



The DATA CAPTURE Report

Since 1977, the premier management & marketing newsletter of automatic data capture: Bar Coding, RF and related technologies.

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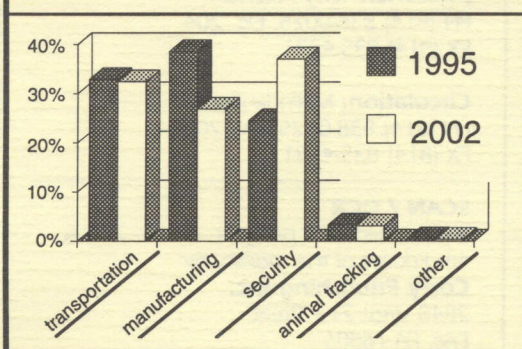
October 11, 1996

DID YOU KNOW?

SECURITY FASTEST GROWING SEGMENT OF RFID MARKET

According to **Frost & Sullivan, Inc.** (Mountain View, CA), the security segment is experiencing the fastest growth of all end-user market segments. In 1995, security comprised 24.6 percent of the total RFID equipment revenues. At the end of the forecast period 1995-2002, security is forecast to comprise 37.1 percent of the total RFID equipment revenues.

RFID Market Revenue Growth



Accuracy, reliability and convenience of use have been three factors for the acceptance of RFID technology in the security segment.

Increased security needs by end-users will continue to provide growth for the RFID equipment market. Needs of end-users to protect assets as well as control access to parking lots, buildings and rooms are continually increasing.

For more info. **Frost & Sullivan, Inc.**, Mountain View, CA, PH (415) 961-9000, FX (415) 961-5042. SCAN

Ohio University Study Shows End-Users Can Reduce Printer Costs

A recent study performed by **Ohio University's Center for Automatic Identification** showed there is no practical difference in the time it takes a scanner to read a bar code printed by impact printers, laser printers and thermal-technology printers. Dr. James Fales, director of the university's department of industrial technology, announced the results via teleconference. The study [possibly the first of its kind] was performed in cooperation with the **GENICOM Corporation**, an international manufacturer of impact and laser printers.

Tom Brothers, Genicom's manager of market development, told *SCAN/DCR*, "Most of our printers are laser and impact [sometimes referred to as matrix or line matrix]. In the last several years, many end-users requiring bar code printers have turned to thermal transfer printer technology. We believe there is an alternative these customers may not always consider - impact printing. Many times, impact printers cost less and are more rugged than thermal transfer printers. Because of the attention thermal technology is receiving from the ADC industry, some bar code printer customers may not be aware of all the choices."

[Editor's note: In thermal printing, a print-head, filled with heating elements, is in constant contact with heat-sensitive paper. When these elements are heated, the heat-sensitive paper turns dark forming a character. - Thermal transfer printing is similar to thermal printing except a ribbon is used and common paper is used as a substrate. During thermal transfer printing, the heating elements in the print-head melt the ink on the ribbon leaving a character on the paper. - Laser printers have a photo-conductor drum. A laser "charges" an area on the drum which attracts toner. As paper is applied to a heated roller, the toner fuses to the paper. - An impact printer is similar to a typewriter. A "pin" strikes an ink ribbon leaving markings on the paper.]

Genicom management approached Dr. Fales to see if there had been any studies done comparing readability of different print technologies. Fales was unaware of any

previous studies, so he reached an agreement with Genicom to perform the test. The purpose of the study was to determine if there is a difference in the read times of bar code symbols produced by industrial-standard impact printers, laser printers and thermal technology printers.

The four printers used for the test were:

- GENICOM 4840 Line Matrix Printer
- Hewlett-Packard HP Laser Jet 4+ Laser Printer
- SATO CL608 Thermal Transfer Printer
- Zebra Technologies 140Xi Direct Thermal Printer

The GENICOM printer was set at 240 dpi (dots per inch) horizontal by 144 dpi vertical. The laser printer was set at 12 pages per minute at 600 dpi. The setting for the thermal transfer printer was at 203 dpi and six inches per minute. The direct thermal transfer printer was set at 203 dpi with a print speed of two inches per second.

