



newsletter

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

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Year-end financial results....

....for Interface Mechanisms reflected whopping increases of 87% in profits and 54% in sales:

	<u>Fiscal Years Ended</u>	
	<u>3/31/81</u>	<u>3/38/80</u>
Total Revenues	\$15,636	\$10,164
Net income	1,679	863

(All figures in \$000)

In a most optimistic statement, president David Allais reviewed the past years of the company's growth: "Seven years ago bar code was a curiosity. Today it has become a meaningful fact in American industry." He went on to say that although supermarkets were the largest application for Intermecc printers "the major growth of the company during the 1980's may be realized in the non-retail areas of our business".

Allais also announced three new sales affiliates in Germany, France and Switzerland and expanded efforts to increase European sales. Currently, the company's new order bookings have fallen off, attributed to rising interest rates. First quarter fiscal year 1982 results are expected to be flat, although better sales increases are expected later in the year.

We were very pleased to learn....

....of another successful public offering by a company in this industry. Photographic Sciences has "gone public" (SCAN May 81) and its initial offering became effective on June 1, 1981. We have been advised that the issue was over-subscribed and that the underwriters sold the maximum number of units, including their over-allotments. Thus, Photo Sciences sold 2,420 units of stock and warrants yielding \$2.42 million. The stock/warrant units will continue to be sold as a package for up to 30 days. After that time they will be broken up and separate markets will be made for the stock and warrants.

According to the underwriters there was wide interest in the offering, including institutional and international activity. Twenty percent of the initial offering was sold in the UK and 6 percent in Canada. The company feels that this infusion of new capital will permit it to implement its programs and plans for the future.

MSI continues to post....

....good sales and income figures, particularly since unloading Chase Computer. Comparing data for the last two fiscal years:

	Fiscal Years Ended	
	<u>3/31/81</u>	<u>3/31/80</u>
Total revenues	\$55,613	\$45,427
Income from continuing operations	3,473	2,649
Loss attributable to Chase operations and disposal	--	1,603
Net Income	3,473	1,046

(All figures in \$000)

We have allowed the dust....

....to settle a bit since our last outburst (SCAN Mar 81) against the ANA (UK) statement on what has come to be known as "accountability". Where does the responsibility lie, and how are differences resolved, regarding the printing of EAN symbols? We are continuing the discussion because we think it has relevance in all countries and beyond UPC/EAN.

Packaging Review (UK) has provided a forum these past few months for pertinent comments from its readers. We get the feeling, from these published comments and from our correspondence with involved parties, that everyone may be taking a step back to look at the problem more carefully and more objectively. Some are adopting this posture with the expectation (hope?) that the problem will go away by itself.

The most rational comments we have seen (much cooler than ours, by the way) are from involved members of industry:

- "If a retailer has difficulty in achieving a readout of a particular bar code...he will blame the manufacturer and no doubt back this up with unpleasant sounding threats concerning future orders. In the event of the retailer actually rejecting goods which his scanner cannot read, the mind boggles as to where the buck will stop and at what costs." (Farrow/Winthrop Laboratories)
- "To be involved in printing bar codes, or to order packaging without the ability to check the acceptability of the finished product, is suicide and we have little chance of making real progress unless our industries work closely together in establishing standards of practice, which will develop the use of bar coding rather than create a hostile environment in which we all feel insecure." (Smith/Viking Packaging)
- "The buck must stop somewhere and it must be up to the ANA to clearly define where that should be, and rethink their statement." (Gibson/Findus)

Comment

The underlying problem of accountability will not, of course, just disappear. It may just respond, however, to the good sense of practiced

businessmen who are not likely panicked by a new wrinkle in such old established trades as packaging and printing. In actual fact, this is pretty much what has happened so far with UPC in the US and Canada. Poor, sloppy work has been rewarded by loss of the next order -- as it should be. For the most part, the printed symbol has been incorporated into the routine of the job. Where QC devices are needed, they are purchased and used. Those willing to risk failure -- and there's always a risk -- continue to do as they have done before, relying on their skills as craftsmen or salesmen. The marketplace tends to make its own selections without arbitrary, imposed solutions. Basic sensible tools (i.e., specifications) are needed, however, and that responsibility should never be shirked by the bureaucracy.

While Safeway's president....

