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## In a surprise move....

....that seemed to catch everyone unaware, Advanstar Expositions purchased the ID Expo Trade Show.

Founded in 1986, this annual event that serves the data capture industry has been held in the Chicago area since 1990. ID Expo was jointly owned (50/50) by Expocon Management (Trumbull, CT) and Helmers Publishing (Peterborough, NH). Helmers publishes *ID Systems* and other trade magazines. Expocon manages 17 trade shows -- including the upcoming Identimex (SCAN Aug 93 and below).

Advanstar Expositions, a division of Advanstar Communications (Cleveland, OH), owns and manages more than 60 expositions including SCAN-TECH Expo/Europe and ICAP Expo (formerly SCAN-TECH/UK). Advanstar Publishing, another division, produces 55 business and professional magazines and journals, including *Auto ID News* (with separate US and European editions).

The trading in trade shows has been dramatic these past six months with the four leading automatic data capture events changing hands. Advanstar purchased SCAN-TECH/Europe from AIM/Europe (SCAN Mar 93); SCAN-TECH/UK from AIM/UK (SCAN Mar 93); and now ID Expo. Just last month, Reed Exhibitions purchased SCAN-TECH/US from AIM/US (SCAN Aug 93).

These sudden switches in ownership have placed all of these shows under the control of large, well-established professionals who see future growth in the auto ID industry. According to Brian Nairn, President of Advanstar Expositions: "We will be committing significant resources to building the show's conference program and have developed plans with our automatic data capture magazines to aggressively promote ID Expo."

Fred Favata, President and owner of Expocon, told SCAN: "We did not place the ID Expo show on the market for sale. We had built the event with solid, profitable growth and Advanstar came knocking on our door to buy it. I am an entrepreneur. This is not the first time that we have built up one of our shows and then sold it when the price was right."

Carl Helmers, owner of Helmers Publishing, was not as anxious to sell. "The price was certainly a good one," explained Helmers, "but so was the annual income we derived from the show's operation. Fred [Favata] believed that the



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price and timing were right and, since we are publishers and not show managers, we went along with the decision."

#### COMMENT

A question has been raised privately by a number of vendors and industry observers: Did the Reed acquisition of SCAN-TECH/US influence Favata's decision to sell? A few large companies -- notably Symbol Technologies, Intermec and PSC -- have openly questioned the value of exhibiting at two "horizontal" trade shows each year and have been evaluating their return on this double investment. Reed is a powerful competitor -- particularly when viewed by the smaller, independent Expocon -- and this opportunity to sell may indeed have been too good to pass.

As for Advanstar's timing -- with this seemingly in-your-face decision to buy ID Expo within weeks after giant Reed took over its main competition -- Advanstar's Nairn had this to say: "We now have three of the leading shows and two of the leading publications in the automatic data capture field. We can use our magazines to really do a job for the exhibitors by drawing qualified attendees to our shows. We surveyed the ID Expo exhibitors, and over 90% of them said that if there were two events, drawing 8,000 to 10,000 attendees, in different parts of the country at different times of the year, they would exhibit at both."

#### Fleshing out....

....last month's story about Intermec and the corporate changes planned by its parent company, Litton Industries (SCAN Aug 93), additional information was made available in late August.

Litton plans to establish, by the end of this year, a new (not yet named) independent company which will include Intermec as a key division. All shares of this new public company will be distributed to holders of Litton common stock. This company will combine Litton's two growing commercial businesses -- the oilfield information services divisions, and the Industrial Automation Group (which includes Intermec). Initial annual revenues will be approximately \$2 billion, of which 40% will come from the industrial automation sectors. Litton Industries, Inc. will continue as before as an aerospace/defense company.

Alton Brann, currently the President/CEO of Litton Industries, will become the Chairman/CEO of the new spin-off company. John Paxton -- who was President of Intermec when it was acquired by Litton -- has been a Senior VP of Litton and Group Executive of the Industrial Automation Group. He is expected to continue to oversee that group (including Intermec) after the transition.

#### The original dates announced....

....for Identimex 93 -- and reported on these pages last month -- have been changed. This automatic data collection event is now scheduled for Nov 30-Dec 2 in Mexico City. Contact: Expocon, Box 1019, Trumbull, CT 06611; 203/374-1411.

[This change puts Identimex right in the middle of the AIM/US annual meeting scheduled for Nov 30-Dec 4 in Tucson, AZ. The "business" part of

AIM's annual meeting takes place on December 1-3 with one day at both ends tagged on for some of the "fun filled events"; i.e. golf, tennis and the like. Is there anyone watching the industry calendar so as to avoid such conflicts? This might be a worthwhile project for AIM International.]

