



newsletter

The management
Newsletter for all
industries involved
with bar-code
scanning and
related
technologies.

SCANNING, CODING & AUTOMATION NEWSLETTER • 11 Middle Neck Road • Great Neck, N.Y. 11021 • (516) 487-6370

INTERNATIONAL EDITION

ISSN 0273-3080

Volume II Number 5

March 1984

A strategic review by....

....the UK defence and telecommunication giant, Plessey, has resulted in the sale of its Data Systems business to the management. Plessey Data Systems was the business that developed the Plessey bar code in the early days of our industry. We understand that the decision has nothing to do with Plessey's view of the future of bar coding, nor have there been any commercial problems at Data Systems.

John Reader, who headed the Plessey operation, decided to bid for the business with financing from international institutions, investors and a major pension fund. The company's new name is DS Limited and it is quite proud of the fact that all 68 employees previously with Plessey Data Systems have transferred to the new operation.

The initials "DS" give a clue to the business that DS Limited sees itself in: data systems. It considers bar coding to be only one method, but a key one, for data capture. The business will have three main planks: as systems builders; in manufacturing; and as a substantial service and maintenance organisation (its big strength in the UK). It will continue to support and develop its library circulation and control systems business and support other commercial and retail customers.

Plessey will retain the patents on its light pens. DS Limited has purchased a licence to manufacture them. The new company is outward-looking and has recognised the need to develop systems and equipment around standard industry symbologies. Present interfaces can decode these. The company is likely to pursue the development of a digital interface unit.

Headquarters of the business remain in Nottingham and engineering and manufacturing remain at Poole, Dorset. John Reader becomes Managing Director, and he tells us that "the relationship with Plessey is excellent". The relationship between Telxon and DS Limited was described as affable.

DS Limited, Grafton House, 67 Loughbrough Road, West Bridgford, Nottingham NG2 7LA England; UK 'phone (0602) 818872.

The structure of the....

....International Article Numbering Association EAN is undergoing change because of the continuing expansion of the EAN system. Now that there are 21 full member countries (plus others through links with neighbouring states) it was felt that the time was right to establish a "world structure".

The International EAN Association (that might be a more manageable abbreviation) has as its domain all the world except North America. The organisation does actually span the world with members as far apart as New Zealand and Norway. The governments of its member countries cover the political spectrum with their legislation, policies and outlook. Their economies range from being free and open to those that can be considered government controlled; inflation rates range from world lows to those where prices more than double each year.

The problems and prospects don't end there. With nearly 200 sovereign states in the world, the potential scope for the EAN system is considerable. No one expects all these nations to be scanning in the next year or two, but it may surprise some as to the spread of source-marking as a result of products exported to scanning countries. Co-ordination must be the keynote for the future.

Among the changes approved by the recent General Assembly meeting: a new method of calculating subscriptions and voting rights based on three factors: population, gross national product and the number of years of membership in the International EAN Association; strengthening the administrative and technical staff of the Secretariat; limiting the size of the Executive Committee to 25 persons.

In keeping with the international approach, the present Executive Committee has requested that all national authorities use the designation "EAN" when referring to article numbering and the symbol.

A roundup of news....

....from EAN national coding authorities:

- The system to process data from UK scanning stores to provide basic sales and market research data for manufacturer members has been extended. The service is sponsored by the ANA (EAN affiliate in the UK), and is provided under contract by A. C. Nielsen. It is to continue beyond its initial 32 week period and discussions are taking place to expand the present 52 grocery-related categories by an additional 200 product categories.
- A. C. Nielsen also holds the contract with the UAC, the EAN affiliate in the Netherlands, to provide a similar service for its members.
- Some recent data on scanning stores: Netherlands -- 92 stores (up from 51 a year ago); UK -- 87 (42 a year ago); Belgium -- 69 (41 a year ago).
- The programme for the ANA Conference, titled "The Second Generation" has been published. The conference is scheduled for 5 April at the Hilton International Hotel, London. It is interesting to note that in keeping with the title and theme of the conference, only 20% of the time is devoted to retail scanning. All the other sessions are scanning-related and cover aspects of equal interest to retailers, wholesalers and manufacturers. Fees: £85 + tax for ANA members; £110 + tax for non-members.

Registration with ANA Conference Administrator, Countrywide Communications, 84 Baker Street, London W1, England; UK 'phone 01 - 486 6734.

