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There is not a great deal....

....of "news" this month. No mergers or acquisitions were announced; no significant new products were introduced; no one has filed suit against anyone in the industry, or, for that matter, settled any pending litigation; and none of the corporate financial reports were very startling. It is also an in-between pause on the major trade show schedules.

So, it's a good time to put some issues into perspective. We'll try to catch up with several ongoing developments throughout the world that will have a significant effect on how the auto ID business will be conducted in the years ahead; and we will focus on a few of the smaller, not-so-obvious events that will also impact on day-to-day activities.

The significant burst of activity....

....at AIM/US portends important new industry developments. The organization has reorganized and undertaken new projects under its recently installed administration led by President Ivan Jeanblanc (Identification Business, Inc.)

> [AIM just moved its 16-member staff into new quarters, a 10,500 square foot building (in Pittsburgh, close by its old offices) that was purchased and renovated by the association. AIM's officers and management have been sensitive to accusations by some members that the organization's administrative costs have soared. In reply, Executive Director Bill Hakanson points to a recent national survey which reveals that the average trade association allocates 39.6% of its annual budget to payroll. He compares this to AIM's 23.0%, which he says, "attests to the fact that...the AIM staff is especially productive and efficient."]

SCAN recently interviewed Jeanblanc and Hakanson to learn more about AIM's ambitious plans for the future. For the past few years, the membership has been organized into five technology groupings, which cover all of the members' related fields: Bar Code, RFID, RFDC, Magnetic Stripe and Systems Integration.

Within the technology groupings, the new administration has created "focus" committees to further develop the specific product interests of the members. Under Bar Code, there are six of these subgroups which are designated as: Printers, Scanners, Consumables (including printed labels), Photocomposed

Labels, Film Masters and the Technical Symbology Committee. In the Mag Stripe category, three focus committees were formed: Media, Equipment and Technical.

According to Jeanblanc, the focus committees are organized so that companies with similar products can concentrate on the discussion of current problems. As a result of these discussions, he expects that AIM will undertake a series of special new projects which will better reflect the needs of its members.

Hakanson is particularly excited about what he refers to as AIM's "research and development resource." This new component, the Strategic Ventures Committee, is chaired by Rich Bravman (Symbol Technologies). All new project developments will either originate with this committee, or will be forwarded to it from the various technology and focus groups for review and evaluation. A number of such projects, some of which are still under review, merit special attention:

- A fresh approach to compiling industry data that will be based on a sound method of statistical reporting by the AIM member companies. This systematic approach, involving "blind" questionnaires, will be a most welcome replacement for the "seat-of-the-pants, pass-the-hat" method that has been used up to now (*SCAN* July 89; March 91).

- The Chairmen's Round Table, a meeting of heads of companies who will discuss industry problems and challenges. The first session has been scheduled for October 1991. As yet, there is no clear agenda, but convening this decision-making group is expected to help chart some direction for the industry.

- Tentative plans to launch a new periodical -- not yet fully defined -- to concentrate on the more technical subjects related to auto ID. This as yet unnamed publication will not be AIM's first attempt at such a journal -- the quarterly *ScanJournal* was started in October 1984 and published about 10 issues. The new AIM magazine should be a most welcome addition to the industry's literature.

- Regional "Systems Expos," probably the most ambitious and, we believe, rewarding new undertaking by AIM. These seminars and exhibits will be relatively small and targeted to develop local markets. They will be sponsored and financed by AIM, but directed and organized by local manufacturers and resellers.

The plan is to hold a number of these regional shows each year, spotting them around the country to attract local industry. The first System Expo is scheduled for September 11-12 at the Minneapolis Convention Center. The planners anticipate about 30 tabletop exhibits and up to 2,000 visitors, many of whom are expected to sign up for the modest $80 entrance fee for the seminars. AIM's organizers are hoping that this first Systems Expo will be a learning experience, upon which they can build similar future efforts for next year and beyond.

Jeanblanc is very direct and pragmatic in his appraisal of the organization's new projects. "Every undertaking," AIM's President explains, "must be filtered through one objective: 'Will it grow the marketplace?' Will it, in fact, benefit the members?" He feels that he has the enthusiastic support of his members, and he is pressing forward on many fronts. He also insists, however, that AIM will keep within their budget and will not spend more than they receive (that's refreshing these days!).

COMMENT

> *AIM/US is emerging from a 10-year period of explosive growth. Membership has increased from 25 to 162 companies; SCAN TECH has seen the number of exhibitors mushroom from 66 to 280 and attendees from 650 to 13,000. It took almost all of AIM's energies and resources to cope with this impressive expansion. These new programs are indications of a growing maturity which, if successful, will make the organization even more valuable to its members.*

Note AIM's new address: 634 Alpha Drive, Pittsburgh, PA 15238; 412/963-8588; FAX 412/963-8753.

