



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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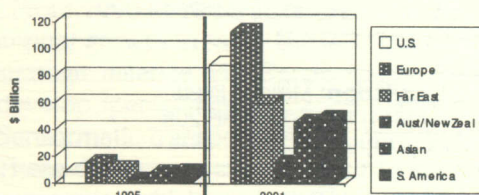
January 10, 1997

DID YOU KNOW?

WORLD MARKETS FOR HIGH-SPEED NETWORKING TECHNOLOGIES INCREASING

According to a recently-published **Business Communications Company, Inc.** report, *RG-195-High Speed Networking Technologies*, the worldwide market for high-speed networking technologies is expected to grow from a 1995 market value of \$51.46 billion to \$370.21 billion by 2001, reaching an average annual growth rate (AAGR) of 37%.

Consolidated World Markets For High Speed Networking Technologies



The U.S. market is expected to grow from a 1995 market figure of \$8.46 billion to \$88.26 billion by 2001 resulting in an AAGR of 37%. Europe accounted for nearly \$15 billion in 1995. This will grow to \$113 billion by 2001, for an AAGR of 40%.

The Far East accounted for \$10.5 billion in 1995. This will grow to nearly \$60 billion by 2001, reaching an AAGR of 30%. Australia and New Zealand are expected to grow from a 1995 \$2 billion figure to \$15.05 billion by 2001, an AAGR of 40%.

For more information: **Business Communications Company, Inc.**, Norwalk, CT, PH (203) 853-4266, FX (203) 853-0348.

Paxar To Buy Remainder Of Monarch Marking Systems

Just prior to a two-week holiday shutdown, **Monarch Marking Systems** president/CEO John Paxton announced to his employees that **Paxar Corporation** had executed an agreement to purchase the remaining 55% equity ownership of Monarch from company management and **Odyssey Partners Ltd.** The aggregate purchase price will be \$130 million, to be paid in cash, warrants, and shares of Paxar common stock.

Prior to this transaction, Monarch was owned by Odyssey Partners, a \$2 billion publicly-owned investment firm, Paxar Corporation, a publicly-owned manufacturer of labeling products for the apparel industry with over \$210 million in annual revenues; and a small number of executive-level managers at Monarch. Monarch, a privately-held company [not required to release sales figures], is a leading supplier of bar code printers and labeling devices.

SCAN/DCR obtained a copy of Paxton's letter to Monarch's employees. Commenting on the sale, Paxton told employees, "This is great news for all of us! It means Paxar has chosen to exercise its option (as spelled out in the original agreement reached in 1995) to become the sole owner several years ahead of what was originally anticipated. Why? Because Monarch has shown such outstanding improvement and potential for growth during the past 12 months."



John Paxton, CEO/president, Monarch Marking Systems

The letter continued, "This acquisition provides many important benefits to Monarch. For example:

■ Due to the similarity of our businesses, we can work more closely together in achieving business goals and objectives that benefit both companies.

■ We will be a part of an organization that has consistently demonstrated growth and profitability. Last year, for instance, Paxar Corporation grew at 21% - an incredible record!

■ During its past 18 months as part-owner of our company, Paxar has strongly supported our requests for capital investment.

■ As individuals, we will have the option to participate in Paxar's employee, stock purchase plan. This is a real benefit for us based on the way Paxar stock has historically performed."

The transaction is expected to close in mid-February following government clearance pursuant to the Hart-Scott-Rodino anti-trust legislation. Upon closing, Paxar will own 100% of Monarch, a leading bar code printer manufacturer for retail and industrial customers worldwide. Paxar chairman and CEO Arthur Hershaft said in a company press release that Monarch's existing management, Thomas R. Loemker, chairman, John W. Paxton, president, and Kenneth A. Cassady, chief operating officer, will continue to operate Monarch independent from Paxar. The transaction is not expected to result in any organizational changes either at Paxar or Monarch.

