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Volume XVI Number 12

August 1993

## The members of AIM/US....

....approved (via mail ballot completed on August 9) the sale of the SCAN-TECH/US show to Reed Exhibition Companies (*SCAN* June 93) the only remaining step -- which is expected to occur this month -- will be the execution of the final agreement.

In AIM's July 28, 1993 letter to the members -- which accompanied the ballot -- Executive Director Don Anderson wrote:

"This transaction represents tangible financial results for the future of AIM USA....Were AIM USA to retain SCAN-TECH and continue operations under current conditions over the period 1993-1998, assuming slowed attrition and stabilized space sales, the resulting fund balance would be less than one million dollars.

"Conversely, were AIM USA to sell SCAN-TECH to Reed, assuming conservative growth of SCAN-TECH, restructured AIM USA operations and redeployed resources over the same five year period, the resulting fund balance would exceed four million dollars."

The current plans calls for SCAN-TECH 93 (Philadelphia) to be managed by AIM/US with limited marketing input from Reed. The October event will be the twelfth SCAN-TECH and eight years since the last showing in the Northeast (Baltimore in 1985). This year's exposition will feature a full educational program, including ten new seminars and an advanced systems integration workshop.

SCAN-TECH 94, next autumn, will be held in Chicago under the complete auspices of Reed Exposition.

## In a controversial move...

....that was not totally unexpected, Symbol Technologies has pulled out of SCAN-TECH 93 (Philadelphia, October 18-21).

At the ID Expo show in May, an AIM representative told *SCAN* that Symbol was "reevaluating its commitment" to SCAN-TECH 93 and was considering several options, including a smaller booth. AIM/US was trying its best to convince the company, as a leader in the industry and in the association, that it was important to participate fully in the event.



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INCLUDING THE INTERNATIONAL EDITION

[At that time, the status of SCAN-TECH was in flux. Although AIM had decided to sell the show and had entered into serious negotiations with Reed Exposition (SCAN June 93 and see above), no decision had been reached and the proposal had not been brought before the AIM Board or membership.]

Actually, Symbol previously had expressed concerns about the management of the recent SCAN-TECH shows and had come close to cancelling its participation earlier this year. The company had decided to reconsider, however, and to reserve judgment until after ID Expo and after the Reed proposal was aired.

Symbol explained its final decision in its July 22 news release: "Symbol made the decision earlier in the year to allocate resources to a host of other programs to support its strategy of providing system solutions for bar code-based data transaction networks. That decision has led to a concentration on the Company's User Conference, vertically focused and mainstream information technology trade shows and technical and educational forums."

We questioned Rich Bravman, VP Marketing, about the significance of this move and how it would affect the company's future plans. "Our experience at ID Expo was a good one," Bravman explained, "but we want to concentrate our exhibition marketing efforts for the remainder of this year away from a horizontal-type show such as SCAN-TECH. This does not, in any way, reflect on our total support for AIM/US as a trade association. I am personally committed to increasing my participation in AIM activities and I agree wholeheartedly with the decision to sell the SCAN-TECH show to Reed. As for future plans, we expect to look favorably upon participation in 1994 and beyond."

Symbol has thus joined Intermec (which withdrew in 1992) as a major non-participant in SCAN-TECH 93. At this time, there is no sign of any other defections from the Philadelphia show.

[On the more positive side, we have learned that a number of companies are standing in line to bid for the valuable prime location vacated by Symbol. This realignment of space will help SCAN-TECH to mitigate the loss of Symbol, formerly one of its largest exhibitors.]

#### The difficult impasse....

....that has frustrated recent attempts to reorganize AIM International (SCAN Jan 93; Feb 93; April 93; May 93) has been addressed by a new leader with new ideas. Last April, AIM/US hired Brian Wynne as the Executive Director of AIM International. Wynne -- who came from the American Electronics Association where he had been Director of International Trade Affairs -- established a new AIMI office in Reston, Virginia.

