



newsletter

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

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In what seems to be....

....a significant recovery from last year's marginal results (SCAN June 86), Intermec reported a strong first quarter for its current fiscal year. Compared to last year, sales were up 20% to its highest quarter ever; profits increased almost 50%, including doubled operating earnings (investment income stayed about the same at \$237,000).

INTERMEC

First Quarter Ended 6/30

	<u>1986</u>	<u>1985</u>
Revenues (\$000)	\$13,128	\$10,910
Net Income (\$000)	748	503
Net Income/Share	.13	.09

In a move to strengthen its corporate management team, another significant change has been made by the company. David Allais has been moved up to Chairman of the Board relinquishing his position as President. He will retain his role as Chief Executive Officer, but has transferred the function of Chief Operating Officer to the newly appointed President, John W. Paxton. Paxton's background in manufacturing and operations includes previous positions with RCA, Kollsman Instrument, Martin-Marietta, and most recently as General Manager of the \$100 million Grimes Division of Midland-Ross.

According to sources at the company, the move was actually instigated by Allais himself. He felt that the company needed strengthening in the area of operations, and particularly in manufacturing following the recent resignation of Larry Elefson, VP of Manufacturing. Other personnel changes include the promotions of Lowell Klaisner to VP Engineering, Gregory Tannheimer to VP Sales Operations, and Charles A. Anderson to President Intermec/Ultra Print subsidiary and VP International Sales.

Allais replaces David Pivan as Chairman; Pivan will continue to serve as a Director. Allais joined the company in 1968 when annual sales were less than \$1 million and, according to Pivan, "We believe it is in the best interests of our customers and shareholders to broaden our upper management team and thereby enable Dave to focus on strategic issues...." The feeling at the company is that the management group is "a lot stronger now than it was 6 months ago."

A unique analysis....

....of EAN/UPC scanning installations was completed and published by CCG (the German EAN affiliate) in June. CCG compared the penetration of scanning in seven countries by analyzing the number of scanning stores and checkouts against population. All of the data is as of December 31, 1985.

<u>Country</u>	<u>Scanning Stores</u>		<u>Scanning Checkouts</u>		<u>Checkouts</u>
	<u>Number</u>	<u>Per million population</u>	<u>Number</u>	<u>Per million population</u>	<u>Per store</u>
United States	12,614	53.9	100,912*	431*	8.0*
Japan	6,021	50.3	12,182	102	2.0
France	1,023	18.9	6,906	128	6.8
Germany	719	11.8	5,211	85	7.2
United Kingdom	498	8.9	2,980	53	6.0
Netherlands	218	15.5	983	70	4.5
Belgium	204	20.4	1,043	104	5.1

(* SCAN Newsletter estimate -- no industry figures are available as to the average number of checkouts per store in the US.)

The table introduces what may be the most accurate index of the level of penetration of retail scanning: the number of scanning checkouts per million population. On this measure France is ahead of other EAN countries, and Belgium, with only 204 scanning stores, ranks second.

Based on data from a recent A.C. Nielsen study, which estimates that 45% of all American grocery products are sold by scanning supermarkets, the "saturation index" of checkouts per million population could exceed 1,000. It is a different and valuable approach to estimating the market potential of retail scanning, not even allowing for the additional volume expected from non-grocery retailers (K mart, Wal-Mart, department stores, et al).

This presents us with the opportunity to correct an error: According to one of our knowledgeable Japanese subscribers, Japan's 2,389 Seven-Eleven convenience stores each have two scanning lanes and not one as we reported (SCAN May 86).

There are some....

....special highlights and novel events featured for this year's SCAN TECH in San Francisco on October 15-17.

- Two automatic identification installations in the San Francisco area will be opened for plant tours as part of the scheduled seminars. Tandem Computers in Watsonville, CA will demonstrate a fully integrated manufacturing computer system that employs bar code data collection for operational reporting and work-in-process tracking. At Hewlett

Packard's Personal Office Computer Division in Sunnyvale, visitors will see how bar code systems are integrated with a Just-in-Time manufacturing process as they are guided through the production of two personal computer products. Each tour includes transportation and discussions with plant managers.

- Lewis Platt, Executive VP of Hewlett Packard, and Ronald Chiaro, Manager of Warehouse Control for Levi Strauss Company, will handle the keynote and special guest speaker roles in a unique introduction and overview session scheduled for the opening of the convention.

The demand for space from an anticipated 180 exhibitors has made it necessary to expand the exhibit area to over 50,000 square feet. The show management expects over 6,000 attendees which will make this the largest automatic ID show ever.