The purchase is significant for a number of reasons. In September 1994, **Pitney Bowes** had announced it would divest itself of Monarch in an effort to "redefine its focus." In June 1995, Paxar and Odyssey Partners formed a new holding company and purchased Monarch from P-B for \$127 million (SCAN 7/95). In the initial sales agreement, Paxar and Odyssey each owned 49.5% of Monarch. Loemker, a previous president of Monarch and a group vice president of P-B, came out of retirement to serve as chairman and held the remaining 1% ownership of Monarch. At the time, the purchase was considered to be one of the largest acquisitions in AIDC history.

*(Editor's note: Although we could not verify the information at press time, we believe at some point Paxar's and Odyssey's percentages of Monarch ownership dropped to 45% each with Monarch's executive level management holding the remaining 10%. This probably occurred when Paxton came to Monarch from **Western Atlas** to serve as president.)*

Also significant is that 18 months after the initial sale, Paxar is paying \$3 million more for 55% of the company than the initial 1995 complete-sale price. Hershaft stated, "Since making our initial investment in June 1995, Monarch has strengthened top management, streamlined operations, set forth a growth strategy and developed and introduced a completely new line of table-top bar code printers and a new family of hand-held labelers. In short, we are very pleased with Monarch's overall performance which is firmly in line with our expectations. Monarch has added significantly to Paxar's earnings since its acquisition in 1995."

Hershaft continued, "Long-term, we are very optimistic about the growth potential of the combined organizations. Monarch broadens Paxar's strategic position in the bar code market to retail and industrial markets substantially larger than the apparel and textile segments we currently serve.

SCAN The DATA CAPTURE Report

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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"Further, Paxar and Monarch are complimentary with respect to several important considerations. Both Paxar and Monarch are global businesses. We both operate in retail markets. Monarch and Paxar share related product lines and technologies. And, we are both implementing similar growth strategies, most notably, expansion into international markets. Importantly, this transaction will allow the two companies to leverage each other's management infrastructure and manufacturing capabilities in selected international growth markets."

Paxar was founded as a label company in 1918. It was acquired by the Hershaft family in 1946 and continued to specialize in manufacturing labels for the apparel industry. In 1958, the company moved into the packaging business. Over the next 25 years it grew to be the largest blister packaging manufacturer in the country. In 1969, Paxar became a public company.

In 1985, Paxar exited the packaging business, devoting all its resources to creating what Hershaft calls a "one-stop shopping supplier" of all identification products for the global apparel market. In a 1995 SCAN interview, Hershaft told us, "We can supply everything an apparel manufacturer needs in the form of identification, from bar code tickets, to care labels, brand labels, merchandise tags, patches for jeans - and we can do all of that any place in the world that you are sewing the garment."

From 1990 to 1994, Paxar posted a 23% compound annual growth in sales. In 1994, Paxar formed a strategic alliance with **Sensormatic Electronics** to develop special tags and labels - embedded with Sensormatic transponders - to prevent retail theft. These devices are sold by Paxar to apparel companies which apply them to garments during the manufacturing process.

Commenting on the Monarch sale, Stephen Berger, general partner of Odyssey Partners, stated, "Our partnership with Paxar was superb and we are delighted to have been able to work together in the strengthening of Monarch's competitive position." (Editor's note: Odyssey is also undoubtedly delighted that it nearly doubled its money in a year and a half.)

Odyssey Partners is a private investment firm founded in 1982 and has capital under management in excess of \$2 billion. Since its inception, Odyssey has invested in a broad range of public and private equities in markets around the world. It has acquired more than 50 companies. Odyssey's Private Equity Group currently has a portfolio of over 20 companies covering a wide range of industries, including retailing, manufacturing, consumer products, technology and financial services.

*Comment: All parties involved in the Monarch sale seem very pleased. We at **SCAN/DCR** also believe this is a very good deal for the participants in the sale. Certainly it is a statement by Paxar that it has confidence in AIDC sales growth potential.*

Paxar's press release stated there would be no management changes at either company. However, exactly what Paxar intends to do with Monarch in the future was left unsaid. Our question is, "Will Paxar ultimately operate Monarch as a wholly-owned subsidiary, integrate Monarch into its own infrastructure, or spin it off as a public company [as an independent entity]?"