It was too good a story....

....to run only once, so, on August 5, ABC's "Prime Time Live" (Sam Donaldson and Diane Sawyer) reran their report on supermarket scanner errors which originally aired on April 8, 1993 (SCAN April 1993). The program featured the same faces talking about wrong shelf-marking and incorrect computer prices -- while always referring to them as "scanning errors," which, of course, they were not.

An updated report, tagged on to the end of the segment, revealed the disappointing news that all of the fuss raised in the consumer and trade press after the first broadcast did not seem to have reached all of the food retail managers. A new test was conducted by the show's producers, during which they purchased 150 items -- 30 in each of 5 stores -- and then tracked pricing mistakes through the checkout lane. This time there was an error rate of one percent.

[In all fairness to the food retailers, the "shoppers" for the TV show deliberately purchased only sale items. These products are the ones most likely to reflect errors because the stores may lag in updating their databases.]

In spite of all the program's distortions -- particularly the repeated references to "scanning errors" and the lack of any efforts to explain the benefits of front-end automation -- the broadcast may still be beneficial to both consumers and retailers if it has focused the attention of supermarket operators on accuracy in shelf-marking and database maintenance.

Finally, another less sensational perspective on this topic appeared this month. The September 1993 issue of *Consumer Reports* (published by the non-partisan Consumers Union) addressed this same sensitive issue of store errors in an article entitled: "Can You Trust the Scanner?" Their conclusion: "We did our own informal check, sending out a small panel of shoppers to various supermarkets around the country to buy their weekly order and check for scanner mistakes. Most found no mistakes. A few found nickel and dime mistakes, sometimes for the shopper, sometimes against."

During a wide-ranging interview....

....in mid-August, with Symbol Technologies' Senior VP Sales and Service, Tomo Razmilovic, and VP Marketing, Rich Bravman -- at the company's headquarters in Bohemia, Long Island -- the focus was on Symbol's new marketing strategy and how it relates to the future of automatic data capture.

Symbol's marketing plan has undergone a complete 180 degree turnabout since a company officer told *SCAN* a few years ago: "We are hardware technologists and do not provide a full system solution." (*SCAN* Feb 1990).

Since then, Symbol has expanded its product line and established marketing relationships with a large, international group of companies. "We are no longer a one-note company," Bravman explained, referring to Symbol's laser guns. "We are now concentrating on establishing strategic alliances with major distributors, VARs and OEMs who provide cross-fertilization opportunities in various geographic and application markets."

Razmilovic added: "The world belongs to the system integrators. Our major efforts are establishing strategic alliances with these companies. In creating total systems, it is now recognized that the key issue is how to quickly, accurately and automatically capture data at the lowest operator level -- where the data is actually entered into the system."

Bravman says that Symbol has relied on what he characterizes as its "traditional strength as a technology-oriented company" to formulate new alliances. "We took our underlying technical expertise and built a systems capability by partnering with these allied companies," he explained. "We can now utilize that technical capability in joint efforts to develop systems in cooperation with VARs, distributors and customers who contribute other hardware elements, software, and specific knowledge of the customer's needs."

Symbol's international markets remain important for future growth. Razmilovic confirmed that revenues from outside North America have represented 30 to 35% of Symbol's total sales for the past four years -- and an even larger percentage of its profits. In Europe, he points to the increasing business from several Eastern bloc countries -- notably Hungary and Czechoslovakia. (He suggests that the old Soviet Republics should not be written off.)

Looking to the Far East, he admits that Japan is still a tough market to crack with its different cultures and the very steep learning curve encountered by outsiders. But Razmilovic sees progress in other Asian locales. "Although our Olympus-Symbol joint venture company is now manufacturing the LS 2000 and LS 3000 hand-held scanners in Japan," he says, "the Asian market is not just Japan. We are making important strides in Hong Kong and Singapore, and we are particularly active in Taiwan."

As for South America, Razmilovic reports that laser guns are now widely accepted throughout that continent and that Symbol recently opened an office in Miami, FL to handle that business.

In discussing Symbol's new products, Bravman was particularly excited about the new PDT 3100. "We sold 50,000 of these integrated portable data terminals even before its official introduction," he noted. "This unit has been well-received because of its improved ergonomics [size, shape and weight], performance, flexibility and price [\$800 to \$2,000 list, depending on options]. It incorporates the SE 1000 small laser scan module and we expect to add RF-capability in the near future."