The four hand-held scanners used for the test were:

- Intermec 1516
- PSC 312HP
- Spectra Physics 400
- Symbol LS3000

Each bar code symbol encoded 14 alphanumeric data characters at a nominal X dimension [the narrowest band in a bar code] of 20 mils and a nominal height of one inch. Half the symbols were encoded in Code 39 and half were in Code 128. Each scanner read 28 images, 14 times, for all four printers, which is a total of over 6,270 scans. "The test showed the average difference of 0.013370313 seconds of read time between symbols printed on an impact line printer and those printed on laser or thermal printers. This is negligible in terms of human reaction time," said Dr. Fales.

Researchers were not testing the different scanners against each other. They were testing the mean read times of the symbols that were printed by the different technologies. Therefore, while there was a slight variation between the read time reported by scanner A, the read time for scanner B and the time for scanner C, individual results were consistent throughout the test. Uncontrolled or unaccounted for factors may have caused the difference in read times between scanners. This was a test of the print technologies under the scanners. Four different scanners were used to eliminate possible idiosyncrasies in any one scanner. Researchers could then say with some degree of confidence they were measuring the read times and averaging them across a typical sample of available scanners.

To make an honest comparison of impact printers to thermal and laser printers, researchers knew they must simulate real-world applications. For instance, an impact printer used daily on a shipping dock would have ribbon wear. So testing bar codes printed with a new ribbon would not be a fair test of an impact printer's performance.

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Since 1977, the premier management & marketing newsletter of automatic data capture, including:

- Bar coding, 1-D & 2-D symbologies
- Bar code printers, scanners, terminals, verification products and labels
- Wireless (RFDC & RFID)
- Magnetic stripe
- OCR products
- Voice recognition systems
- Vision systems, video scanners
- EDI
- Smart cards & optical cards
- Memory tags
- Biometrics
- Application software
- Peripherals or supplies for the above

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Researchers simulated stages of ribbon wear by printing hundreds of different bar codes for varying lengths of time. The result was three different degrees of symbol degradation from the Genicom printer to use for the tests.

Fales told us, "As we developed this test plan, we looked at the typical usage environment - manufacturing/shipping. So we considered printers that might be found there: line matrix, laser, thermal transfer and direct thermal. We chose the symbologies Code 39 and Code 128 because they represent what is typically used in the manufacturing/shipping environment. The data structure of the symbologies we tested, with a 20 mil X dimension, about one inch high, and consisting of 14 data characters, was also representative of that environment."

To measure read times, researchers affixed the various bar codes to six "stations" on a three foot diameter turntable. The turntable indexed [turned] 60 degrees at a time. Scanners were mounted above the turntable and triggered by a computer to read the various bar codes. The computer provided an accurate start time for every scan. When each scanner "reported" back to the computer that it had decoded the information, researchers recorded the read time. With the read time in hand, researchers compared the accuracy of the data read to the data encoded. There were no cases where the scanners failed to read a code and Fales said none were expected.

Sources at Genicom seemed pleased with the results. Speaking for Genicom, Brothers told us, "The print quality of a label may be important if it appears on a finished product for a customer. But typically, in shipping applications, the label is simply used to make sure a box gets from point A to point B. Therefore, users of bar code printers need to know impact printers can be lower-cost or more-reliable than thermal printers.

"Today, we see more end-users adding graphics to labels. The matrix printers, in many instances, can print more attractive graphics than thermal printers. Thermal printers may provide higher resolutions, but many still print square dots, which make a relatively, jagged-looking edge on graphics. You get a cleaner edge with an impact printer."

Fales was certain that proprietary testing has been done by individual printer companies, but none have shared the results. To his knowledge, this is the only test where there's been a very carefully-crafted and controlled experiment to see if there is a difference, statistically and practically, between print technologies and read time. He said some manufacturers imply that because a label looks good

to the human eye, it is therefore more readable to a scanner. The test results simply reveal that manufacturers can not automatically make that assumption.

Comment: Dr. Fales and his team at Ohio University's Center for Automatic Identification have a strong track record for providing unbiased test results for ADC hardware and bar codes. We must therefore conclude these results are accurate.

From our conversations with Fales and sources from Genicom, we believe they are sincere when they tell us that these tests were not meant to degrade any other manufacturer's printing technology. Rather, the tests were to prove there are viable alternatives to some of the more expensive printers offered by ADC vendors. Fales and Brothers also told us they were in no way implying that ADC end-users, who purchased thermal technology printers, had been duped.