We have never been completely satisfied....

....with "automatic identification" or "auto ID" as the descriptive terms associated with this industry, but they have stuck and become widely accepted.

This usage first started, we suppose, after the trade association was named Automatic Identification Manufacturers way back in the mid-1970's, when AIM was a division of the Material Handling Institute. Auto ID has also become part of the titles of most industry magazines and is the group designation used by outsiders -- such as financial analysts -- when referring to this technology.

Why, then, has AIM -- in its newsletter, press releases, and other publications -- adopted "Automatic Data Capture" as the new descriptive term? When *SCAN* recently asked AIM's Executive Director Bill Hakanson, he said he thought the new term better described "what we do" (but he also admitted he would not like to see it reduced to the acronym "ADC"). As the industry has grown and new technologies have come under the AIM umbrella -- and participated in the SCAN-TECH and ID Expo shows -- AIM felt, according to Hakanson, that a better expression was needed to embrace the newer disciplines such as EDI, Quick Response and Voice Recognition. *ID Systems Magazine* also seems to have opted for the new designation and has dropped automatic identification from its copy.

As for *SCAN* Newsletter, we are still noncommittal. Although auto ID may suggest a vehicle license plate to some of the uninitiated, automatic data capture is a bit too prosaic, and ultimately may be too restrictive to be a totally satisfactory replacement. We'll see. (Suggestions are welcome!)

An update is long overdue....

....about the important efforts of the European Community (EC92) to establish standards for bar coding (SCAN May 89; Dec 89; Mar 90).

> [To recap: The national standardization institutes of the 18 EC and EFTA nations have been gathered under one umbrella organization called CEN (the European Committee for Standardization). CEN's goal is to prepare specifications which will govern the activities of governments and private organizations when the international boundaries are eliminated from the European Community nations on December 31, 1992.

From discussions held at preliminary workshops on auto ID issues in 1989-90, a committee was formed called "CEN/TC225 Bar Coding." In addition to the national members, TC225 includes nonvoting representatives from various liaison groups such as AIM/Europe, the International Article Numbering Association EAN, EDI Suppliers, and a number of industry-affiliated associations (chemicals, steel, medical, paper, automotive). It is also significant to note that technical experts from outside the EC/EFTA nations have been invited to participate in the work of the subcommittee.

To date, TC225 has met in Brussels three times: in September 1990 and in February and April of this year. At these sessions, a series of ambitious "Workplans" were established with specific tasks assigned to four Work Groups. The goal is to set in place a voluntary consensus of harmonized specifications for the industry. Those three words -- "voluntary," "consensus" and "harmonization" -- provide both the driving force and the enormous challenges facing the committee.]

The chairman of TC225 is Michel Laplane of France. Secretariat services are provided by NNI (the Dutch Standardization Institute). Administrative procedures are very restrictive. For example, although the agreed working language of TC225 is English, all standards have to be published in English, French and German. And, all resolutions have to be formally proposed and passed, because CEN's work can have an impact on national activities and even European law. It should also be noted that CEN/TC225's work generally brings to a standstill any national activities on bar coding and will eventually require that any previously published national standards be withdrawn.

The wide scope of the TC225 committee's work is indicated by the assignments of the four Working Groups:

WG1 - Symbologies: including both traditional (EAN, Codes 39, 128, etc.) and two-dimensional bar codes.

WG2 - Bar Code Quality: covering the spectrum from film masters to test specifications for scanning and decoding hardware.

WG3 - Data Content: reviewing the separate standardizations of FACT Data Identifiers and UPC/EAN Application Identifiers (SCAN June 91); plus the integration of DIs and AIs with EDI standards.

WG4 - Application: ranging from generic transport labels to the formalized standardization of the steel industry shipping label.

These Work Groups are the "work horses" of TC225. The full committee, in turn, defines future tactics, sets strategy and ultimately approves and passes on the completed recommendations from the Work Groups.

TC225's program is a very ambitious one. By the first quarter of 1992, the committee expects to approve the following standards: five symbologies (Codabar, Code 39, Code 128, EAN and Interleaved 2 of 5); symbology identifiers; and the steel industry transport label. Twelve other standards -- including test specifications for bar coding equipment -- are due in late 1993.

This brief overview of CEN/TC225 tends to obscure the complexity of the total challenge it faces. Questions are already being raised by responsible parties as to whether the committees have taken on a life of their own and are being pushed well beyond the needs of the industry. Standardization is one of those concepts that is accepted as unquestionably beneficial -- until the rules become so restrictive that they tend to stifle initiative and innovation. We will explore that sensitive subject in our next review of CEN/TC225.