- SAANA, the EAN affiliate in South Africa, reports that by December 1983 it recorded the supply of 1500 film masters and membership of 217 companies. SAANA also proudly reports that within two years of startup three stores were operational: F. W. Knowles Hyperstore, Pinetown, Natal has a system with 25 checkouts scanning grocery, dry goods and variable weight merchandise (equipment vendor: NCR); OK Homefix, Sasolburg, Orange Free State is not only the first store with 100% scanning (all items are bar coded in-store) it is also the first non-food store -- ICL is the equipment vendor with six checkouts and one service counter, all using hand-held scanners; the newly-opened Buxton Spar Foodliner at Umhlanga Rocks, Natal has 12 TEC slot scanning checkouts.

The view that bar code scanning....

....and OCR can co-exist (SCAN Feb 84) is currently being demonstrated in Japan. The Distribution Code Center (DCC), the Japanese EAN affiliate, is responsible for both technologies in the retail sector (SCAN/IE Dec 83). In a recent letter, Kyosuke Asano, the General Manager of DCC, describes and explains the experiences in Japan with the dual technologies. Excerpts from his letter show his concern:

"The EAN bar code and OCR-B font co-exist in Japan. To stand on either side, and to criticize the other would only mean obstructing the development of retail computerization. We insist that it is more important to aim at compatibility, to stimulate development in equipment and system technology, to lower cost, and to improve the quality of the equipment of both technologies.

"The greatest nuisance to us is to have reports introduced into Japan of the United States having disputes to decide whether OCR or UPC is better, all the more because Japanese retailers have always learnt from Americans."

These comments from DCC have to be treated as being from a body which speaks both with authority and experience. The latest data from Japan estimate that there are 3,000 stores using EAN data capture and 1,000 stores using OCR-B for data capture. In what may be a very optimistic forecast, the DCC expects these figures to increase 3 or 4 fold this year!

Although the DCC designates products as more suitable for EAN bar code or OCR-B (SCAN/IE Dec 83), Mr. Asano admits "neither the country nor the industry has power to enforce the use of a particular symbol. It is up to the retailers to choose". In Japan, EAN bar coding is recommended for grocery products only; OCR-B is recommended for most general merchandise products. There are some "cross-over" products, which carry both forms of machine-readable symbol.

An interesting point to emerge is that the DCC chose OCR-B in 1979 "with the hope of compatibility in mind...to match the OCR-B below the UPC symbol". It seems clear that the original intention of how to deal with cross-over brands was to automatically read the eye-readable numerics under the bar code. As yet we have no word as to the relative success of the two methods.

Barcode Industrie....

....seems to be an organisation which is restless unless it is growing. Just after we received the news of the French company's expansion plans into the United States (SCAN Feb 84), Barcode Industrie disclosed more about its ambitions.

- In France, it has opened a branch office at Montpellier which covers the southwest and looks after major contracts in that region. A new office at Lyon has already signed a 3.6 million FF (\$450,000) contract with the Hospices de Lyon.
- Contracts have been signed for distribution of products in Scandinavia, Portugal, Spain, Australia and New Zealand.
- European and Australasian business is expected to be worth 4 to 5 million FF (\$500,000 to \$625,000) in 1984.

Significant progress for a company which is proud to be French, claims to have 80% of the French market and did not exist, as such, 6 months ago!

A recent issue of....

....Cargo Systems International (Nov 83), the UK-based journal of the International Cargo Handling Co-ordination Association (ICHCA), had a very thoughtful article on automation at the container terminal gate. This is an area which has been neglected in the container industry's relentless quest for greater efficiency. The article explores three systems whose prime function is to scan a container to record its identification code.

- Bar coding: the article cites earlier unsuccessful attempts to use bar code technology -- the US rail car system and the experimental Sea-Land container system. Now the United States Department of Transportation's Maritime Administration (MarAd) is co-ordinating new research into the possible use of bar codes by US container operators. Different types of labels are being tested using Mylar tape and laser-etched metal tags. Laser scanners are being used to read the symbols in a trial at New Jersey.
- Transponders: these are solid state devices which would be sealed inside the container. All documentation would be held electronically and printed out when interrogated with a predetermined radio/radar signal. The costs of the system are quite high -- transpond: \$50 US, transquiver (interrogator): \$3,000 - \$7,000 US. A system developed by General Research Corporation is being tested by Matson Lines.
- Optical scanning: a system, developed by Cognex, is being studied by MarAd in conjunction with Sea-Land. The system uses a video camera to read the eye-readable numbers. Range is said to be 10 times the height of the characters if the container is stationary; and half that if moving.

The article concludes that "some type of machine-readable system during the next five years is inevitable.... It would be essential that standardised systems should be agreed upon as soon as possible". Cargo Systems International, CS Publications Ltd, McMillan House, 54 Cheam Common Road, Worcester Park, Surrey, KT4 8RJ, England.