....Peter Magowan was announcing that scanning and item-price removal are "inevitable", the New York State Legislature was extending its item-price law for another four years, with only minor changes. Magowan acknowledged that Giant Food did a good job in its price removal program. While keeping the public informed, lowering prices and improving shelf-marking.

It was unfortunate timing that Giant announced almost immediately after, that, although these moves increased sales, profits were significantly depressed. Giant's goal was to increase sales -- which it did -- and to demonstrate consumer acceptance of item-price removal -- which it also did. So far it has been a costly program, but the progressive food chain is providing an excellent educational showcase for the industry on the methods to be used in such a move. According to the company, a major reason for Giant's depressed earnings was the one-time costs -- estimated at \$3 million -- required to get this program organized, promoted and implemented. The chain views this as an investment toward increased sales and profits for the future.

Giant has really taken item-price removal out of the closet, and our Washington correspondents indicate that the public is very much aware of what is happening and that there is evidence of general approval. We believe that whichever way the battle goes in the future, we will look back on this particular move by Giant Food as the turning point.

After running an extensive....

....teaser campaign in the trade press, Microscan Systems introduced their new MS-7000 scanner at the FMI Convention in Dallas with a great deal of fanfare. The company claims excellent response to their front-end supermarket laser slot-scanner. It is priced very competitively at \$2390 (2 to 50 units) to as low as \$1700 (over 1,000 units).

The company's plans are to market the scanners directly to the supermarkets using its own sales force plus some distributors. Maintenance will be handled under a replacement-only program. At the present time the MS-7000 is compatible with NCR and DTS units, with work under way to permit interfacing with Datachecker as well.

Microscan Systems is a division of Microcomputer Systems. When we earlier reported on this company's entry into the POS scanner market (SCAN May 80)

the company was field-testing with DTS and planning a very aggressive OEM marketing plan. Expectations were for first shipments by third quarter 1980 and production capability of up to 1,000 per month by the end of 1980.

The sale of slot scanners as a separate component to the end user, is an interesting marketing approach. (DataCash had offered their Eagle I scanner in a similar fashion.) Performance and reliability improvements are featured in response to industry complaints about scanner breakdowns. The reaction of the supermarket chains will be interesting to watch. No major purchases have been recorded as yet. Microscan Systems, Inc., 432 Lakeside Drive, Sunnyvale, CA 94086; 408/733-4200.

(And, as if there wasn't enough bedlam at the checkout area of a supermarket, Datachecker has introduced a point-of-sale unit with a "programmable speech synthesis chip that announces item prices as they are scanned or manually entered into the register keyboard." No thanks!)

There aren't too many places to call....

....if you are seeking consulting expertise in bar code scanning. One such company is Symscan, which is unique in that it specializes in this industry only. The company was organized about a year ago by Ed Shadd who gained his bar coding experience while with Photographic Sciences and Symbol Technologies. During its first year of operations, Symscan has undertaken special studies, presented educational seminars and maintained on-going relationships with an impressive list of clients that includes: DuPont, Eastman Kodak, Microcomputer Systems, General Electric, Intermec, Dennison, DataCash, RJS, Teijin, Xerox, York Tape and Label, Wilson Engraving, National Association of Chain Drug Stores and the American Trucking Association.

Shadd prepared the first draft of the final DSSG report and recently completed eleven presentations for Photographic Sciences in nine cities. Recently, the company announced the availability of a detailed UCS/DSSG presentation for users and converters. Symscan, 30 Pioneer Drive, Fairport, NY 14450; 716/377-7213.

With the expansion....

....of membership eligibility, the Automatic Identification Manufacturers (AIM) is attempting to broaden its base within the industry. A new category has been established called "participating members" which includes computer manufacturers, developers of software, automatic identification label suppliers, manufacturers of user specified component parts, and publications.

AIM is also offering its new brochure titled "An Introduction to AIM" which is basically a listing of all members and their products, along with an application chart showing which equipment is needed for each type of system, function or application.

Comment

A good move by AIM! The organization's activities and industry clout will be strengthened by this potential increase in numbers and enlarged perspective.

A progress report....

....on the important ANSI sub-committee on coding and labeling: the group met on May 5, 1981 in Chicago and reviewed the current draft of the specification for bar code symbols on transport packages and unit loads. Of particular significance at this meeting was the decision to include Codabar as one of the symbologies (in addition to the Interleaved 2 of 5 and 3 of 9 codes) as long as the committee is satisfied that there are no prior patents or trademark positions, by Welch Allyn or Monarch Marking Systems, inhibiting its use.