Switching topics to the PDF 417 two-dimensional symbol, Bravman disclosed that the company has a surprising [to us] 1,000 systems now out on tests. The applications for this symbology include identity cards, medical records, document tracking, security documentation and hazardous waste identification. Looking back, Razmilovic now believes that Symbol "made a major error when we introduced the PDF 417." He explains: "It should have been called an 'Advanced Data Capture System' rather than a two-dimensional bar code. PDF 417 will open

up new markets -- it does not compete with standard bar codes."

These very optimistic appraisals of Symbol's future suggest the dramatic opening of new regional markets and expanded technologies. Although the company has not always won popularity contests among its peers and distributors, it must be recognized as being at the cutting edge of a number of important technologies; i.e. hand-held lasers, RF spread spectrum and two-dimensional symbologies. Like it or not, as the largest company in the industry, Symbol's successes and failures often reflect the overall progress of automatic data capture.

#### The continuing challenge....

.....to design an improved automated supermarket check-out system -- one which allows customers to scan their own purchases -- presents problems that are often more "social" than "technological." One such issue -- whether the check-out is done by a customer or a company clerk -- is to be able to minimize "shrinkage."

[For the uninitiated, "shrinkage" is the retailers' euphemism for inventory losses due to stealing -- by customers and/or employees. Actually, experts attribute the largest amount of these losses to a team effort -- it's called "sweethearting" -- where the purchases are made by relatives and friends of the check-out clerks. Since self-scanning eliminates half of that larcenous team (i.e., the store clerk), the retailers can concentrate on dishonesty by the customers when installing such systems.]

There are two basic methods now in use for empowering the customers to tally their own purchases. The first system was introduced six years ago by Checkrobot (Deerfield, FL). In September 1992, Checkrobot was bought by Uniquet, a software company based in Jacksonville, FL. The Uniquet system designates separate self-service check-out lanes at the front of the store, which feed into a single cashier (SCAN Oct 86; June 87). Units have been installed, and limited tests are currently under way, at a number of grocery chains, including A&P, Pathmark and First National Supermarkets of Ohio.

Uniquet's self-scanning lanes incorporate elaborate controls to prevent stealing. One deterrent involves a proprietary method for rejecting any product that has not been correctly scanned and identified from passing into the cart reloading area. (Each item is weighed and measured and compared to its profile in the database.) Another procedure employed to keep customers honest is to weigh their shopping carts with all of their purchases inside as they pass by the cashier. The actual net weight of the products is then compared to a theoretical total quickly computed from the individual product weights pulled from the store's database.

The second method for self-check-out -- which has been in operation in one Ahold supermarket in Holland since this past April -- is even more imaginative. Upon entering the store, each pre-qualified customer is registered by inserting a personal identification card in a slot reader. A hand-held laser scanner is then selected off the rack and placed in a holder in the shopping cart. The shopper then scans each item as it is taken off the shelf and placed in the cart. By looking in the scanner's window at any time, the customer can view the price of an item or the total spent on all products in the cart. If the

day's spending limit has been exceeded, an item may be rescanned, deducted from the purchases and placed back on the shelf.

When finished, customers bag their purchases, place the scanner back on the rack and retrieve a detailed receipt, which can then be paid in cash or, potentially, deducted from their bank accounts.

The hand-held scanners used in this latest method were built by Symbol Technologies based on designs developed with Ahold and a European-based research company. One unique aspect of the design is its telephone-like shape with a scanning window at the top. Any resemblance to a gun-shaped device was carefully avoided. As a Symbol spokesman explained: "Many European consumers are not comfortable with the gun-shaped objects similar to typical hand-held laser scanners."

Meanwhile, there is still no fool-proof solution to the broader problem of customer cheating. In the case of Ahold, the market is located in a small Dutch city, and the store randomly checks purchases. The store's managers theorize that peer pressure to be honest and the fear among shoppers of being exposed as a thief to their neighbors has kept shrinkage to a minimum. Initial reports are that customers are happy with the Ahold system and have readily adapted to the use of hand-held scanners.

As to the future of self-scanning, it's cloudy. The Uniquist system is quite costly, although financial projections of the return-on-investment are favorable. The Ahold/Symbol approach seems a bit more user-friendly, but would seem to need much more built-in security before it can be widely installed.

#### In a valiant effort....

....to reach a major market that has been resisting automatic data capture for years, Karen Longe (Zebra Technologies) and Lisa Brenner (Bright Ideas -- a consulting firm) have written a new book: *Bar Code Technology in Health Care -- A Tool for Enhancing Quality, Productivity and Cost Management* (published by the Marketing Services Division of Advanstar Communications).

The stated purpose of the book is "to provide an overview of bar code technology in clear and simple language so that health care decision makers can make effective management decisions about using the technology within their institutions."