If, at some point, Paxar were to do an IPO [initial public offering] for Monarch, it could not only recoup its investment but make a healthy profit as well. And, it could still maintain partial ownership as a majority stock holder. Not a bad deal!

For more information: **Monarch Marking Systems**, Miamisburg, OH, PH (513) 865-2231, FX (513) 865-2201; **Paxar Corporation**, White Plains, NY, PH (914) 697-6800, FX (914) 696-4128. ■■■■■

Telxon And Symbol Battle Before Ohio Judge

In an apparent flip-flop decision, an Ohio judge in U.S. District Court (Northern District of Ohio) issued a preliminary injunction against **Symbol Technologies, Inc.** on December 19 and then reversed his decision on December 24.

On December 19, **Telxon** issued a press release outlining the terms of the injunction which stems from a lawsuit filed by Telxon on September 4, 1996. Telxon's suit charges that Symbol engaged in violations of the federal Lanham Act and the Ohio Deceptive Practices Act by making false and misleading statements concerning, among other things, issues of standards compliance, interoperability, and open systems in connection with Spectrum 24 [Symbol's wireless frequency-hopping radio].

Specifically, the judgment entry issued by the court, enjoins Symbol as follows:

- A.) from making statements (expressly or in substance) that Spectrum 24 is compliant, meets, conforms or is compatible with the IEEE 802.11 standard or draft standard.
- B.) from making statements (expressly or in substance) that Spectrum 24 is an open system.
- C.) from making statements (expressly or in

substance) that: (1) IEEE 802.11 is a standard for interoperability; (2) compliance with IEEE 802.11 will result in interoperability; (3) Spectrum 24 is interoperable; and (4) IEEE 802.11 will provide interoperability between access points.

In addition, the court ordered a public retraction of the false and misleading statements which have appeared in various forms of advertising and public communications made by Symbol. The retraction order was issued as follows: (1) by January 6, 1997, Symbol shall issue a press release containing the retraction; (2) by January 6, 1997, Symbol shall conduct a conference call inviting the same participants that were present at Symbol's conference call June 25, 1996 and read the retraction; and (3) in the first available edition, Symbol shall publish the retraction in a full, one-page advertisement in each magazine where it published its advertisement that contained its false and misleading statements.

The public retraction was to state as follows:

- 1.) That an injunction has been issued against Symbol for false and misleading advertising in the case styled Telxon Corporation vs. Symbol Technologies, Inc., U.S. District Court for the Northern District of Ohio, Eastern Division, Case No. 5:96 CV 1911.
- 2.) Symbol has made false and misleading statements that Spectrum 24 (Symbol's frequency-hopping network) is compliant with the IEEE 802.11 standard. The truth is that the IEEE 802.11 standard has not been finalized. Spectrum 24 is not compliant with the IEEE 802.11 draft standard.
- 3.) Symbol has made false and misleading statements that Spectrum 24 is an open system. The truth is that Spectrum 24 is not an open system. Spectrum 24 is proprietary in its airwave communication. This means if a customer purchases a Spectrum 24 network, the customer cannot use on that network, mobile units containing radios manufactured by other vendors.
- 4.) Symbol has made false and misleading statements that Spectrum 24 is interoperable. Interoperability is the ability of a customer to substitute one vendor's product with the product of another. The truth is Spectrum 24 is not interoperable. In addition, once the (IEEE 802.11) standard is finalized, compliance with the standard will not result in interoperability. Vendors that are compliant with the standard will need to work together to achieve interoperability. If this is achieved, then there will be airwave interoperability. That is, a customer will be able to use, on its network, mobile units containing radios

manufactured by multiple vendors. IEEE 802.11 does not contain specifications for communication between access points. As a result, finalization of the standard will not result in interoperability between access points.