In a recent interview with SCAN, Wynne laid out the basics of his new position. "I did not set out to resolve any disputes that occurred in the past," he explained. "I decided to let history be there. Instead, I was determined to address all of my efforts to defining AIMI's function on a global basis and how we could design a structure that would really invite participation from all over the world."

Wynne has moved quickly to outline a new organizational structure and a set of objectives which he feels will satisfy the major protagonists at both AIM/US and AIM/Europe. His proposal includes both corporate and AIM-affiliate

membership based on AIM's three major regional organizations: The Americas, Asia-Pacific and Europe. Very significantly, the plan contains the key provision that no single region can control more than 40% of the 11-member Board of Directors. [This had been a major sticking point with the Europeans who had refused to go along with any solution which would have given control of the Board to American-based companies.]

Wynne makes it clear that he views his proposals as the starting points to get AIMI up and running and that he fully expects that there may be significant changes as the organization develops. "I am no longer looking at AIMI as some kind of exclusive club," he explained. "My approach is to design an inclusive structure. The industry needs the best players that can possibly be pulled into the process to work in whatever form they decide will further the mission of the industry -- which is to increase the global marketplace. Two years down the road there may be changes -- I do not care."

Wynne has met with key members from AIM/Europe and with the AIM/US Board of Directors, and he has received support from both groups. A number of important details still need to be worked out -- for instance, the new bylaws and licensing agreements must be drawn and submitted for approval -- but interviews with key personnel on both sides of the Atlantic indicate that Wynne's approach has been welcomed. He has scheduled a visit to Japan in late September (during SCAN-TECH Japan) to brief AIM/Japan and other Asia-Pacific affiliates.

The new AIMI Executive Director has targeted the October SCAN-TECH 93 meeting of all the international affiliates in Philadelphia for final approval of his plan. By that time he expects to have resolved all of the outstanding questions of organization structure, Board representation and legal control of the AIM and SCAN-TECH "marks."

#### COMMENT

*After 18 months of confusion and bitter acrimony within the AIM international community, the efforts of Brian Wynne are to be commended and encouraged. It was apparent, from conversations with one AIM member, that some irritants still exist and that it may not be too easy to forget all of the nastiness that has transpired.*

*The key positive factor is that everyone we have spoken with, without exception, has expressed very strong support for an AIM trade association that is unified in purpose and dedicated to the furtherance of the automatic data capture technology. If all of the participants can keep their eyes on that common objective and not the (often petty) issues that may separate them, we may have the makings of a working, coordinated, international trade association by the end of this year.*

#### The corporate news....

....from Intermec has been sparse since the company was acquired by Litton Industries two years ago (SCAN Mar 91). The move away from the public spotlight has been a welcome one for Intermec's senior management. They no longer feel the tremendous pressure to accomplish short-term, quarter-to-quarter growth as when they were an independent public company.

That impression of increased comfort was evident among the executives we met during a visit last month to Intermec's sprawling headquarters and modern manufacturing facilities in Everett, WA. "Our sales are up," George Reis, VP Engineering, told *SCAN*, "and we're more profitable than ever. We have almost no interference from Litton, which has been very supportive. We are looking forward to significant growth in the future."

From Ken Hansen, VP Manufacturing, we learned that Litton recently reorganized into two separate operating companies: Government and Commercial. John Paxton -- who was President of Intermec at the time of the Litton acquisition -- has been moved up to Litton's corporate level and is now the President of the Commercial company. Litton's Industrial Automation Group -- which includes Intermec -- is part of that Commercial division. Paxton's promotion is viewed with pride by the Intermec managers who feel comfortable knowing there is an understanding, sympathetic executive at the upper level of their parent company.

Although Intermec's primary market is still in the manufacturing/warehouse/distribution environment, the company is actively pursuing retail accounts -- but for back-room applications only. Hansen also believes that the health industry may finally emerge as a significant market for automatic data capture because of the new requirements for more accurate cost accounting reports for Medicare and other insurance reimbursements.