Longe and Brenner, who worked together several years ago at the American Hospital Association developing bar code programs and publications, make no effort to describe how bar code technology works. Rather, they attempt to fill a void, since "little has been written that demonstrates the effectiveness of bar coding specifically for health care applications." While the purpose is laudable, we found errors in the finished product suggesting that the manuscript could have been edited more carefully.

The 130-page paperback can be characterized as a "Why to" rather than a "How to" treatise. Its pages are filled with references about how hospitals desperately need to take advantage of the benefits offered by bar coding, including: cost savings, efficiency, patient satisfaction, productivity and quality.

The authors emphasize that "health care is an information intensive industry" and that recent moves toward "managed care and regionalization" make it absolutely necessary that steps are taken immediately to install systems which incorporate bar coding. They identify health care uses for bar code technology for 80 different applications in 18 different hospital departments.

In a very effective description of the value of bar coding in a health-related facility, the authors track "a bar-coded day in the life of one patient," in this case, a pregnant woman being admitted to the hospital to deliver her baby:

They follow the about-to-be mother through admissions (where she is fitted with a bar-coded wrist-band); to the labor room (where vital signs are recorded and blood is drawn). While the blood is being sent off to the laboratory (where a lab analyzer reads information off the bar code), a nurse in the labor room uses bar coding (to schedule the delivery room, a crib and other sundries). After delivery (the baby's wrist and ankle are banded), the doctor orders medication (which is scanned and delivered by the pharmacy). When mother and baby are ready to go home, they are wheeled to discharge (and scan/checked out).

The book may serve as a valuable tool to challenge hospital administrators to be more receptive to the opportunities for automation. The authors ask many pertinent questions and strive to define the terms of reference used in this technology. However, they fail to offer enough specific, documented answers that can be used by health-care facility managers for such projects as budget proposals or purchase requisitions.

The authors present their final advice in "Two immutable rules" to health care institutions. Rule number one: Obtain top management commitment for bringing the technology into the organization. Number two: Form a team to manage the process of change.

To order copies (\$29.95): Call Advanstar Communications 800/598-6008.

#### Innovative marketing ideas....

....are not easy to come by, so when one does surface, it deserves attention. Thus, we were impressed with a new service, dubbed "Market Radar," being offered by Quad II, the education, information and research company founded by Rick Bushnell and Scott Cardais.

Market Radar is a monthly service that reports only on markets with a "compliance component" in them. According to Cardais: "Each report includes the size of the market, how to reach it and suggestions of actions to be taken.

Since March 1993, the company has issued or scheduled eight reports. Some examples of the subjects covered:

- Fastener Quality Act - Lot Number Tracking for Manufacturers of Threaded Fasteners.

- Manufacturing Processed Documentation Requirements for Manufacturers of Medical Devices and In-Vitro Diagnostic Products.
- New Product Toxicity Testing Requirements for Pesticide and Agricultural Chemical Manufacturers.

Those titles suggest the prosaic nature of these potential markets. In order to explore this in greater detail, we obtained a copy of "Government Contractor Labor Reporting Requirements" (April 1993). This study describes the US Government regulation which mandates that companies must accurately track and report actual labor hours spent when manufacturing products to fulfill a government contract.

The report also includes: Description of the Market (65,000 to 75,000 companies doing business with the government on contract); Applications (automated labor tracking); Factors Affecting the Market (compliance is always an issue); Why Use Bar Code (specifically noted by the government as an acceptable means of collecting time card information); Recommended Action Items (includes a detailed laundry list of steps to be taken).

Cardais takes a very strong position on the value of pursuing such markets. "Industries that use bar codes," he explained, "tend to be driven by some form of mandate either from the government or from a homogenous group of customers that have banded together to force their vendors to use bar codes. We saw two clear implications: First, the industry would grow if more mandates were issued; second, individual companies would reduce their selling cycles if they focused on markets with a compliance component in them."

The company plans to publish a total of 20 reports this year. The cost is \$490 each. Quad II, 3500 Plantation Road, Charlotte, NC 28270; 704/845-2633.

**Our warmest congratulations....**

....to Bonney Stamper, President of AIM/US, on the birth of her first child -- William Jackson Sherman, Jr., a healthy 8-pound, 13-ounce boy -- born on August 10.

We spoke with Bonney just a week before the happy event (when she was already two days overdue) and she was still busy working the phones on AIM business. She emphatically declared that she fully expected to be back at work in a very short time after the birth of her child. True to her word, she was sending and receiving faxes and calls from her home within two weeks after she returned from the hospital.

There is a great deal of change happening at AIM and we are looking forward to Bonney Stamper's return to full active duty.

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