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## A mess of major proportions....

....has struck the AIM International organization. On January 6, in an unprecedented move and with no advance notice, Chet Benoit (Welch Allyn), Chairman of AIM International, notified AIM Europe that its license agreement has been terminated and that, in effect, it has been disenfranchised and can no longer use the AIM designation.

Some background: AIM International is essentially a "paper organization." Its primary function is to act as the authorizing agency that bestows the AIM designation on the various member associations throughout the world. (The AIM "service mark" is owned by AIM USA which has granted AIM International the license to monitor its usage.) There are about 1,000 companies worldwide who are members of some AIM affiliate.

For purposes of administration, AIM International carved up the world into two hemispheres -- designated as AIM AMPAC and AIM Europe -- with the dividing lines falling somewhere in the mid-Atlantic Ocean and India. AMPAC is a loosely organized group which receives its administrative support from AIM USA. It includes the USA, a number of member nations in Central and South America, Japan, Australia, New Zealand, Taiwan, Korea, and, most recently, ASEAN (the Association of Southeast Asian Nations: Brunei, Indonesia, Malaysia, Philippines, Singapore and Thailand).

AIM Europe is a much more complex and structured organization. It has its own Secretariat (based in Halifax, ENGLAND), elected officers, a governing council and a full staff headed by a General Secretary. AIM Europe has nine national member organizations: UK, France, Netherlands, Spain, Denmark, Finland, Sweden, Norway and Southern Africa. In addition, there are six branch offices located in Germany, Switzerland, Italy, Austria, Hungary and Turkey.

From 40 founder-members in 1985, AIM Europe has grown to 420 companies today. Some firms are members of AIM Europe directly and pay their total annual dues to that organization. Most belong to their national AIM group, which forwards only a small portion of those dues to AIM Europe to support its regional activities and programs.

The underlying reasons for the action by AIM International to disenfranchise AIM Europe are not clear. (The same letters were sent also to AIM Korea and AIM New Zealand revoking their franchises as well.) These decisions were made



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and implemented by Chairman Chet Benoit acting alone. "As Chairman of AIM International," Benoit told *SCAN* in a telephone interview, "what I did first was to check with the lawyers, and I was advised that this action was well within the confines of my position. It is true that the AIM International Board of Directors was not aware of my action. According to our charter, the decision was not subject to their review."

Benoit would not elaborate on why these actions were taken. When questioned closely, he stated that his decision on AIM Europe is not irrevocable and that he intends to discuss it further at the AIM International meeting in Amsterdam on March 10-11. Until then, he emphatically refuses to comment.

All of which has left the AIM Europe officers, members and staff in a total frenzy. Attorneys have been consulted to prepare injunctions prohibiting the move to disenfranchise. Benoit has been on the receiving end of what he calls many "nastygrams" which demand his retraction and even his resignation. The trans-Europe and trans-Atlantic telephone and fax wires have been humming with consultations and accusations. Regular committee and board meetings, which were scheduled to implement ongoing AIM/Europe business, have either been cancelled or devoted entirely to discussions on how this crisis should be handled.

In our follow-up research on both sides of the Atlantic, we have uncovered these additional facts:

- AIM Europe had been delinquent in paying its 1991 dues to AIM International (amounting to \$18,000). This was openly discussed at the AIM International meeting in Dallas last November. At that time, AIM Europe promised to pay \$5,000 at once and to clear up the balance by March. No one objected to this plan and the balance was actually paid in January -- albeit after receipt of Benoit's January 6th letter.
- Many of the special projects undertaken by AIM Europe to expand the auto ID market have been considered somewhat less than successful -- particularly when measured in terms of financial results.

For example, the annual SCAN-TECH Europe shows have not drawn as many exhibitors and attendees as expected; some regional SCAN-TECH shows (such as SCAN-Moscow, SCAN-Riga, SCAN-South Africa) have not been as well planned and executed as anticipated and have had to be either postponed or cancelled (although it should be noted that many other regional shows did achieve their objective to attract new members to the AIM affiliates); and the fee structure set up by AIM Europe for its affiliates has been less than adequate and has not supported the local and regional organizations.

- The high visibility, independence and influence of the AIM Europe Secretariat -- led by Ian Smith -- do not seem to sit well with the current officers of AIM International and AIM USA. It is widely acknowledged, however, particularly among the members of AIM UK (which was the first organization outside the US to be designated as an AIM affiliate) that if it weren't for Smith, there would not have been an AIM UK or AIM Europe.
- On January 21, Ivan Jeanblanc, President of AIM USA, sent a letter to all AIM USA members to "clarify the [AIM International] situation."