Because interoperability is such a sensitive issue in the AIDC industry, we wanted to hear what Symbol had to say about the preliminary injunction. We tracked down Symbol senior vice president, mobile & wireless division, Rich Bravman who was vacationing in Hawaii. When we caught up with Bravman on the day after Christmas, he informed us that the judge had reversed his decision and that Symbol would not have

to issue any public retractions (at least for the moment). According to Bravman, the judge listened to Symbol's lawyers on December 23 and changed his mind. (*Editor's note: SCAN/DCR was not able to substantiate this*

**"Interoperability is not going to come about by releasing phony marketing sheets."
David Loadman, senior vp, Telxon**

information with Symbol's General Counsel but we have no reason to doubt Bravman's word.)

"It appears that some statements we have made could have been interpreted as a claim of compliance to 802.11," said Bravman. "But, we believe the judge felt there was no intent to deceive the public. Symbol remains committed to open standards in over-the air LAN systems."

More important than the lawsuit itself are the implications from the judge's assessment of IEEE 802.11. Presumably, the judge can be considered an unbiased source. After hearing the facts about radio frequency standards, he does not feel 802.11 is going to solve the interoperability problem. So it really doesn't matter what Symbol said or didn't say. In section four of the retraction statement, the judge spells it out, "Once IEEE 802.11 is finalized, compliance with the standard will not result in interoperability."

In a SCAN/DCR interview with Telxon senior vice president David Loadman, he told us it's time for members of the RFDC [radio frequency data capture] industry to be honest with customers. "Interoperability is not going to come about by releasing phony marketing sheets," said Loadman. "Manufacturers of radio frequency LAN components will need to share technology with each other to provide total interoperability. And, it's time to stop using our customers as guinea pigs."

"Even a non-technical judge understands that 802.11 will not solve our problems," Loadman continued. "The past six months have been tough with respect to dealing with our customers over the interoperability issue and 802.11. It's time to step

forward and tell them the truth. The kind of plug-and-play systems they are asking for are probably a minimum two to three years away. And, that's only if manufacturers of RF products agree to work together."

Loadman told SCAN/DCR that Telxon is committed to the Inter Access Point Protocol [IAPP] which is being sponsored by **Aironet Wireless Communications, Digital Ocean and Lucent Technologies**. The IAPP addresses communication between access points, a key element to total interoperability and one that is not covered in 802.11. According to Loadman, Telxon is willing to license a protocol which would support foreign terminals on its radios.

SCAN/DCR asked Loadman, "Doesn't this support the Wireless LAN Interoperability Forum's [WLIF's] contention that there is a need for interim interoperability?" "You don't need some funded organization like the WLIF to promote interoperability," Loadman responded. "You need honesty and a willingness to share engineering and technical resources from manufacturers of RF products. As I said, brochures and marketing sheets won't solve the problem."

Symbol's Bravman told SCAN/DCR that he also believes true interoperability can only be achieved by combining engineering efforts from various RF manufacturers. "We will all have to work together to 'tweak' our systems so they communicate with each other," said Bravman. "Unfortunately, I don't believe this is going to happen in the near future [six months]. It will depend on how hard customers push manufacturers. We would be interested in supporting the IAPP if that's what it takes to provide our customers the interoperability they are requesting."

Comment: We would like our readers to know that we have the utmost respect for David Loadman and Rich Brauman and their knowledge of the RFDC industry. Although neither man painted a bright picture for a quick solution to the interoperability problem, it was refreshing to drop the typical industry hype and get down to a true discussion of the obstacles ahead.

As Loadman said, it's time for some honesty. And the truth is, interoperability is several years away and even then, only if manufacturers are willing to share technologies and protocols.

For more information: **Symbol Technologies, Inc.**, Holtsville, NY, PH (516) 738-4699, FX (516) 738-4645, E-mail: picker@symbol.com; **Telxon Corporation**, Akron, OH, PH (330) 867-3700, FX (330) 873-2889, E-mail: dload@telxon.com. SCAN

Employee Shake-up At PSC

The inevitable fallout of employees from PSC's acquisition of **Spectra-Physics Scanning Systems** has started. It came with the first news that John O'Brien had tendered his resignation, effective January 12, 1997. O'Brien, former president of Spectra-Physics, came aboard as president of PSC just six short months ago when PSC acquired S-P, the Eugene, OR, bar code scanner manufacturer.