In our follow-up analysis....

....of ID Expo (Chicago, May 15-17), *SCAN* obtained a state-by-state breakdown of the attendees at the trade show. (Although the data are based on preregistration figures and are not adjusted for "no-shows," they provide a strong indication of the attendance pattern.)

The statistics show that over 80% of those who came to the O'Hare Exposition Center were from the Midwest; 45% were from Illinois alone. Despite the fact that the bulk of the visitors work within a 250-mile radius of Chicago, some managers and sponsors contend that the strong attendance that is consistently associated with that venue is a sign of success and that it can be sustained.

This contention is disputed by others who feel that a location becomes saturated after a couple of years. We tend to side with this group which prefers that the trade shows move around the country to give greater exposure to more people in more regions. Although the combination of ID Expo (anchored in Chicago) and SCAN-TECH (which changes location every year) seems to work reasonably well, we continue to believe that the primary mission of all of the trade shows should be the education of the greatest number and diversity of people.

Completing our coverage of this year's ID Expo Conference and Exhibition (*SCAN* June 91), we now turn to the CCD scanners and bar code verification devices which were of special interest.

As anticipated, there are signs....

....that CCD scanners with improved performance capabilities are under development (*SCAN* Oct 90), but breakthroughs have not yet been fully demonstrated.

At ID Expo, MSB Electronics (US subsidiary of MSB Electronique of Figeac, France) featured a new "long-range version" of its CCD scanner, including built-in decoder, priced at $795. The unit, MSB claims, can read "up to 7 inch wide bar codes at a distance up to 6.8 inches." As seen in the company's booth, however, the device performed inconsistently; based on this demonstration, it does not seem to be ready for the market. [MSB Electronique, founded in 1983 by Alexander Roustaei, claims to be the "leading French manufacturer of automatic ID systems." The company's products include data collection terminals, laser scanners, RF tags and thermal printers].

In another development, Jackson Lum, President of Opticon, a leading producer of CCDs, once again told *SCAN* that his company is working on a 4" off-the-surface CCD scanner (*SCAN* Oct 90). The current schedule calls for that product to be available "by the end of this year." At ID Expo, Opticon

featured an impressive demonstration of the performance of their CCDs, which were successfully reading a rotating wheel of bar codes at what Lum characterized as an "effective rate of 400 scans per second."

MSB Electronics (Cincinnati, OH - 513/621-7771); Opticon (Orangeburg, NY - 914/365-0090).

Interest has been renewed....

....in <u>verification</u> <u>devices</u> with the publication of the revised ANSI standard on print quality (*SCAN* May 91). New verifiers, which are designed to meet the ANSI requirements, were shown at ID Expo by <u>RJS</u>, <u>Photographic</u> <u>Sciences</u> and <u>Symbol</u> <u>Technologies</u>.

The Inspector IV, by RJS, includes choices of four built-in aperture sizes and two wavelengths which are selectable according to the bar code characteristics. The unit, priced at $3,495, produces a very detailed printed analysis of each bar code, including a "profile resolution."

PSC had introduced its Quick Check 500 last year to meet the ANSI quality parameters, which include symbol contrast, global threshold, edge contrast and defects. The QC500, priced at $2,195, is the top of the line in PSC's family of verifiers.

Symbol Technologies featured their Laserchek II portable symbol verifier, which, the company claims, "is designed for ANSI compatibility." This unit is the only one with a hand-held laser as a light source, which "allows testing under real world conditions." The portable Lasercheck II, at $3,495, is a departure from the previous tabletop verifiers produced by Symbol for the past 10 years at more than double that price.

PSC (Webster, NY - 716/265-1600); RJS (Monrovia, CA - 800/359-7226); Symbol Technologies (Bohemia, NY - 516/563-2400).

Although it is not the largest....

....exposition of its kind, <u>SCAN-TECH</u> <u>UK</u>'s managers and exhibitors often manage to provide a fresh and unique approach to the display and promotion of automatic identification products and services.

SCAN-TECH UK 91 was held on June 25-27 at the National Exhibition Centre, Birmingham. (The show has been located in Birmingham for a number of years and will be there again in 1992.)

This year's event drew 3,000 show-only visitors, plus 600 delegates to the seminars. Most exhibitors were UK-based companies but there was also a sprinkling of non-Brits, including ASI (Switzerland/UK), Hand Held Products (Netherlands), ICS (Germany), Opticon Sensors (Netherlands) and Partner Tech (Taiwan).

The product innovations were mostly software-related, such as the Etiquette package introduced by Alpha-Numeric plc (Bucks, England). Etiquette was presented as a total solution for on-demand logistics systems. It automatically integrates information (received and/or transmitted via EDI

networks), produces labels and updates related databases.

