.)

Optel was one of the first companies to produce and sell laser diode scanners, a technology that some believe will be a very important segment of the future bar code scanning market. Laser diodes are inherently cheaper than he-ne lasers with fewer parts and potentially sturdier and more reliable performance. This technology has been under development by others in the industry, notably Symbol Technologies (SCAN Feb 86).

Photographic Sciences' most recent financial statement for the first quarter of 1986 (omitting extraordinary items):

<u>PHOTOGRAPHIC SCIENCES</u>	<u>3 Months Ended 3/31</u>	
	<u>1986</u>	<u>1985</u>
Revenues (\$000)	\$1,145	\$ 993
Net Operating Income (Loss)(\$000)	55	(123)
Net Operating Income (Loss)/Share	.03	(.05)

We asked the....

..IATA to send us an Executive Summary or some other detailed background on their report: ATC/IATA Machine Readable Interline Baggage Tag Study. Their response was that "if we were to give out the summary, no one would buy copies of our study."

So we'll tell you as much as we know: 1. It was conducted during 1984 and 1985 by BAE Automated Systems Inc. for the Air Traffic Conference of America and the International Air Transport Association. 2. It looked into all available and potential technology to determine the possibility of a standard machine readable interline baggage tag for the airline industry. 3. There is an Executive Summary and seven interim reports which describe the methodology and the various technologies evaluated. 4. The Final Report includes equipment evaluation, comparisons of bar code scanners, printer characteristics, demand printer comparison, and computer vision system characteristics. 5. The complete study costs \$500.

IATA, 2000 Peel Street, Montreal, Quebec CANADA H3A 2R4; 514/844-6311.

Some new products....

....and services:

- Welch Allyn introduces its HBD-Micro 2, a compact bar code reader (3.8" x 3.5 " weighing 8 oz.) that accepts input from hand-held and laser scanners, reads 9 bar codes with autodiscrimination and is user-programmable. Quantity-one price is \$695. Their new HBD-KD bar code wedge decoder functions between keyboard and a wide range of terminals: IBM, Sperry, Honeywell, Decision Data and Telex. Quantity-one price is \$695. If you contact Welch-Allyn, ask for their interesting two page discussion of the company's early beginnings in bar code technology back in 1958 with their pioneering use of fiber optics.

Welch Allyn, Industrial Products Division, Jordan Road, Skaneateles Falls, NY 13153-0187; 315/685-8351.

- Skane-A-Matic has a new small badge/document scanner and decoder that's about the size of a hot dog on a bun (and looks like one, too). Plugged into an RS 232 port, the Slot-Skan can be mounted flat or on a wall. The cute gadget costs \$569 and is appropriately used in attendance

control, personnel identification, access point control and material handling.

Skan-A-Matic, Box S, Elbridge, NY 13060; 315/689-3961.

- A bar code option is now available from Facit for its Opus 1 laser printer. According to the company, this extends the word processing and correspondence printing capability to general purpose bar code for material handling and inventory. Bar codes can be rotated 90 degrees, placed with 1/300 inch accuracy, and printed in variable densities at 12 pages per minute with print resolution of 300 x 300 dots per square inch. The bar code version of the Facit Opus 1 lists at \$9,500 with OEM and dealer discounts available.

Facit, 9 Executive Drive, Merrimack, NH 03054; 603/424-8000.

- Bar Code Technology has opened an eastern district office in York, PA, headed up by Steve Krechmer, who had been with RJS and York Tape & Label. The company, based in Milwaukee, offers consulting services, customer program design, and laboratory testing facilities. In its sales brochure, National Sales Manager, Ron Bean (who also came from RJS), is pretty rough on the "quick buck industry and flow of dissatisfied bar code users falling prey to the lack of adequate consultation."

Bar Code Technology, 707 West Glencoe Place, Milwaukee, WI 53217; 414/351-5253.

- The latest development of Lasermatic is special bar code readers and labels for the tire industry. According to President Vadim Laser, a special short, low-density, but highly visible label is placed inside the tire during manufacture to be scanned by a reading camera probe. (Don't be fooled by the company name: there are no lasers in any of the company's products -- only in the owner's name.)

Lasermatic, 11705 Chesterdale Road, Cincinnati, OH 45246; 513/772-5258.

Because of the competition....

....from Federal Express in the UK market, the post office's Royal Mail Parcel Service has just launched a bar coded parcel delivery system called Trakback. Available only to business customers, Trakback replaces a manual system which the post office admits was unreliable and too slow in tracing deliveries.

Under Trakback, each customer is given a supply of special labels with detachable bar codes, providing unique identification for each parcel. The parcels travel through normal service, and on delivery the bar code is removed and affixed to a delivery record card. These cards are sent to the Trakback National Computer Center, where all the data is scanned. Customers will be able to check the status of deliveries four days after mailing.

Since there are thousands of collection points and millions of delivery points, the post office had opted to go for a single April launch date rather than carry out any tests. It is still too early for any results to be reported.

A new method....

....for printing bar codes permanently on plastic cards is available from Addressograph Farrington Inc. (AFI). The Card writer 1800 prints the most popular bar codes -- UPC, code 39, codabar and interleaved 2/5 and provides an alternative to pressure sensitive labels. The printing is done directly on the cards and the company claims above specification dimensional accuracy and print contrast.

There are a number of models and options and the price range is from \$18,000 to \$47,000. Speeds are from 800 to 1,000 cards per hour and printers can be obtained to print in one or two colors, with bar code and/or magnetic stripe. The image is burned into the surface with a thermal process on standard laminated plastic cards. There have been 75 of these units sold worldwide in health care, insurance and service bureau applications for personnel authorization, product identification and warranty card systems.

AFI, Randolph Industrial Park, Randolph, MA 02368-2698; 617/963-8500.

It seems a bit early....

....to start writing about SCAN-TECH 86, but the annual AIM/US show comes early this year -- October 15-17. We want to be sure you get it on your calendars before the summer vacation doldrums set in.

This year's effort has been modestly billed as "The One Show -- The Single, Biggest, Most Important Auto ID Exposition In The World." And so it is, with over 6,000 attendees expected.

It will be in San Francisco and the program includes 10 half-day seminars (9 of which will be offered twice) and two plant/lecture tours of automatic identification installations. The seminars are very broad in scope and will offer registrants the opportunity to tailor a program to suit their individual needs. The program will focus on cost justification and the business benefits of bar coding and other auto ID technologies.

AIM, 1326 Freeport Road, Pittsburgh, PA 12538; 412/963-8588.

A new series of workshops....

....has been organized by the Institute of International Research. They are scheduled for Amsterdam, on 3-4 July, and London, on 8-9 July. The seminars will be led by Frank Harlow, consultant, Sperry Rand Corporation, USA. The goal is to enable "participants to narrow down the choice of code symbol and equipment and design their own basic system." The seminar language will be English.

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IIR Ltd, 44 Conduit St., London W1R 9FB; telephone (01) 434-1017.