Although there is a possibility test results could change, if other specific printers or scanners were evaluated, these results still provide meaningful purchasing information for end-users of ADC bar code printer technology.

For more information: **Genicom Corporation**, Chantilly, VA, PH (703) 802-9200, FX (703) 802-9039, E-mail: tbrothers@genicom.com; **Ohio University Center for Automatic Identification**, Athens, OH, PH (614) 593-1455, FX (614) 593-9382, E-mail: jfales@ohiou.edu.

Will Electronic Article Surveillance Eliminate Shoplifting?

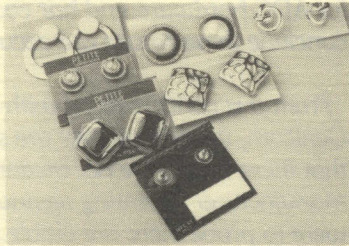
According to the **National Association of Chain Drug Stores** [NACDS], consumer, employee and vendor theft costs the retail industry \$36 billion each year. Because of this, retailers are increasingly turning to electronic article surveillance [EAS] to deter these losses, often referred to as "shrink."

Electronic article surveillance is the process of tagging stock keeping units [SKUs/retail goods] with radio-frequency, acousto-magnetic, or electro-magnetic tags. The tags, some of which are paper-thin and pressure-sensitive, can be placed on the inside or outside of a product's packaging. Any attempt to leave a retailer's facility without deactivating the tag will trigger an alarm. When the tagging process is done at the product's point of manufacture it is called "source tagging."

The two most-commonly-used EAS technologies in the U.S. are radio frequency [RF] and acousto-

magnetic. Electro-magnetic technology is more popular in Europe. Tags cost about 3.5 cents each. The two main suppliers in the U.S. are **Checkpoint Systems** and **Sensormatic Electronic Corp.** None of the three technologies work together, so there is no possibility of an industry standard for interoperability.

Bill Bender, managing director of programs for NACDS, told us that EAS was developed in 1970, but rarely used before 1990. However, as EAS systems became more popular, problems arose over the lack of interoperability between the different technologies. By 1994, the retail industry was at an impasse over how to resolve these problems.



Sensormatic Ultra Max (EAS) Label.

The NACDS, under the direction of Ronald Ziegler [Nixon's former press secretary], commissioned **Arthur D. Little, Inc.** [an international technology management consulting firm], to study the predicament and make recommendations to solve these interoperability problems. The research firm was to: provide a list of criteria to help retailers and manufacturers select an EAS technology; define the industry and its growth stage; list the cost benefits of EAS; and give a series of recommended guidelines for how to develop the EAS industry.

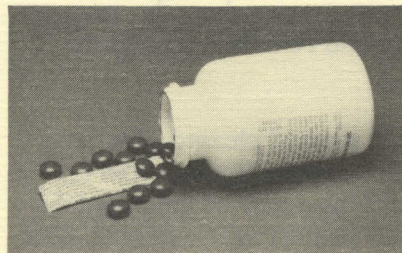
The result was a 90-page report that outlined a "game plan" for addressing the EAS dilemma. The two most notable parts of the plan were that it, 1.) Did not recommend one technology over another, and 2.) Identified five necessary components [or industries] that needed to be part of the solution. The five were: consumer-goods manufacturers; POS system vendors; retailers; EAS system vendors; and packagers. All five groups would have to work together to solve the problems surrounding EAS interoperability and standards.

Interoperability would require EAS companies to agree on one technology, but none have been willing to give up their technological investment. To understand the magnitude of their investment, we asked sources at Sensormatic [one of the world's largest manufacturers of EAS security systems] how much of their revenues come from EAS related products. Sensormatic had revenues of \$995 million for its fiscal year which ended in June 1996. The company employs 6,500 people worldwide which includes a team of over 300 research and development engineers. Our source told us that almost \$750 million of the company's total revenues come from EAS and video surveillance technology.

Sensormatic's revenue history mirrors the growth of the EAS industry. In 1976 [after 10 years in business], Sensormatic's revenues were \$10 million. By 1986, the annual revenues were \$100 million. In 1996, revenues climbed to almost \$1 billion.