In addition to the nonpayment of dues, Jeanblanc cited the following reasons for Benoit's action: "Many [AIM USA] members have felt that current difficulties in Europe jeopardize the image and good will of the AIM [service] marks....As 70 to 80% of all products sold in Europe are manufactured outside of Europe, this action serves to protect the interests of manufacturers and distributors worldwide."

The letter also stated that the action was "supported by a vote of the AIM USA Board." Jeanblanc called for a "restructuring process for AIM International." He pointed out that Benoit's order had been temporarily lifted and the AIM Europe license had been extended to the next AIM International general meeting on March 10 -- an olive branch that the AIM Europe Board has rejected since they will not accept the notion that they are now operating under a "temporary license."

#### COMMENT

*Why has this action against AIM Europe taken on so much importance? After all, AIM Europe is just a trade organization and doesn't write any orders for any equipment, software or services.*

*To the Europeans, the answer may have been best expressed by Peter Hicks in his message to the AIM UK membership when he left office as Chairman of that affiliate at the end of his term in December 1991 (before anyone was aware of this pending brouhaha). "Do not become AIMless," he wrote. "It is because we have an AIM that we are not just a computer peripheral, that we are not an insignificant part of Information Technology. It is because of AIM that we have a voice in the creation of international standards, that we have literature, videos, etc., that we all get commercial enquiries equivalent to substantial advertising funds."*

*All of the European members that we have spoken with maintain that when Chet Benoit unilaterally disenfranchised AIM Europe, he also automatically withdrew the AIM franchise from all of the AIM Europe affiliates. They believe that they can no longer use the AIM title, nor present the SCAN-TECH exhibitions. In effect, they have been cut adrift.*

*In a telling remark to SCAN, Benoit stated: "All that the people in this country [US] are trying to do is protect their market. Many US companies do not feel that they are getting the proper exposure, and they believe that AIM Europe is not strong enough. We are trying to correct that."*

*From the outside looking in, this appears to be the second major controversial move recently taken by officers of AIM organizations without the advice and consent of the appropriate Boards of Directors. [The first was the AIM USA decision to terminate the services of its Executive Director Bill Hakanson (SCAN Dec 91; Jan 92).] Aside from the legalities as to whether Benoit could unilaterally disenfranchise AIM Europe (or whether a few AIM USA officers could fire Hakanson), this is not the way to run an organization which depends on the support and cooperation of volunteer member companies.*

*Our guess is that Benoit and Jeanblanc had no intention of setting adrift the 400-plus companies affiliated with AIM Europe. They seem not to have fully understood the implications of their action or the protests it would engender, nor did they anticipate the outpouring of support in favor of*



AIM Europe's management group.

Regardless of the reasons for this precipitous action, we feel that the way in which this decision was executed was denigrating to the members of the AIM International Board of Directors and to the members of AIM Europe, who have always been staunch supporters of AIM. We hope that matters will be clarified and fences mended so that these issues can be resolved in time for the next AIM International Board of Directors meeting on March 10-11 in Amsterdam.

We strongly support the immediate withdrawal of the action by Benoit and the appointment of an independent Study Commission to review the entire structure of AIM International and its constitution (including the control over the AIM service mark).

#### We counted 62 exhibitors....

....at the National Retail Foundation Business & Equipment Expo, who were listed as having products on display related to automatic identification. Retail applications continue to account for a major part of the auto ID industry's sales volume and will continue to do so for the near future.

[The NRF is the successor organization to the National Retail Merchants Association. This is the eleventh consecutive year we have covered this major show, which is held annually at the Hilton and Sheraton Hotels in midtown New York.]

The greatest-attention grabber at the show was the wireless store concept presented by both Symbol Technologies and Telxon (see separate article below). Besides those announcements, there were no other major product introductions, although we did pick up a few random items to report:

- First-time auto ID exhibitors at this retail show were Intermec and Data Composition, Inc. We almost overlooked Intermec, which was listed under its new parent's banner (Litton's Unit Handling Systems), but we wouldn't have missed much. The company was only halfheartedly showing a few printers, scanners and RF units.

DCI has completed a significant sale to Sears of a very small, die-cut, high quality, photocomposed, bar-coded label -- to be used on jewelry and other small expensive items. DCI was at the show with this single product in order to test the waters for other customers and applications.

- CCD scanners were very much in evidence. The leading CCD suppliers, such as Nippondenso and Opticon, demonstrated their well-designed, aggressive units. Welch Allyn also has entered this product area with a new CCD scanner featuring a built-in decoder capable of multiple interfacing with different host devices. The unit is list priced at \$695; delivery is scheduled to start in April.

(A Welch Allyn representative told SCAN that his company believes that total CCD sales in the US are now less than 10% of laser guns, but he optimistically predicted that they will climb to 25% in the next few years.) There were still no demonstrations at the conference of



reliable CCD scanning more than about 1" off the surface -- although that capability has been promised by manufacturers for the past three years.

