



# newsletter

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

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We hope that we were not....

....the harbingers of gloom when we suggested that the ups and downs of Photographic Sciences (US) could affect its European subsidiaries (SCAN/IE Dec 82). On 17 January, directors of the two UK operations: Photographic Sciences (Bar Code Products) Ltd and Photographic Sciences (UK) Ltd, appointed Mr. Michael J. Arnold of Arthur Young McClelland Moores & Co. as Receiver (SCAN Feb 83).

Under English law, all the assets and activities were transferred to a new subsidiary, itself limited by liability, trading as Photographic Sciences (Bar Code Products). This device allows the Receiver to continue normal trading. Operational and other links with the American parent were, in effect, severed.

For immediate survival, a 30-day production plan was put into action. The company is now in its second 30-day period and, if necessary, a third plan will be started. This can be seen as a mark of confidence in day-to-day performance.

The advertisement for the sale of the company, placed in the Financial Times on 25 January 1983, is enlightening:

"For Sale Business and Assets of Bar Code Products Company.  
Market leader in manufacture of bar coded labels for retail, industrial, commercial and public service applications. Computer controlled modern production facility in Humberside with 55 employees -- Turnover in excess of £1.5 million and increasing."

The Receiver has told us that he is very optimistic that the business will be sold as a going concern. Enquiries always exceed serious bids, but "bids -- in the plural", to quote the spokesman, are currently being considered. No bid has been received from the American parent.

The major strength of the UK business is the computer-generated bar code label business carried over from Harland Data Systems Ltd in March 1982. We understand this to be profitable and growing.

Little is left of the PSC association. The film master side of the business has always been small. The ex-HDS engineers were not satisfied with the PSC production facilities they inherited last year and sourced film from Photo



Sciences' German plant. Now, film masters are being drawn from another source.

The bid situation is complex and we shall not speculate on the outcome during this sensitive period. Two key factors will have to be taken into account. The bar code label generating process is under licence from Data Documents Systems (Lenexa, Kansas, USA). The land and buildings are still owned by Harlands of Hull Ltd, the previous parent of HDS. The right bid will be supported by considerable goodwill.

There is some strong opinion in the UK that the name of the business will need to be changed to draw a veil over the past. Some people have been puzzled as to how Harland Data Systems Ltd, a business with good prospects in March 1982, could end up (under the PSC banner) in Receivership within the year. It is felt that the answer can only come from PSC in Webster, NY, USA.

#### Australia has broken into....

....double figures for retail scanning installations. The breakdown by system supplier, including 3 stores about to "go-live":

	<u>Scanning Stores as of</u>	
	<u>Nov 81</u>	<u>Mar 83</u>
DTS	--	8
NCR	4	8
IBM	--	1
TEC	--	<u>1</u>
TOTAL	4	18

In the wings are about 35 full price-look-up stores awaiting conversion to scanning, including 25 equipped by DTS. It is expected that the bulk of these stores will convert to scanning this year. The level of source marking is now approaching the magical 70% mark, usually considered the minimum level for economical scanning operations. Our correspondent in Australia is very optimistic about the continued growth and success of scanning in his country.

#### The international marketing....

....agreements covering National Semiconductor and Data Terminal Systems products will require some re-adjustment following their pending merger (SCAN Feb 83, Mar 83): Hugin distributes NSC's Datachecker system; Olivetti, with a 12% stake in DTS, distributes DTS's electronic cash registers in parts of Europe; DTS has its own European and Australian marketing subsidiaries. If every one of the suppliers is relaxed, as various reports suggest, it may take a little while before the synergy of such a merger can be felt.

Many European multiple retailers will be making major investment decisions over the next few months. As they upgrade their systems to scanning they can shift totally from their current supplier of electronic cash registers. A factor which will be watched keenly by these retailers is whether the service network improves or worsens as a result of the changes. They have also been known to



make sudden changes in their supplier of scanning systems. Nothing is predictable; every potential customer is watching the developments.

Foreign markets and marketing capabilities were major factors in the merger of these 2 US-based companies. These developments are not academic and will, no doubt, seriously affect the ultimate success of the combined operations.

Retail scanning installations....