Meanwhile, Intermec is preparing for a new US Department of Defense procurement due next year when their current five-year contract expires. Originally awarded to Intermec in 1988 (*SCAN* May 88), Hansen anticipates a large new Request for Procurement; he indicated that once again his company will be a very active bidder.

Reis, who heads up an engineering design and support team of 220 people, points optimistically to the continuing development of products associated with the Janus line of hand-held terminals: open architecture, more options, and increased connectivity. He believes that spread spectrum will dominate the RF/DC market, although there will be continued requirements for narrow band -- based on locations and applications. (Interestingly, he sees leadership coming from the Europeans to resolve outstanding RF/DC standards and licensing issues, including the selection of transmitting frequencies.)

Intermec's continuing support of AIM was forcefully expressed by Scott Merrick (Senior Marketing Manager), the company's member-representative to the trade association. "AIM concentrated much too much on the SCAN-TECH show," Merrick commented, "and selling it to Reed is a good move. AIM's mission should be education, standards, lobbying and expanding the market. I hope there will be much greater emphasis on applications at the SCAN-TECH shows and less on individual products."

When questioned about Intermec's future exhibition plans in the light of its withdrawal from SCAN-TECH in 1992 and 1993, Merrick replied: "Intermec has not yet made any commitments to either ID Expo or SCAN-TECH in 1994."

Merrick foresees that Intermec's future market plans will concentrate more on the smaller companies and their system needs, an area which he believes has been barely touched by automatic data capture. Intermec, he said, will be offering open systems for this large market segment.

After visiting Intermec, our overall impression was of a company that was very comfortable with its status and with its recent performance.

It is quite unusual....

....for a small company (under \$100 million in sales) to be the primary subject of featured columns within a 20-day period in both the *Wall Street Journal* ("Heard on the Street" 7/13/93) and the *New York Times* ("Market Place" 8/2/93).

Both articles were about the "difficulties" that Zebra Technologies was experiencing maintaining its share price (NASDAQ), which (at \$38 on August 5) is running at a "mere" 28 times its projected 1993 earnings. On July 8, the shares had climbed to over \$42, which was 31 times this year's estimated earnings -- or what the *Wall Street Journal* characterized as "an eye-popping stock market value of \$480 million or 8 times last year's sales."

All of which leads to lots of attention -- not all of it welcome. For one thing, the perceived overinflated stock value attracts the short sellers -- who make money only when the stock goes down. According to the *New York Times*: "In mid-May, 86,749 Zebra shares had been sold short. By mid-June, the number had soared to 443,453. Short-selling of Zebra stock continued in July, climbing to 577,019 shares."

The problem with the short sellers is that when the news about the company continues to be good (45% increase in both sales and earnings for the first half of this year), then they must look around for (or contrive) negative stories about the company that can be leaked to the press.

In Zebra's case, the sniping was based on comments contained in a recent market study released by Venture Development Corporation (Natick, MA), which speculated that thermal transfer printing could be replaced by laser printing technology. "That just isn't true," replied Randy Whitchurch, Zebra's CFO, in a recent interview with *SCAN*. "Due to the ubiquitous laserjet printers in the office, conventional wisdom is that laser printing is the best technology available. But laser printing is just not suitable in an industrial/manufacturing environment -- which requires demand capability and a wide variety of labelling materials -- which is Zebra's primary market."

Zebra, of course, is not the first company in the auto ID industry to be whipsawed by the investment bankers and brokers. There is not much the company's management can do, except to continue to run their business successfully and go along for the ride.

A notable seminar....

....will address the important issues of RF/DC at the upcoming SCAN-TECH in Philadelphia (Advanced RF Data Communications, Thursday, October 21, 8:00-10:00 a.m.).