- Top-of-the-counter mini-scanners continue to attract retailers. NCR introduced their 7890 Presentation Scanner, which provides hands-free scanning. It is also lightweight enough to pick up and scan larger or awkward packages, using its built-in handle. The unit features a dense scanning pattern to quickly read symbols as they are moved into the "live" scanning area.

All in all, not a very exciting product display except for the wireless store.

#### And the winner is....

....Stay tuned for the next 12 months to find out if there will be a winner to what is shaping up as one of the most intense head-to-head confrontations the auto ID industry has ever witnessed.

The battle lines have been drawn by Telxon and Symbol Technologies; the battlefield is the enormous retail market; the weapons are the new portable RF-equipped, point-of-sale terminals; the prize is hundreds of millions of dollars in new sales of "wireless store" systems over the next five years.

The wireless store concept, first expressed by Symbol in January 1990, began with their LRT 3800 portable data terminals with scanning and spread spectrum RF capabilities (*SCAN* Feb 90). The entire concept then evolved to integrate the wireless network into total store operations.

In January, at the NRF Expo Show, both Telxon and Symbol announced major introductions of the product that gives the wireless store its greatest visibility and excitement. This innovation is the hand-held, portable cash register, which allows roving clerks to handle customers waiting at the check-out lines or -- theoretically -- anywhere else in the store.

Telxon showed a video of such a unit in operation on the floor of a retail store -- they call their system POSXPRESS -- and it really does generate excitement. The clerk approaches customers anywhere in the store who are ready to make a purchase, scans the bar-coded merchandise tags, records the mag stripe credit card information, bags the items and the customers are on their way. Telxon's unit also includes touch-screen technology for electronically recording the customers' signature.

Symbol's as-yet-unnamed device doesn't have the electronic signature feature, but it does have a laser scanner integrated as part of the small device. Telxon's scanner is attached as a separate unit.

There are restrictions to the general concept which must be noted: One is that these portable registers cannot accept cash. Another is that the "sales associate" will have to settle somewhere in the store where there is available both packaging and the means for removing those large pesky plastic security tags secured to most garments.

But that's just nitpicking. The fact is that the wireless store concept has captured everyone's imagination as the retail store of the future. It is based



on bar code scanning and RF transmission -- two technologies that are well along in demonstrating their proven abilities.

Telxon expects to start shipping their units in the third quarter of this year. Beta testing will be going on starting in April. Symbol is about three months behind the Telxon schedule and anticipates fourth quarter shipments. Preliminary unit prices are quoted at \$5,000.

The two companies are currently battling to win contracts with the country's largest retailers. K mart has already committed to the Symbol spread spectrum system (but not yet to the total wireless store concept); Walmart, which has been a Telxon customer in the past, has not yet announced their new equipment decision, which is expected within the next two months. (Although Telxon suggests that they have the inside track on the Walmart business, they are careful to describe the decision as "not yet finalized." Because of expectations, however, the consensus seems to be that if Telxon does not win the Walmart award, their stock may be negatively affected.)

At the NRF Expo we sought out an opinion about these systems from a financial analyst who follows the auto ID market, and Telxon and Symbol in particular: "The success of these units and the introduction of the wireless store concept," he speculated, "present significant challenges to the major POS vendors" [e.g. NCR, IBM, Fujitsu, Hewlett-Packard].

This analyst anticipates that these POS vendors will be forced into this product group in one of four ways:

1. They will develop their own products and systems in-house.
2. They will enter into strategic partnerships with Symbol or Telxon.
3. They will endorse the wireless store concept of either or both Symbol and Telxon and build their products/systems around them.
4. They will attempt to buy out either Symbol or Telxon.

According to an industry source, interviewed by *SCAN*, preliminary discussions are already under way exploring options 2 and 3 above.

Although the current battleground for the wireless stores is in the retail environment, it should also be noted that these systems have very direct applications for other areas, such as warehousing, health providers (hospitals), airline terminals and distribution centers.

#### There are continuing efforts....

....to circumvent the Symbol Technologies' patents on hand-held laser scanners. We reported on the triggerless unit introduced by Metrologic last year (*SCAN* Feb 91). That model is activated by a proximity sensor which turns the unit on as it approaches to within 5-7" of the object to be scanned. Metrologic has been actively promoting this model and claims to have sold "a number of units."

Another attempt to release the Symbol stranglehold on laser guns has been launched by Datalogic SpA (Bologna, ITALY). This company's model -- which we glimpsed briefly last October when a Datalogic salesman pulled it from under



the counter at SCAN-TECH 91 -- has replaced the ubiquitous Symbol trigger with a button, located on the top of a hand-held scanner.