The most innovative educational feature of SCAN-TECH UK was the "Knowledge Trail." This was a joint, noncommercial project of AIM-UK and Keele University (which will be starting its Master of Science program in auto ID next year -- the only program of its kind in the world). The Knowledge Trail exhibit -- covering 580 square meters -- was designed to showcase all of the auto ID technologies in a working environment with technical experts on hand for discussions, advice and literature. The exhibit also included a video theater which offered the opportunity to see the technology in action in real situations, covering a wide range of applications.

COMMENT

Several years ago, we expressed concern that the growing number of regional and national trade shows -- particularly in Europe -- were redundant and would detract from the major international expositions (i.e. SCAN-TECH US, SCAN-TECH Europe). We have come around to the conclusion that the smaller exhibitions and seminars serve a much-needed purpose. They significantly increase the exposure of the technology to those who are reluctant to spend the time and money to travel to the larger extravaganzas. The also provide the independent manufacturers and resellers with a reasonably-priced forum to reach their immediate markets. SCAN-TECH UK 91 was a good example of how this can be done effectively.

The message that comes across....

....loud and clear in a new educational video, produced for the VICS Group by Andersen Consulting, is that Quick Response is not hardware, software or technology. It's a new and different way of doing business: "Getting the right product to the right place at the right time." The QR concept involves UPC scanning, EDI communications and shipping container marking. But most of all it requires a total management commitment.

The video begins with a 10-minute, non-technical presentation to management. We found this opening segment to be a bit stuffy and strained, relying heavily on canned speeches by actors who appear in simulated executive meetings.

The individual application segments which follow, however, are very worthwhile. These four case histories of retailers who have installed QR relate how their systems were established, how they run and how the benefits are derived. The examples are described by the operating personnel in a variety of real locations at Target Stores ($72 billion mass merchandiser); Dillard's ($36 billion department store chain); Mercantile Stores ($2.4 billion department store chain operating under various names); and KG Men's Stores ($120 million chain of specialty shops).

The video is available for $20 from Nancy Kornfield at VICS; 313/643-5765.

Headline writers at the New York tabloids....

....had a field day on May 9, as a result of a survey of local supermarkets that turned up scanning errors at the front-end check-outs. *NY Post*: "Price scans are price scams"; *NY Daily News*: "Better check it out -- city looks

askant (sic) at price scanners"; *NY Newsday* "Spotlight on scanner over-rings." (*The New York Times* picked up the story from the Associated Press and led with a much more sedate: "Errors by scanners cost buyers, a survey finds."

All of this fuss was caused by a "random survey" conducted by City Consumer Affairs Commissioner Mark Green (who, not so incidentally, is getting ready to challenge Sen. Alphonse D'Amato in the 1992 election and didn't shy away from the publicity caused by this volatile consumer issue).

NY City customers were overcharged at 11 of 21 food markets surveyed, the commissioner reported, particularly on sale items. According to Green, "One out of 10 times you buy something on sale, you get charged the regular price."

A typical supermarket manager's rather lame response was that "no one is doing it on purpose." According to a spokesman for A&P: "We have a guarantee so that if an item is scanned higher than the price, the customer gets it free."

A key issue at stake here was the approaching expiration of the New York State law that requires supermarkets to put price labels on individual items. There had been mounting pressure on state legislators to renew that law, which expired on June 30. Although the legislature was not able to agree on a final bill that suited everyone, judging by the heat generated from Commissioner Green's survey, the chances are that some form of item-pricing law will be renewed in New York sometime in the fall.

COMMENT

If retailers continue to maintain sloppy control over their price files, they deserve to be slapped down with the item-price law. This issue has been a concern for over 10 years, in spite of the fact that the systems and software are available to help control possible abuses. If, in fact, item pricing costs millions of dollars to maintain each year, then the supermarket operators should wise up and start monitoring their own stores to make this problem go away.

The consulting firm....

....of <u>AZ Inc</u>. was somewhat short-lived -- but it may have served its principals very well during its 8 month existence. In April, we reported that Ed Andersson had left the partnership for a position at BRT. A few weeks ago, <u>Dave ("Zap") Czaplicki</u> announced that he had joined Systems Technical Sales as Director, Sales & Marketing -- with an equity position in the company.

STS is a VAR for key manufacturers of bar code data collection products/services in the Pacific Northwest states of Washington, Oregon and Idaho. Zap will remain based in the State of Washington, where he has been rooted ever since he had joined Intermec six years ago.

Reflecting the growing need for knowledgeable resellers, ZAP commented in his note to us: "All the manufacturers are scrambling for channel development and being in the channel is truly enjoyable. STS, 515 116th Avenue, NE., Bellevue, WA 98004; 206/462-8088.