AIM, 1326 Freeport Road, Pittsburgh, PA 15238; 412/963-8588.

SCAN-TECH Europe 86....

....the annual AIM/Europe show, will be held at the European World Trade and Convention Centre, Basel, Switzerland from November 11-13. Happily, this avoids clashing with the US show (October 15-17), and the US Thanksgiving holiday (November 27), both of which caused scheduling problems last year with US vendors and visitors. The move to Switzerland is part of a deliberate policy to change the location from country to country over the next few years.

A different formula is being tried for the three days of the conference sessions. The theme on the first day, "Why You Need Automatic Identification" includes information on what to do and how to go about it. Day 2 concentrates on technical updates, with reviews of the basics (symbologies, printing, scanning and non-bar code technology). The third day is divided into four half-day modules on industry/application themes covering health care, electronics manufacturing, transport, and office and documentation control.

SCAN-TECH Europe, The Old Vicarage, Haley Hill, Halifax, ENGLAND HX3 6DR; telephone 0422 59161.

Seminars on bar code scanning....

....are cropping up everywhere, many of them specialized for particular industry applications:

- The American Management Association has scheduled a series of three courses on the subject Bar Coding Techniques and Applications, to be held in New York (September 15-16); Boston (October 6-7); and Atlanta (November 19-20). The main thrust is for manufacturing operations, including inventory, production, material handling, quality control, warehousing and purchasing.

AMA, Box 319, Saranac Lake, NY 12983; 518/891-0065.

- For the US book publishing industry, and its newly adopted Bookland EAN code and symbol, the Book Industry Study Group will hold a

half-day seminar in New York on September 9.

BISG, 160 Fifth Avenue, New York, NY 10010; 212/929-1393.

- A new seminar series with the catchy title Bar Coding: How to Design, Select and Implement a Bar Code System for Your Organization has been put together by Wright State University. The two day seminars are scheduled for Dayton, OH (September 23-24); Saddle Brook, NJ (October 7-8); Detroit, MI (October 21-22); Atlanta, GA (November 5-6). The only speaker listed is the seminar leader Tom Hurley of Hurley Consulting, a former VP and General Manager of Monarch Marking, developers of Codabar.

Wright State University, College of Continuing and Community Education,
140 East Monument Avenue, Dayton, OH 45402-1211.

The entry of....

....Kings Town Photocodes Ltd (KTP) into the production of sequential and random batches of printed bar code labels, has signaled a new phase in the development of this highly successful company devoted to bar code technology.

This latest venture of KTP, operating as the Digitech Division, is a major departure in company policy in the sense that its previous products were licensed or subject to distributor deals. This is home-grown, and it takes the company back to basics -- its expertise in print technology. The key to the system is the sophisticated front-end software of symbologies, formats and all the processing routines. The system is designed to drive various print engines including advanced photocomposition equipment and the RJS Thermabar 2001. Later this year the Digitech System is likely to be offered for sale, under license.

The recent opening of King Town's new custom-built headquarters prompted us to interview the Directors, and have a detailed look at one of the leading bar code firms in the UK. KTP was founded by Bert Best in 1977, and in 1981 it became the first UK company to have its own film master production facility. A few years later Best retired and sold the business to Harry Clark (who succeeded Best as Managing Director), and Chris Swindin (who became Sales and Marketing Director). Both had been part of the management team of the company; now they each own 50% of the business. With their fellow Director, Sue Wilson, they continue to follow the same plans and goals established with Bert Best. Their keynote is continuity and gradual evolution.

Now the company has three operating units: Film Masters and Verification, Systems and the Digitech Divisions. Film masters are manufactured on two production units under license from Codemaster Technology (an RJS Enterprises company). KTP has distributors in Northern Ireland, Eire, Scandinavia and Finland. It is now the sole UK distributor for all RJS Enterprises equipment.

KTP has two other exclusive UK distributorships: It has handled Metrologic (US) laser scanning products since 1983; in 1985 it added Systel International's (Venice, Italy) wand-based products. Most recently, KTP became one of the UK distributors for Hand Held Products (US) and its Microwands. All of these products are integrated into the Systems Division, set up in early 1985. According to Swindin, "It's not good enough just to distribute equipment; users are looking for solutions to problems." The Systems Division covers consultancy, design and implementation and has a staff of 6 specialists. A small amount of manufacturing is done including some interfaces and special

equipment. Applications include material handling, inventory and production control systems. Users are from a diverse range of industries and a number of systems have been jointly developed with software houses.