But O'Brien is not the only high-level management figure to resign recently. SCAN/DCR heard through our network of sources that a number of other vice president-level employees had resigned as well, so we contacted PSC's vice president of worldwide marketing, Stuart Itkin, to verify the rumors. As it turned out, our sources were right.

In addition to O'Brien, the employees leaving PSC [mostly through resignation] are: Jack Callahan, vice president of sales; Dennis Hopwood, vice president of human resources; Michael Kalashian, vice president of business development [former vice president of marketing for Spectra]; and a number of national and international sales representatives for PSC. Not all the reasons for the resignations could be determined. Certainly one of the most prevalent is that the travel from Eugene, OR, to PSC's Webster, NY, site was taking its toll.

O'Brien could not be reached at press time but a number of his close friends in the AIDC industry told SCAN/DCR that the travel and loss of time with his family were important reasons in his decision to leave PSC. Ego was obviously an additional factor. O'Brien was accustomed to being the number one man when he was at S-P. And, although O'Brien and PSC's chairman/CEO L. Michael Hone are both credible leaders, their management styles are very different. One of our sources [who requested anonymity] said he believed O'Brien never intended to stay with PSC for more than a transitional period.



L. Michael Hone,
chairman/CEO,
PSC, Inc.

In a company press release, Hone stated, "John has had a very positive impact on the people around him and will truly be missed. He was a key driver of the Spectra-Physics business over the last 17 years. He was also instrumental in the integration of Spectra-Physics into PSC and has helped us a great deal during this transition."

Hone added, "While John will no longer be an employee of PSC, he has agreed to continue to be involved as a consultant and to assist the organization with transition issues. As previously

announced Robert C. Strandberg recently joined PSC as executive vice president and will now assume operational responsibility for the Rochester and Eugene manufacturing and engineering functions in addition to his other responsibilities."

As always, the question in most people's minds [particularly other PSC employees] is, "Is the resignation/termination process over?" Itkin, wanting to dispel any doubts in the minds of remaining PSC workers, said he felt the employee changes were complete. The question that still remains is, "How will PSC continue to face the challenges of absorbing a company one-and-a-half times its own size?" This question has obviously been on the minds of investment community members, since PSC's stock prices have been sagging the last several months.

SCAN/DCR contacted Lisa Bogaty [**Prudential Securities**], a leading financial analyst for the AIDC industry, for her view of the PSC situation. Bogaty told us she is confident PSC will be able to finish absorbing S-P into its infrastructure. "They seem to be coming along fine with their digestion process and I do not foresee future problems."

Bogaty did say she believes PSC's problems still date back to its troubles with the DI Minuet scanner series. For our new readers, the DI Minuet is a small, scanning engine that PSC introduced in late 1995 - early 1996. PSC had problems with the scanner both from an engineering standpoint and from a legal position as well. PSC is embroiled in a lawsuit with Symbol Technologies over patent disputes concerning the DI Minuet. Sales of the new scanner have not done as well as PSC expected.

PSC is one of the world's largest full-line manufacturers of bar code-reading equipment. The company designs and manufactures laser-based handheld and fixed position bar code readers, bar code engines and verifiers and automated carton-dimensioning systems. These products are used in automatic data collection solutions in the retail, manufacturing, transportation, and distribution industries, and by health care providers and government.

PSC operated under the name Photographic Sciences until it officially changed its name to PSC in 1992. The company has shown remarkable growth since 1990 when annual sales were \$16 million. Sales for 1996 were over \$90 million. And, in May 1996, PSC acquired Spectra-Physics for a purchase price of approximately \$140 million.

With its headquarters in Webster, NY, PSC operates manufacturing facilities in Webster and Eugene, OR, and has international offices in South America,

Europe and the Pacific Rim.

Comment: Although no company wants to discuss a change or loss of employees following a merger, it is an almost inevitable occurrence. For any company to acquire another company one-and-a-half times its size, truly presents a challenging situation. Although Bogaty may be close enough to the situation to feel confidence in the outcome of PSC's transitional period, we suspect there are those in the investment community who are not. For the record, we believe things are going well in the transition and Stuart Itkin told us he feels the process will be over in another six months.