The average drug store has over 25,000 SKUs. According to Bender, a mere four percent of these items [1000 SKUs] account for 80% of the "shrink" in any given store. But choosing what products to tag is no easier than choosing which tags to use. "The important thing to remember," said Bender, "is that EAS is meant to deter crime by instilling a fear of apprehension in thieves rather than catching thieves in the act."

There are three basic product groups which have been targeted by retailers for EAS solutions: Health and Beauty Aids, Over-the-Counter Medicines, and High-Volume General Merchandise. But the question in most retailers' minds is, at what point does it become economically feasible to tag a product? For instance, would you put a 3.5 cent tag on a 22 cent item? We asked Bender and representatives from Checkpoint and Sensormatic for their "price point" guidelines for tagging. Their answers ranged from \$3.99 to \$7.50. But the truth is there are no real guidelines for when to tag a product based on price alone.



Sensormatic Ultra Max Drop-in (EAS) Label.

If a retailer has a \$35 shirt on the shelf in his store collecting dust and no one ever steals this shirt, there is no need to tag the shirt. On the other hand, if the retailer has a display of batteries which cost only \$2.50 each, but he loses 20 batteries per week through shrinkage, he may want to tag them. So the cost of the item is not the only determining factor when choosing which products to tag.

Some retailers tag seasonally popular items like candy at Halloween or cranberries at Christmas. Still other retailers tag merchandise because of their geographic location. For instance, Texas or Arkansas drug stores have a higher incidence of "roach insecticide" theft than stores in the northeast. Stores in Florida may have more theft of suntan oil than stores in Alaska.

Small SKUs are often the easiest to steal because they fit in a thief's pocket. Some of these items include razor blades, condoms, aspirin, cigarettes, batteries, and camera film. In the past, retailers kept many of these items in glass cases to avoid theft. The

problem is that consumers often buy these kinds of items impulsively. When retailers lock these products under glass, consumers are less likely to make a purchase. In this case, EAS can actually increase sales and facilitate impulse buying by allowing the retailer to put the SKU on an open shelf.

So the retailer must decide if his theft problem is sufficient to require EAS and, if so, what kind of tags he should use. Remembering that only four percent of the SKUs cause 80% of the shrinkage in a store, the retailer may want to tag the problem goods and "seed" the rest. Seeding is the process of placing random tags in a defined area, such as a shelf or an aisle. The retailer may want to tag five to 10% of a chosen area.

In addition to seasonal tagging, and seeding, there is also fractional tagging. An example of fractional tagging is when the retailer [or a source] places a tag in one out of every five bottles of Tylenol on a shelf. According to Bender, this works as a great theft deterrent because thieves spread the word quickly about potentially-tagged products. Bender also told us that tagging everything in a store is cost prohibitive.

If there were any standardization, it would likely be by industry [each industry would choose a system]. For instance, the music and home center industries use mostly acousto-magnetic technology, while almost 75% of the drug store industry uses radio-frequency technology. This trend may relieve some of the burden placed on manufacturers who are now required to do source tagging with multiple technologies.

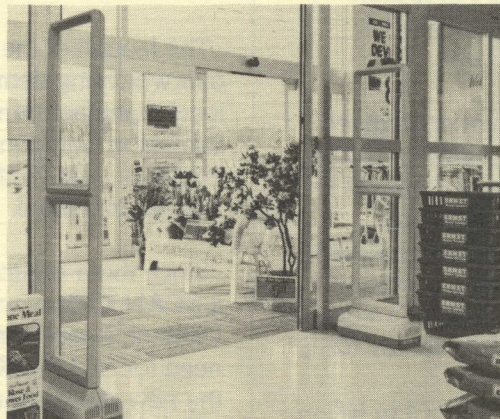
Chain-drug-store managers often prefer to use radio-frequency tags because of their small size. RF tags are paper-thin and flat like a postage stamp. They are easily hidden so thieves cannot spot the tags. Checkpoint [the manufacturer of RF tags] offers label tags in a variety of sizes and versions for in-store weigh/price labeling systems used in meat and produce departments.