With a staff of 36 working exclusively on automatic identification (mostly bar code but some OCR), the company ranks among the top few in the industry in the UK. Although the Directors are reticent to talk about sales and profits, Swindin did disclose some pertinent facts. For the past five years, sales have grown more than 40% per annum and "profits are good and growing steadily." No major developments are planned for the next two years because the company wants to firmly establish the Digitech and Systems Divisions. Both Directors are staunch supporters of AIM and believe that growth for the company and industry will come from the establishment of industry standards.

Kings Town Photocodes Limited, PO Box 15, Beverley, Yorkshire, England HU17 8DY; telephone (0482) 867321.

(This is one of a series of intermittent articles that will cover the growing number of important companies, many outside the US, with products and services dedicated to bar code scanning.)

In a move....

....that is seen as a step in forging closer relations between the vendor and user scanning communities within the UK, Peter Hicks Managing Director of Symbol Services (London), was elected to the Article Number Association Council (the UK EAN affiliate). This is the first time that anyone from the supplier side of the bar code industry has been invited or elected to an ANA office. Hicks sees his role as representing his industry (he is a member of AIM/UK) and developing stronger links with this leading user group. He hopes that it bodes well for the establishment of an AIM/UK affiliated user group.

If anyone doubted....

....that Recognition Equipment Inc. was serious about its "world's first hand-held, moving beam, LED, non-contact scanner" the four page-ads in the trade press were designed to eliminate those doubts.

According to Emily Phillips, Manager of Marketing Support, the Beam Reader was developed to fit a particular operating and marketing niche in the industry: between wands and laser guns. At \$995 list (including scanner and decoder), the patented device falls well below the cost of laser scanners; it weighs in at 9.5 oz. and has low power consumption maximizing portability.

Its major restriction, when compared to hand-held laser scanners, is depth of field, which is limited to a 3"-8" working range. It autodiscriminates all popular symbologies and at 35 scans per second, with an adjustable scan width and a light beam "100 times taller than a laser scanner," Phillips claims the Beam Reader outperforms lasers.

REI has targeted portable data collection applications as one of its markets and is currently negotiating an OEM agreement with a major portable computer/terminal company.

With years of background in large OCR transport document readers and bar code wands, Phillips told us that REI wanted to be more than just a "me-too" company in laser scanners. Thus it has introduced what she characterizes as "a new class of product" for the hand-held scanning industry.

REI, OCR Wand Products Division, 2900 Gateway Drive, Irving, TX 75062; 214/579-5800. (We assume they will do something about that division name if they are really serious about bar code scanning.)

Citing new product applications,....

....strong international performance and improved margins due to manufacturing and operating efficiencies, Telxon posted a 119% earnings increase on sales that were up to 27%.

<u>TELXON</u>	<u>First Quarter Ended 6/30</u>	
	<u>1986</u>	<u>1985</u>
Revenues (\$000)	\$22,609	\$17,758
Net Income (\$000)	2,635	1,204
Net Income/Share	.20	.11

At this torrid pace, the company could break \$100 million in sales this fiscal year. A most interesting new application was a contract with the Judicial Council of California for a PTC (portable tele-transaction computer) system to track the 200 million court cases, including 18 million new cases each year in California's 227 district courts.

Preliminary unaudited figures....

....for Imtec's fiscal 1986 (ended June 30) indicate sales of \$3.25 million, up about 15% over last year. Earnings are expected to be around \$.15 per share, down from last year's \$.26 per share.

This was not a particularly good year, admits President Jim Williams, with a significant part of sales coming from the dot matrix printers which the company added to its line when it acquired Santec (SCAN Dec 85). Williams expects his basic product line of bar code printer/applicators to have a much stronger showing in fiscal '87. Overall, he looks to improved revenues and earnings for this year.

The company introduced two new products which are expected to help increase sales. The Model 2413E bar code printer/laminator prints intermixed label lengths from .9" to 7.5" under software control. This unit is priced at \$14,100. The company also announced the Microlabel bar code printer capable of producing bar code labels for the edges of printed circuit boards. This Imtec 2413C bar code printer simultaneously prints, laminates and cuts bar code labels as narrow as 1/16" at rates up to 60 labels per minute. This unit is priced at \$15,100.

Imtec, Box 804, Bellows Falls, VT 05101; 802/463-9502.

We had noticed....

....the striking double-page ads that Metrologic was running in the trade press, and made a note to follow up on the progress of the company since it emerged from bankruptcy a few months ago (SCAN Mar 86).