We also believe O'Brien would have added a sense of balance within PSC's management because his leadership style is much different than Hone's. Both men have strong leadership qualities, but in completely different areas.

Bogaty certainly brings up a valid point with PSC's DI Minuet scanning engine. The delayed rollout of the product, the engineering problems and a weaker-than-expected sales response have not helped the company's bottom line. However, if sales of the product turn around, the destination may make the rocky journey worthwhile.

For more information: **PSC, Inc.**, Webster, NY,
PH (716) 265-1600, FX (716)265-5453,
E-mail: mktg@pscnet.com. SCAN

Telxon Continues Downsizing With Lucrative Sale Of Itronix Subsidiary

Telxon is moving quickly on plans to downsize operations in an effort to enhance its core business profitability. On December 30, 1996, Telxon announced it entered into a definitive agreement to sell its ruggedized notebook computer subsidiary, **Itronix Corporation**, to **Dynatech Corporation** in a transaction which is expected to produce a pretax gain of approximately \$35 million. The total, cash price is expected to be approximately \$65 million, including repayment of intercompany loans. The transaction was expected to close by December 31, 1996.

Telxon earned a sizable return on its investment, having paid only \$4 million for Itronix in 1993. Frank E. Brick, Telxon's president and chief operating officer, stated, "The sale of Itronix is one of the many steps we have taken to increase our focus in our mobile computing, wireless networking and systems

integration business. We continue to streamline product lines, improve productivity and decrease operating costs. As a result, we expect to see both improved gross margins and reduced operating expenses. The prospects for growth in our core business are excellent as customers in retail, manufacturing, warehousing, logistics and other vertical markets experience improved efficiencies through the use of mobile and wireless computer systems."

It was a mere two weeks from the time Telxon hinted it was selling Itronix until it announced the sale was approved. SCAN/DCR asked Alex L. Csiszar, Telxon's senior director for investor relations, why the sale was pushed through so rapidly. [We suspected Telxon was either eager to show shareholders it was following through with its promise to streamline operations, or there was a financial reason for closing before the end of the calendar year.] Csiszar assured us there were no underlying reasons for the quick completion of the sale. "Our new president, Frank Brick, charted a path to profitability for Telxon," said Csiszar. "We are simply proceeding along that path."

As part of the transaction, Telxon has entered into a marketing agreement that will allow it to continue to resell the Itronix X-C 6000 ruggedized notebook computer to its vertical markets, including insurance and professional workforce automation. Brick stated, "The proceeds from the Itronix transaction and the many actions we have taken under our recently announced cost reduction and efficiency-improvement plan, will drive profitable growth and increase shareholder value. In our fiscal year ended March 31, 1996, Itronix accounted for less than 15% of our revenues and operating earnings."

Telxon is expected to take certain charges during the current quarter which will partially offset the gain realized by the sale of Itronix. Brick added, "We will incur charges related to our reduction in force and early retirement program, decreased carrying value of inventories affected by streamlining of product lines, consolidation of our field operations, and redesign of our worldwide distribution and logistics organization. The total charges will approximate \$25 million. We are confident these actions will enhance both the company's future opportunities for profitability and its competitive position in the global marketplace."

Comment: Telxon is to be commended for following through with its plans to increase profitability. In May 1996, Telxon's stock plunged after the investment community took offense at several accounting procedures in the company's year end report. Since then, analysts following the AIDC industry have been watching to see if Telxon's plans for increased

profitability were merely rhetoric or a sincere attempt to improve its operations.

To date, everything we have seen seems to show that Brick is serious about restoring Telxon's profit picture. Analysts we spoke with recently seem genuinely impressed with Telxon's recent performance.

In addition to this lucrative sale of Itronix, Telxon has landed some significant orders lately, including a joint venture sale with NCR to Wal-Mart. SCAN/DCR will continue to monitor Telxon's progress.