At the NRF show, we questioned John Chilton, President of Datalogic, Inc. (Scotts Valley, CA), a subsidiary of Datalogic SpA, about this laser gun. "We are not selling the Model DL 900 hand-held scanner in the US," Chilton replied. "It was actually designed to avoid the Symbol patents, but it is only being sold in Europe and Japan. Datalogic is aggressively marketing this laser gun in Germany, in particular, where Symbol's patents have been overturned."

According to Chilton, a decision has not yet been made about whether to bring the unit to the US. That move will be based on whether or not Datalogic's attorneys believe that the Symbol patent can be avoided.

#### In what the publisher calls....

...."the shortest successful Chapter 11 case in US history," Edgell Communications has completed its financial restructuring and emerged from bankruptcy with a new name -- Advanstar Communications -- and a fresh start.

Edgell/Advanstar is the owner of *Automatic ID News* -- one of the leading magazines in the auto ID industry -- which was founded by Doug Edgell in 1985 and sold to HBJ (later to become Edgell Communications) in 1986. [Doug Edgell continued as its publisher until last year, when he left to devote full time to his own company, Edgell Enterprises (SCAN June 91), which now publishes *RIS News* and *Data Interchange*.]

*Auto ID News* is now in the able hands of publisher Tom Morgan and editor-in-chief Mark David. With the financial restructuring of its parent company, the future of *Auto ID News* seems assured. [Our apologies to Mark David for a recent gaffe. In our December '91 issue we incorrectly referred to him as the editor of *ID Systems Magazine*.]

#### Two significant mergers of publications....

....have taken place this past month -- both involving *Automatic ID News*. *Data Capture Case Studies and Technology* (SCAN Oct 91), the quarterly technical journal published by David Collins and Joan Hacker (Data Capture Institute), will be incorporated into the pages of *Automatic ID News* starting next month.

According to Collins, the initial plan for this new format calls for him to continue the same kind of in-depth treatment of a single topic per issue with each subject spread over two consecutive issues of *Auto ID News*. The March and April issues will feature the adoption of the new label standards by the Uniform Code Council and the International Article Numbering Association/EAN (a repeat of the same material that appeared in the undated Volume 91-4 of *Data Capture Case Studies* late last year). This time, however, the articles will be sent to the 50,000 subscribers of *Automatic ID News* rather than to the limited paid subscription list of *Data Capture Studies*. The next subject, scheduled for the June and July issues, will be on 2-D symbologies.

It had become a financial burden to support the *Case Studies* newsletter as an independent publication. Collins, therefore, welcomed the opportunity for his journal to reach a much larger audience. *Auto ID News* editor, Mark



David, likewise feels that he can now supply his readers with "leading edge information that is not available elsewhere."

In another "acquisition" move, *Auto ID News* is in final negotiations to acquire *Auto ID Today* -- the publication owned by AIM Europe. The contracts are in the hands of the attorneys for final review and it is expected that the deal will be completed by the end of February.

According to *Auto ID News* publisher, Tom Morgan, he plans to replace his existing five-times-per-year European Edition with a new free-standing publication called *Auto ID News Europe*. Up until now, the European Edition was printed as a separate section bound into the regular US editions of *Auto ID News*. Morgan expects that there will be a close working relationship between his publication and AIM Europe. In addition to obtaining AIM Europe's publication itself, *Auto ID News* will have access to the AIM Europe data base, which includes the names of AIM Europe members and attendees at all of the European SCAN-TECH shows.

We asked Morgan why he thought AIM Europe sold *Auto ID Today*. "For one thing," he said, "they could use the cash. Probably as important, however, the association has other priorities. Publishing a magazine is time-consuming and their results were not as positive as had been expected."

[Negotiations to sell *Auto ID Today* were started before AIM International dropped their bombshell onto AIM Europe. (See lead article above.)]

#### A new trade organization....

....modeled after FACT (Federation of Automated Coding Technologies), has been formed to promote the use of EDI among "producers, distributors and users of customarily packaged *industrial and commercial* products" (emphasis ours). There are 24 members of this "association of associations," which has adopted the name EDICA (EDI Coalition of Associations).

A partial listing of the member groups suggests the types of industrial products that are involved:

American Supply & Machinery Mfrs. Assn. (ASMMA); Bearing Specialists Assn.; Industrial Distribution Assn. (IDA); National Assn. of Chemical Distrs.; National Assn. of Electrical Distrs.

EDICA was formed early last year through the initiative of John Davis (President of American Saw & Manufacturing Co. and member of ASMMA) and Bob Clifton (Executive Director of IDA). Although there are a handful of companies in the packaged industrial products field that are using EDI -- mostly at the insistence of their larger customers -- these systems have been very slow to take hold. At its most recent meetings in Chicago, in August and December, EDICA made plans to produce and distribute educational and promotional material.

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