When we spoke with President Harry Knowles, he was bubbling over. From last year's sales of about \$4.5 million, the company's revenues this year are running at an \$8 million clip with higher bookings and profitable operations in all product areas. Production problems have been straightened out, deliveries are on schedule and the company now has over 100 dealers in the US, Europe and Japan.

Knowles is particularly enthusiastic about his mini-slot scanner for retail applications. It sells at prices comparable to hand-held units and performs well in the field. He has been devoting a significant part of his efforts to the European and Japanese POS markets which he characterizes as "explosive" including drugs, convenience, discount and smaller supermarket stores.

Financially the company has come out of its bankruptcy faster and stronger than anyone ever anticipated -- and even his bankers are happy, Knowles told us. It's the comeback story of the year!

Following its weak performance....

....last year and early in fiscal 1986 (SCAN Mar 86), Graphic Technology (Olathe, KS) finished up with a strong last half of the year (ended 6/30/86). Annual sales of this leading manufacturer of vinyl bar code shelf labels were \$19.7 million, up 30% over the previous year. Earnings are expected to range from \$1.3 to \$1.4 million. Final audited figures have not been released.

Graphic Technology has been cited by Business Week Magazine as 28th on its list of 100 best small growth companies, and the market value of its stock surged 68% during the quarter ended 6/30/86. This last item also gained the company some publicity in The New York Times and USA Today.

There's a new kid....

....on the block with a newsletter due to start publication in September 1986: I.D. & Control Integrator, published by Cutter Information Group with Rick Bushnell as the Editor. Bushnell is a past President of AIM and has been involved in bar code scanning for many years. He established his own consulting firm a couple of years ago.

According to Publisher Karen Fine Coburn, I.D. & Control Integrator "will take a tutorial approach and focus on the integration of various scanning, sensing and I.D. technologies in the workplace." It will not be limited to bar codes and will strive to link "data capturing systems and feed their output back to the intelligent devices that require real time information."

Subscriptions are \$207 a year, with charter rates pegged at \$167. Cutter Information Corp., 1100 Massachusetts Avenue, Arlington, MASS 02174-9990; 617/648-8700.

Hot off their successful....

....first ID Expo Conference in San Francisco in June, Bar Code News has scheduled its second show for March 25-27, 1987 in Long Beach, CA. The West Coast seems to be getting more than its share of attention, considering these two shows and AIM's SCAN TECH 86 due into the City-by-the-Bay in October.

Bar Code News has sent out a call for papers in any of its covered areas in automatic ID: bar code, OCR, RF, vision systems and voice data entry. At its first show in June there were 1,700 visitors -- far short of the 5,000-6,000 that visited AIM's SCAN TECH, but a very respectable number nonetheless. We have not yet heard any word as to whether Bar Code News plans to repeat its bar code market survey, completed this past Spring (SCAN Mar 86).

Bar Code News, 174 Concord Street, Peterborough, NH 03458.

We had a pair of reports....

....in recent months that suggest that bar coding may be going "to the dogs." Now, hard on the heels of those reports, we have a third story -- all of them about bar coding in the footwear industry in Europe.

In 1983 the British Footwear Manufacturers Federation, in a move that was out of step with other retail sectors which adopted EAN, established industry standards for bar coding shoes using a 12-digit interleaved 2/5 symbol which encoded manufacturer, style, color/fit and size. Bally Group, although primarily known as a UK manufacturer of shoes rather than as a retailer, recently placed an order for a scanning system from Nixdorf covering one EPoS terminal in each of its 35 stores. Bally is using an I 2/5 bar code which appears on the box and which can be removed for scanning.

Also based on the footwear industry standard, Omron Terminals installed EPoS equipment in 70 Milwards shoe stores throughout the UK. Sales data is scanned and captured on cassettes which are sent for processing at headquarters. On-line polling may be added in a year or two. Milwards' system does not include price look-up, but the accurate and more timely sales information is expected to reduce inventory by 10%.

In Italy, Magli spa, a shoe manufacturer, has installed a bar coding system to monitor progress from the start of the production schedule right through finishing, even into the retail area. An I 2/5 symbol is used throughout manufacture -- leather cutting, manufacture of uppers, sewing and finishing -- for production control purposes. Five tickets carrying the bar code accompany a batch and, at the end of each stage, one is sent to a data input station for scanning on a Symbol Technologies Laserscan LS6000 supplied by Bancolini Symbol. Bar codes are also scanned for stock control and analyzing sales performance in 30 retail shops where Magli products are sold.