As a clerk scans a tagged product at the checkout counter for its price, a device simultaneously deactivates the tag. A Checkpoint spokesman said retailers may purchase the company's deactivation devices in stand-alone versions or integrated into over 40 of the industry's most popular POS scanning systems. In order for deactivation to occur, the tagged item must pass within a 12 to 15 inch range of the built-in RF deactivation equipment at the

point of sale. Because the system is based on RF technology, it will not harm credit cards or debit cards which have magnetic stripes and may come near the 12 to 15 inch range. It also will not harm software that may be in a purse, sold in a computer store or part of the store's POS system.

In a test of throughput speed, operators were able to pass 120 tagged items per minute through the system with almost a 100% deactivation rate. Checkpoint is working on a double-check feature that will also deactivate tags at the bagging point on a check-out counter in case a tag is missed at the point of sale. If a tag is missed during the deactivation process, it could prove embarrassing to a customer when an alarm is accidentally triggered. Because of this, manufacturers are striving to provide error-free systems.

Both Checkpoint and Sensormatic provide reliable EAS systems, and neither is willing to give up its technology and adopt the other's. Therefore, the burden of working with two systems has fallen on the retail goods manufacturers. At this point, source tagging has been the only real answer to solving EAS problems. But this is a costly procedure for manufacturers to bear.



Sensormatic Ultra Max Stand-Alone (EAS) System.

In essence, retailers tell manufacturers to provide tagged products that work with each particular retailer's system. For

example, when **Kodak** provides camera film to a **Rite Aid** drug store, it must tag the film with a Checkpoint product. But when Kodak is shipping the same type of film to **B.J.'s Wholesale Club**, it must tag the film with Sensormatic's product. If the film is sent to a retail outlet not equipped with an EAS system, it can not have any tag because theoretically, a customer could buy the film at one store, then walk into another store that had an EAS system, and set off an alarm. If the manufacturer does not perform the tagging process, the burden falls on the product's distributor or packaging company.

Retailers and EAS system vendors argue that consumer-goods manufacturers benefit because use of these tags increases sales. For example, a customer is more apt to buy a product when he doesn't have to wait for an attendant to unlock a glass storage case. Retailers and EAS system vendors also tell manufacturers that EAS systems encourage cross-merchandising. This means a retailer can position a battery display beside a flashlight display, therefore encouraging customers to buy both products.

Whether increased sales outweigh the cost of source tagging or not, EAS appears to be here to stay. Future versions of these tags may incorporate intelligent computer chips that allow all participants in the distribution chain to read information from the chip as well as add information to its memory. This could be a great aid in tracing a product's history. For instance, when someone has tampered with a medical product, investigators could tell exactly where the product was manufactured and trace its distribution path. But, the consumer-goods manufacturers, distributors and packagers will likely have to bear the costs.

[This just in: Both Checkpoint and Sensormatic are currently experiencing financial difficulties. Sensormatic reported a net loss of \$98 million for its fiscal-year ended, June 1996. The financial community has shown signs of uncertainty over whether Sensormatic can execute its restructuring successfully and restore profitability to appropriate levels. Because of this, Sensormatic's corporate credit rating has been lowered from triple-B to triple-B -minus.

On September 24, 1996 Checkpoint announced that its third-quarter revenues and earnings would not meet analyst estimates because of damages to the company's production facility caused by Hurricane Hortense and delayed product rollout in supermarket chains. The investment community's response was a 23% plunge in Checkpoint's stock the next day. The stock declined \$8.25 to \$27.625.]

Comment: With retail shrinkage losses of \$36 billion per year, no one could reasonably argue against the need for electronic article surveillance. What apparently is arguable is the need for standardization in the EAS industry.

In 1994, the NACDS recognized the difficulties over EAS interoperability and commissioned the study on how to solve the problems. Ninety pages later, it still would not recommend one technology over another.

And, looking at the technology investment by the major players, it is doubtful any company will sacrifice that investment for the sake of standardization. As a matter of fact, inside sources from Sensormatic and Checkpoint told us, in no uncertain terms, that their companies would not change technologies. One source did say his company was willing to license its technology.

So where does that leave the situation? If retailers and EAS vendors are unwilling to resolve these interoperability and standardization problems, it looks like consumer-goods manufacturers will be left to foot the bill for using multiple, EAS technologies.