The committee expects to meet once more on June 11 to finalize the draft for submission to the next ANSI level on its road to becoming an industry standard.

In a new marketing package....

....Metrologic Instruments has published a booklet "The What, Why and How Of Bar Codes" which is a fairly good, condensed primer on scanning principles.

Bob Tomasetti, Director of Marketing for the company, also sent along descriptions of their laser/scanner line of products. They now include three models, with a fourth on the way, in prices ranging from \$2990 to \$4950 each, with aggressive discounts for quantity. Each model is configured for special applications in production, warehouse and packaging environments. Customized services and features are available. Metrologic Instruments, 143 Harding Avenue, Bellmawr, NJ 08031; 609/933-0100.

Billed as the....

...."optical scanner that loves color" the TEKscan, by Teknekron Controls, is designed primarily for the corrugated carton industry. The reader can sense the unique Teknekron symbol when pre-printed on the cartons in almost any color, and the quality of printing required is well within the constraints that can be expected from industry printing practices.

Scott Paper in Marinette, WI, has installed the first system which has been in test for two months. Teknekron reports that "the customer has yet to find a non or mis-read." The company will not disclose the list price of the unit which reads a special dot-matrix code using an optical charge couple device (CCD) camera. Teknekron Controls, Inc., 2121 Allston Way, Berkeley, CA 94704; 415/843-8227.

A seminar has been scheduled....

....by RJS Enterprises, titled "U.P.C. eighty-one." Scheduled for July 9, 1981, at the Marriott Hotel, Newport Beach, CA, the session will concentrate on the difficulties encountered in printing UPC symbols, and how to avoid these problems. Cost for the two-hour seminar is \$15.00.

Following the seminar, RJS will tempt attendees with a free cocktail party where they will unveil their newest series 3000 CodaScan. This manually operated QC device evaluates the quality of UPC/EAN symbols which are decoded and displayed with an audible tone when a symbol is in specification. The unit is priced at \$1995. RJS Enterprises, 135 East Chestnut Avenue, Monrovia CA 91016; 213/357-9781.

Do you sometimes get the feeling....

....that some people oppose technological change only because that's what it is? The latest victim of this seems to be the US Postal Service which is having a helluva time convincing some members of Congress that automated letter handling may speed service and reduce costs. It all revolves around the new 9-digit ZIP Code, which would incorporate bar code scanning along the way, if ever adopted.

What could be easier to ridicule than a system that uses more numbers to locate people. Senator Harrison Schmidt (R., N.M.) sounds so righteous when he says, "Why not use the person's name, street number and town on a letter? This used to work fine until Mr. ZIP came along and zapped us." Ho Hum!

If you are assembling....

....a library of articles and literature on the new Transport Case/Uniform Container Symbol, you will certainly want to include the May 1981 issue of Packaging Digest. Its 13 pages of coverage of the DSSG report, current status, technical review, glossary of terms and applications' reports are a good starting point for an understanding and perspective.

If you are an "expert" in this industry, don't get upset with some of the technical flaws, which are not serious. The magazine has done an excellent job of bringing shipping container symbology to the attention of its readers.

In a detailed analysis....

....of new technologies available for data entry, the April 1981 issue of Computer Decisions reviewed the alternatives to key entry. The article titled "Update on Data Entry" by Martin Lasden, included a discussion of cluster data entry systems, OMR/OCR, portable terminals, voice entry, print entry and stand-alone data entry. We were a bit miffed to find bar code scanning mentioned only with passing reference. There was little to inform the readers about the sources and advantages of machine readable bar codes.

We do recommend the article to those who want an overview of the competition today for alternative methods of data entry. A particularly pertinent comment was a quote that "Data entry is here to stay as a separate, discernible information management function."

We have been fooling around....

....these past few months with bar coding our ISSN Number (International Standard Serial Number.) We have tentatively decided on Interleaved 2 of 5, as it now appears on the front page, and which encodes only the eight-digit code. We must admit the decision was based on aesthetics -- we expect very few subscribers to be handling SCAN through their automated systems, and our circulation has not yet reached the level where we expect to use scanners ourselves.