A unique panel of industry experts has been assembled by moderator Bob Scaringe (LXE) to discuss RF/DC technology advances, user applications and FCC issues related to wireless logistics control. "This panel," Scaringe stated, "is RF/DC vendor-neutral and very good technically. They are well-equipped to debate the topics of when to use RF versus batch, when to use narrow band

versus spread spectrum, and the advantages/disadvantages of direct sequence versus frequency-hopping spread spectrum."

Industry and government experts participating in the seminar include: Ira Brodsky (Wireless Industry Consultants); Lou Harvey (President, Harvey House and Associates, system integrator); Bill Huhn (Director of OEM Wireless Data LANS, Motorola); Stuart Lipoff (VP Arthur D. Little and Associates); and Mike Marcus (Assistant Bureau Chief/Technology, FCC).

Their discussion will be particularly timely because of the fast approaching June 23, 1994 deadline imposed by the FCC that deals with new requirements for spread spectrum systems. On that date, no equipment can be manufactured that does not comply with the new spread spectrum rules -- although there will not be any restriction placed on the sale of equipment that has already been manufactured, or that is already installed and operating.

For several years, there has been a great deal of confusion and many conflicting claims by RF/DC equipment manufacturers about the significance of these new regulations (SCAN Aug 92; Jan 91) and this SCAN-TECH seminar seems well-equipped to address these issues.

#### An uneasy truce....

...has been observed for several years between the Uniform Code Council and the manufacturers of bar code verification equipment. Recent developments suggest that a more lasting peace may be established soon.

The UCC has always carefully adhered to its original 1973 UPC specifications which outlined the methodology to be followed when printing a UPC symbol. The manual described the pre-press procedures using printability gauges, film masters, densitometers and visual monitoring to establish print quality.

Not only were verifiers not mentioned in the Council's literature, but UCC personnel always gave a strong negative response to any suggestion that such devices be used to test symbols after printing. This was in keeping with their philosophy that a scannable UPC symbol could be printed using prevailing methods and equipment and that it was not necessary to impose an additional layer of quality control procedures and devices.

In spite of this official UCC position, the commercial development and sale of bar code verifiers has been actively pursued for UPC/EAN symbols, as well as for bar codes used in non-retail applications. Product manufacturers, printers and retailers all recognized the need to test printed symbols before they reached the checkout counter. To meet this need, verifiers were developed in a wide range of prices and capabilities by PSC, RJS, Symbol Technologies, Bar Code Systems, Microplotter Engineering, and others.

Although there was no common standard available, the verifiers generally conformed to published specifications for symbologies (e.g., UCC, AIM) or applications (e.g. UPC/EAN, LOGMARS, automotive). It was generally recognized that the verifiers were imperfect -- results often varied from device to device, certain inks and substrates caused problems -- but, in general, checking a bar code after printing achieved the desired results: poorly printed symbols were isolated and the causes of the problems were usually identified.

The bar code quality issue was brought to a head two years ago when the two largest US retailers -- Wal-Mart and Kmart -- issued their Draconian decrees: Any vendors who shipped merchandise to their stores with UPC/EAN symbols that did not scan would be subject to fines of up to \$100,000 (SCAN Aug 91). As intended, these moves, of course, got everyone's attention. Quality control was no longer merely an academic exercise.

On the non-retail front, serious efforts were under way to establish print quality standards. Under the auspices of ANSI, a committee had been formed in 1985 to write a comprehensive document to evaluate bar codes (SCAN Oct 86).

The proposed standard proved to be a daunting challenge. The talented group -- led by Co-Chairmen Chuck Biss (PSC) and Alan Gilligan (Bell Labs) -- soon discovered that their task went well beyond simply consolidating the existing industry standards into one document. They found that identifying, measuring and evaluating the various print parameters required a totally new approach. Five years and many drafts later, the ANSI Guideline for Bar Code Print Quality (X3.182.1990) was finally approved (SCAN July 90).