For more information: **Arthur D. Little Inc.**, Cambridge, MA, PH (617) 498-5000, FX (617) 498-7200; **Checkpoint Systems**, Thorofare, NJ, PH (800) 257-5540 ext.2322, FX (609) 848-0937; **NACDS**, Alexandria, VA, PH (703) 549-3001, FX (703) 549-0771; **Sensormatic Electronic Corp.**, Boca Raton, FL, PH (800) 368-7262, FX (561) 989-7964. **SCAN**

SCAN-TECH Asia To Debut In April '97

AIM International [AIMI] and **Reed Exhibition Companies [REC]** recently announced the launch of **SCAN-TECH Asia**, billing it as "the world's leading event for Automatic Data Collection, Identification, and Communication." The show will debut in Singapore April 23-25, 1997 at the Singapore International Exhibition & Convention Centre.

The launch of the new show is in response to an overwhelming demand from both international and local manufacturers, developers and suppliers. Reed Exhibition Companies will manage and produce the exhibition and conference which is sponsored by AIM International.

Since there is already a **SCAN-TECH Japan** and a **SCAN China**, we interviewed AIMI Executive Director, Brian Wynne to ascertain why there's a need for SCAN-TECH Asia. Wynne explained that the new show is targeting a regional audience. "SCAN-TECH Japan is unique because its attendees are mostly Japanese," said Wynne. "It is a very successful show [attendance was up 35% at the last show], but it doesn't serve all of Asia."

Because the Asian ADC market is so segmented, there is a need for several trade shows. SCAN-TECH Asia is an attempt to draw attendees from Singapore, Malaysia, and Indonesia. Wynne also told us that he and Reed's management believe the new show will attract some Taiwanese, Chinese and Indian visitors as well. Australia, also considered part of the Asian market, has its own ADC show.

A select group of exhibitors will be on hand at the new trade show to address the specific needs of the regional audience. Companies exhibiting at the show will be developers, manufacturers and suppliers of:

- Application Software
- Bar Code Printing Software, Bar Code Scanners/Readers/Printers/Labels
- Biometric Systems
- Data Terminals
- EDI Systems/Services


- Logistics
- Memory Buttons
- Magnetic Stripe Encoder/Readers
- OCR/OMR Products
- Pen-Based Computing
- Peripheral Devices and Accessories
- Printing and Label Products
- RF Data Communication and RF Identification Tags/ Readers
- Scales
- System Integration/Consultants
- Touch Screens
- Vision Systems/CCD/Video Scanners
- Voice Recognition

The show will have participants from the United States as well as Japan, Europe, Hong Kong, Taiwan, Korea, China and other Asia Pacific Countries.

Paul Beh, president of REC, Asia South, said in addition to SCAN-TECH, there will be two co-located shows - Asia Card Technology and Asia Banking Technology. Beh stated these extra shows will provide even more ADC information to attendees.

Comment: Our impression from talking to Brian Wynne is that vendors, distributors and other suppliers of ADC products make a big mistake when they view the Asian market as one entity. The cultures of the various countries in Asia are far more diverse than the Western ADC community might believe.

*Officials at AIMI and Reed believe that because audiences at previously-established trade shows are usually regional, their new endeavor will be a guaranteed success. The practice of targeting regional markets should come as no surprise. **Advanstar's** recent decision to move ID Expo to Philadelphia [SCAN/DCR 8/23/96] is also a direct attempt to "target a regional market."*

For more information: **AIM International**, Reston, VA, PH (703) 391-7621, FX (703) 391-7624, E-mail: bwynne@aimi.org. 

Start-Up Wholesaler Sets Aggressive Three-Year Goal Of \$60 Million In Sales

Most vendors and distributors concentrate their sales efforts on large ADC installations, but the management of **Positive ID Wholesale** believes small businesses offer the greatest untapped market for ADC hardware/software suppliers. Positive ID - a distributor specializing in the sale of bar coding

equipment - opened its headquarters and distribution facility two months ago in the town of Tonawanda, NY, a suburb of Buffalo. The new venture will employ over 50 people and expects to reach annual sales of \$60 million in three years.