For more information: **Telxon Corporation**, Akron, OH, PH (330) 664-2961, FX (330) 873- 2889, E-mail: dload@telxon.com. REGISTRATION

Increase Your Sales In The Asian Market

Promoting the new **SCAN-TECH Asia** trade show to be held in Singapore, April 23-25, 1997, **AIM International** presented a report on the ASEAN [Association of South East Asian Nations] market at the **AIM USA** Annual Meeting in Orlando, FL, on December 2, 1996. The presentation was made during the International Advisory Group (IAG) Meeting.

Making the presentation was AIMI Executive Director, Brian Wynne, and VP of International Operations for Monarch Marking Systems, Paul Berge'. Wynne and Berge' told listeners the ASEAN market is expected to grow 162% over the next two years.

After the meeting, SCAN/DCR spoke with Berge', an expert on the Asian region, to obtain suggestions regarding ways to capitalize on this growing market. Berge' explained there are three types of markets in the region. One is a "mature market." Examples would be countries such as Japan, Singapore, and Hong Kong. Another is a "maturing market," including countries such as Korea, Taiwan, Malaysia, the Philippines and Thailand. The third is an "emerging market": Viet Nam, Cambodia, Laos, and China.

AIDC technology already has firm roots in the mature markets. The maturing markets show signs AIDC technology is being used, but still has considerable room for growth. Emerging markets are in the infant stage.

Berge' noted that it is important to understand the ways and needs of the Asian world when targeting that market. "Employee productivity is less of an

issue with the Asian world because they have a workforce that numbers in the billions," said Berge'. "Labor costs are low. If you want to make sales, the AIDC benefits you must emphasize to the Asian culture are timeliness and accuracy."

As a sidenote, Berge' revealed information about Asian etiquette. "Time is very important in both the Asian business and social world. If you are invited to a 7:00 P.M. dinner in the U.S., it is o.k. to be fashionably late and show up at 7:15. In the Asian culture, it would be an insult to your host if you are even a few minutes late." Asians expect a quick response to everything. If they send you a FAX asking for information, they expect a prompt reply.

Berge' suggests that vendors should telephone the "commercial counselor" at the U.S. embassy for each country of interest to obtain necessary information. This information would include export/import agreements, tax structures and economic data.

He also said U.S. manufacturers should not sign exclusive contracts unless they are based on guaranteed performance levels. Berge' stated, "For instance, you can base it on Gross Domestic Product [GDP - the same as gross national product]. If the GDP in your country is 100 and the GDP in their country is 1, they should do 1% of your sales in your home country."

Joint ventures are a very good way to establish mutual loyalty. Set up a coordinating office in a central location in your Asian business area. This also holds true for American companies doing business in Europe.

Because of the time-zone differences and the lack of overnight services in many areas of Asia, it is important to properly address shipping labels and to make sure the package is complete when shipping your product to ASEAN countries. If you forget a cable or a manual it can cause real problems for your time-conscious Asian distributors.

Speaking on the new trade show, SCAN-TECH Asia, Berge' said he feels it will offer many good business opportunities. He recommends exhibiting but stated, "It's not a good idea to exhibit if you do not have a network of resellers in place to serve the end-users who may stop at your booth. You better have a way to service their needs.

"If you are just starting to look for resellers, a better way to approach the show may be to attend as a visitor. You can pass out business cards, look for alliances, check out your competition and in general, get a better understanding of the market. Exhibiting is the more aggressive approach, but you must be ready for that step."

Comment: The expected, two-year growth rate of 162% in the ASEAN markets is worthy enticement for any U.S. AIDC vendor or distributor. The vast majority of the vendors we speak with on a regular basis have cited this as a market they believe holds great potential. SCAN/DCR will continue to follow and report the progress of these markets.

For more information: **AIM International**, Reston, VA, PH (703) 391-7621, FX (703) 391-7624, E-mail: bwynne@aimi.org; **Monarch Marking Systems, Inc.**, Miamisburg, OH, PH (937) 865-2512, FX (937) 865-2707. SCAN

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