....have also been increasing rapidly in the UK. From 10 stores a year ago, the number was reported as 27 in October 1982, and now stands at 43. (Editor's note: we recognize that some of this apparent "growth" may be due to early reports not being up-to-date.) Market share figures by system suppliers:

	<u>Total Installations as of</u>	
	<u>Jan 82</u>	<u>Feb 83</u>
	<u>#</u>	<u># %</u>
IBM	7	21 48.9
DTS	2	9 20.9
ICL	*	8 18.6
TEC	1	3 7.0
NCR	--	1 2.3
Sweda	--	<u>1 2.3</u>
TOTAL	10	43 100.0

\*Installations not reported

The installations of four retail organisations have a big impact on the figures: Tesco, 14 (IBM); Viva, 8 (ICL); the NISA voluntary group, 4 (DTS); Key Markets, 3 (IBM).

It should be noted that there is a great deal of experimentation underway, resulting in a range of diverse systems installed. J. Sainsbury, the UK's largest supermarket operator, has two installations but has already tested three manufacturers' equipment: IBM, NCR and Sweda. The eight Viva and a W. H. Smith installation all use light pens for data capture. In addition to these installations, Nurdin and Peacock has a single scanner in one of its cash and carry warehouses.

There is little question of the commitment to scanning by the supermarkets. There is still a wide open market, however, as to which suppliers will emerge as the leaders in system installations.

A short but useful book has....

....been published by Kings Town Photocodes Ltd, called Quality Control For the Bar Code Symbol. It is a completely revised edition of a 1979 booklet, and the progress made over three years is evident. The developments of the EAN/UPC systems are covered: book codes, outer case coding, etc.

Most relevant to the issue of quality control is the experience gained by Kings Town in supplying thousands of bar codes and helping their customers with



technical queries. The case for quality control is made in a clear manner. The aim is to take some of the mystique away, yet instill a view that technical responsibility is necessary.

Available for £5.50 from Kings Town Photocodes Ltd, PO Box 15, Waltham Lane, Beverley HU17 8DY, England; UK phone (0482) 867321.

#### While you're setting dates....

....aside for Scan-Tech 83 (25-28 September, San Diego, CA), you should be planning on how to get there from EPOS 83 (20-23 September, London, England). The trans-Atlantic airlines could be busy on the Saturday between these two events. The EPOS conference and exhibition, which has become the major event concerned with electronic point of sale in Europe, is not to be missed. More about these important conferences in later issues, but it's not too early to apply for exhibit space.

Although the Hanover Exhibition (13-20 April) is not dedicated to scanning equipment, it, too, is worth a visit. A number of companies will be exhibiting and launching related equipment for the European market.

And finally, if you are interested in the use of the EAN number for trade communications, the Article Number Association is running two separate seminars on its TRADACOMS system (SCAN/IE Nov 82). These should be of interest to delegates from outside the UK, because the ANA is one of the pioneers in this field. Data and venue: 12 April, London; 18 May, Bristol.

EPOS 83: RMDP Ltd, 5/6 East Street, Brighton, BN1 1HP, England. TRADACOMS: Communications Strategy Ltd, 25 Bedford Square, London WC1, England.

#### Symbol Technologies International....

....has wasted little time in announcing that it plans to introduce a laser scanner which will read both the ITF 14 bar codes on transport cases, and the EAN consumer product bar codes. Goods received by distributors and retailers carrying either bar code can be scanned. Symbol Tech also sees a market from those manufacturers who wish to check, during their packing operation, the match between the EAN code on the individual articles and the ITF 14 outer case code. (ITF 14 is the EAN abbreviation for the interleaved 2/5 symbol with 14 digits.)

Symbol Technologies International Inc, rue Gachard 51, Bte 19, 1050 Bruxelles, Belgium; Belgian phone 02 640 9232.

#### When the new issue of The Economist....

....appeared on 5 February (SCAN/IE Feb 83) the UPC bar code was scannable, the short feature article was OK, but the contents page fell short of the mark. Over the heading "Ugly But Efficient" they had printed a red bar code. The printing looks very good, but it won't scan at all. What a shame -- and from such a respected source!

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