Bill Dueger

In an interview with Bill Dueger, president of Positive ID Wholesale, he told us that the large end-user market [**Wal-Mart, Sears, J.C. Penney**, etc] is saturated and that the real untapped market is the small user. As an example, Dueger cited a small bakery that is supplying a local **7-Eleven** convenience store. The bakery owner must purchase a bar code printer to meet the bar coding requirements of the chain store. "Smaller businesses are a great market for ADC products and one that is well-suited for the VARs who have the ability to reach many, small end-users," said Dueger. "Vendors do not have the time or sales staff to reach this type of buyer. So, a two-tiered, distributor/VAR channel works best when selling one printer at a time."

Positive ID and its affiliate, **Azerty Inc.**, are both wholly-owned subsidiaries of **Abitibi-Price Inc.**, a Canadian-based, forest-products, company. The Positive ID venture is part of Abitibi-Price's growth strategy for its office products division.

Dueger and his manager of sales and marketing, Ariel Kostiner, were both part of the Azerty management team before taking on their new roles at Positive ID. While selling bar coding supplies at Azerty, they became familiar with the ADC market. Dueger served as executive vice president of Azerty and was with the company since its inception in 1983. Kostiner spent seven years as marketing manager at Azerty before taking part in a task force to investigate the feasibility of a spin-off ADC distribution company.

Dueger told us the parent company made a five-year commitment to funding the new endeavor. Working capital is an important requirement for any new business and particularly for a new distributor because of high inventory costs. With a firm financial commitment from Abitibi-Price, Positive ID should not have a problem with operating funds.

"But money isn't everything," said Dueger. "We have a strong distribution background. Vendors are increasingly using indirect channels. ADC distribution channels are generally fractured and underdeveloped. Therefore, the wholesaler plays an important role in servicing the VAR."

After firmly establishing itself in the U.S., Positive ID will target the European market. Management's intent is to become a global player. Azerty already

has offices and infrastructures in the Netherlands, Germany, France, and the U.K. Wherever synergies exist, Positive ID will share facilities with Azerty.

Positive ID will offer bar code scanners, data-collection terminals, printers, labels and software from the industry's leading suppliers to reach its goal of \$60 million in annual sales within three years. Once Positive ID employees become more familiar with bar code hardware, radio-frequency technology will be added to the company's product offering. Dueger said he wants his employees to be experts in all product lines they sell. Some of the companies that Positive ID currently represents are: **APC, Compsee, Datamax, Eltron, Epson, Lexmark, Logic Controls, Metrologic, Monarch Marking, Okidata, Opticon, Percon, PSC, Sato, Sony, StrandWare, Symbol Technologies, Welch Allyn, and Zebra Technologies.**

Kostiner stated that their vendors have been instrumental in training Positive ID employees. Part of Positive ID's business plan is to provide its employees with ongoing product-knowledge, instructional programs. The company will continue to invest in education.

ScanSource has a very similar business philosophy and has done very well in the distribution of ADC products [SCAN/DCR 9/13/96]. Dueger and Kostiner complimented the ScanSource management. Both men acknowledged that ScanSource is the leader in the current group of distributors but also said there is plenty of room for another player in the channel. The two men want to provide VARs another option for their buying decisions.

Although the two men also expressed genuine

respect for **Peak Technologies'** success in marketing ADC/ID products, they also believe that Peak is playing both sides of the street by competing with VARs and selling to them at the same time. Dueger stated emphatically, "VARs do not want competition from their suppliers. The bottom line is that wholesale distribution is the key to the ADC/ID market's future. Vendors and distributors should not compete with their customers; they should help them."

Comment: Positive ID's management has set some lofty (but not impossible) goals for themselves. There is no question that the ADC/ID market offers great potential but it is also a very competitive industry.

Certainly the five-year, financial commitment from Abitibi-Price will be a major plus for the new distributor but as Dueger said, "Money isn't everything." We believe Positive ID will need to quickly establish a large network of VARs and integrators, and add radio-frequency technology to its product offering, to reach its goal of \$60 million in annual revenues.

SCAN/DCR will continue to monitor Positive ID's progress.

For more information: **Positive ID Wholesale**, Tonawanda, NY, PH (716) 692-2008, FX (716) 692-3863.

Correction: In the last issue of SCAN/DCR we stated that AIM had decided to let NEMA conduct the research program if members vote to continue the statistics program. AIM called to tell us that it has not yet been decided who will conduct the survey. We apologize for the confusion.

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