These developments -- (i.e. severe fines by retailers and new quality standards) -- plus the much wider use of thermal printers and computer-generated labels to produce UPC symbols -- changed the UCC's position on verification. According to Executive Secretary, Hal Juckett, for the past two years the UCC has been actively exploring revisions to the UPC specifications that will include post-printing verification. These changes will not come easily. According to Juckett, the Council has spent "hundreds of thousands of dollars" in a program -- undertaken with Applied Image Company (Rochester, New York) -- to develop special targets to be used as a common benchmark or standard by all UPC verification manufacturers.

The current UCC position, however, cautions that verifiers cannot be used as the sole measurement to determine the acceptance or rejection of a symbol. In a recent SCAN interview, Juckett explained it this way:

"Verifiers must be used with reason and the results must be compared with the acceptability of the symbol on POS scanners. Although we are no longer taking the old UCC position that said 'Do not use verifiers,' we want to educate the user public as to where they fit and how they should be used.

"While we are not abandoning the 1973 pre-press methods of printability gauges, we accept the idea of post-printing verification. We still believe in using film masters, and if that were the only way of printing bar codes, we would not have looked into this whole area of verifiers. But there are other ways to print a UPC symbol -- on various computers and demand printers -- and we must have a way to evaluate this quality."

The UCC, always careful not to offend any group or to open itself to any legal entanglements, is reviewing its newest approach to print quality with the Flexible Packaging Association. The FPA has filed objections to the ANSI print quality standard, maintaining that it does not meet the special problems faced by the converters of plastic packaging, widely used on consumer products.

"The UCC," Juckett said, "is now in discussions with the FPA in order to resolve these differences. We hope to reach a decision by the end of August

and to present our recommendations to the UCC Board of Governors at their November meeting."

Assuming all goes as planned, the forthcoming acceptance of verification by the Uniform Code Council will mark an important milestone for the future development of bar code applications.

#### One of the earliest signs....

....of an expanding market for automatic data capture products and services in a developing country is the scheduling of a national exhibition.

Identimex 93 is the Mexican International Exhibition and Conference on Bar Coding and Automated Data Collection Technologies set for November 9-12, 1993 at the Camino Real Hotel in Mexico City. The event will be produced by Expocon Management Associates (producers of ID Expo) and EJ Krause and Associates (organizers of worldwide exhibitions). The sponsor will be AMECOP, the Mexican bar code association. AMECOP (Asociacion Mexicana delCodigo de Producto, A.C.) is the Mexican affiliate of EAN International (which, up until a year ago, was called the International Article Association - EAN.) Although AMECOP has produced prior conferences and exhibits devoted to bar coding, this will be the first to include all automatic data collection technologies.

The fourth organization participating in the event will be Advanstar's *Automatic ID News*, which will publish the *Identimex 93 Show Daily*. According to editor Mark David: "The issue will be distributed to all 3,000 attendees as they register for the show and to 5,000 more Mexican users of auto ID technology."

Another first show, signalling a growing interest in auto ID products in the world's largest market, will be SCAN CHINA, scheduled to be held in Beijing in April 1994. More about that event in a future issue.

#### There has been a change....

....of publishers at Auto ID News. Tom Morgan -- who had occupied that position for two years since Doug Edgell left to start his own publishing empire (*SCAN* Jun 91) -- has moved on to pursue a group publisher position with Cardinal Business Media in Pennsylvania.

Diva Norwood, who was the associate publisher for *Auto ID News Europe*, assumed the role of publisher for the entire Advanstar *Auto ID News* Group effective July 1. She also became the publisher of the European edition, which is now a stand-alone publication (it was originally bound into the US edition). The European edition -- under Norwood's leadership -- has proven to be quite successful and will now be increased to seven issues each year.

As for her future strategy, Norwood told *SCAN*: "We are still in the planning stage. We will continue to bolster both publications as the number one data capture magazines. We will strive to maintain a global vision -- and will continue to distribute copies at all major shows throughout the world."

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SCAN NEWSLETTER, LTD. • 11 Middle Neck Road, Great Neck, N.Y. 11021 • Phone: 516/487-6370 • FAX: 516/487-6449  
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