



newsletter

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

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As it continues to take shape....

....it is becoming apparent that the Department of Defense LOGMARS program will be the largest single bar code scanning program since UPC/EAN. (We estimate scanner hardware sales to the UPC/EAN installed supermarkets at around \$200-250 million.)

The DOD has made direct allocations to the various services of \$66 million for fiscal years 1983, 84 and 85 (starting October 1, 1982). These funds will be used primarily for the procurement of scanners and related equipment. Add to this the expenditures anticipated by the local depots and agencies, and the imprinters and verifiers needed by the manufacturers and their suppliers, and conservatively \$100 million is up for grabs. That represents a very significant portion of today's entire non-retail bar code scanning industry.

The unprecedented educational road show being conducted by LOGMARS throughout the country will have directly reached 5-6,000 contractors by the end of August. There have been over 15 seminars with as many as 650 attending a single session. The job being done by Mike Noll, who has personally led each presentation, has been very worthwhile in introducing the program to the contractors.

Although these seminars have laid a good foundation of information, some essential day-to-day questions remain unanswered:

- How does a small contractor economically provide 12 bar coded labels for a contract consisting of 10 boxes packed in two cartons worth a total of \$250?
- What is the procedure to be followed by the contractor to verify that the bar codes scan? ...that the labels meet specification?
- Will the label printer be prepared to supply a "Certificate of Compliance" as required by the DOD? Does this mean he must have a verification device on premises subject to inspection? What are the inspection criteria?

Contractors attending the seminars passed through a double line of supplier representatives at each entrance handing out literature which purported to solve all the problems. A number of enterprising companies are producing "LOGMARS" labelled products, some of which are designed specifically to meet DOD requirements; others are merely relabelled or recycled existing products.

Comment

It's much too early to predict the equipment or supplier winners. The seminars were a good learning experience for everyone. For the contractors, it helped ease a bit of the panic which, for some, has now subsided to a level of mere consternation and fear. Many feel they cannot get a firm handle on the costs of adding the bar coded labels (consternation); and they are afraid it may cost them contract awards due to miscalculation of costs by themselves or their competitors.

Will it all sort out into a successful program? We firmly think so. The information available from the contracting officers and inspectors is still a little sketchy, and there will probably be a great deal of dependence on the suppliers. The decision to involve industry representatives during the early LOGMARS planning period was a wise move and will certainly help during these early stages of implementation. In the last analysis, the stakes are enormous and it behooves everyone concerned to pitch in to make it work.

The roster of companies....

....signed up to exhibit at ScanTech 82 reads like the Who's Who of our industry. As it should!

Just about every major company with a product or service related to bar code scanning has taken a booth. As of mid-July there were 29 exhibitors with products including readers, labels, label printers and applicators, terminals, light pens, film masters, verifiers, software packagers, and every other element required for a system based on bar coding. Additional space is still available.

The roster of speakers and conference leaders has been completed for the presentations to the expected 500+ attendees. The key speakers will be: Mike Noll, Coordinator of DOD/LOGMARS, will speak on that important bar code program; Ed Shadd, President of Symscan, consultants in bar code scanning applications, will cover the uniform container/transport case symbol; and George Goldberg, Publisher/Editor of this Newsletter, will present the conference summary and a glimpse into the future.

A broad range of industry leaders will present a wide-ranging symposium on automatic identification equipment and systems. There will be coordinated workshops on bar coding to cover the technical aspect of the various codes used today; and system workshops which will feature topics such as factory data collection, production accounting, order picking, receipts processing, sortation and inventory management.

After the manufacturers have laid a good educational foundation with the latest in equipment and services, important users will describe their systems and the benefits derived. Included in these sessions will be representatives from Ford, Westinghouse, Marshall's and the Washington University Institute of Radiology. They will present a broad range of applications adaptable to other industries. Some of the logistics:

- November 3-5, 1982 (registration 11/3; conference sessions 11/4-5)

- Amfac Hotel & Resort, at Dallas/Fort Worth airport, Texas
- Registration \$355
- Contact ScanTech 82; MHI/Automatic Identification Manufacturers; 1326 Freeport Road, Pittsburgh, PA 15238; 412/782-1624.

The sponsors of ScanTech 82....

....are a bit concerned that you don't confuse their major event (see above) with any other conferences on symbology. For example, P & IM Review is sponsoring a bar coding seminar titled Symbology 82. Aside from the confusion that might arise because of the topic and timing, 6 or 8 of the major speakers at this conference will be the same as those scheduled to make presentations at ScanTech 82.

Symbology 82 will be held on September 13-14, 1982 at the Americana Dutch Resort in Orlando, FL (Disney World). About 25 exhibitors will present their products and services at the exhibition. Registration fee is \$295 for the seminar. P & IM Review, 1617 South 21st Avenue, Hollywood, FL 33020; 305/925-5900.

The development

....of Bar Code News into a serious journal of bar code systems applications, has been a pleasure to watch (SCAN Mar 82). In particular, the July-August 1982 issue contained a number of pertinent articles on significant developments and applications in the industry.

The articles are especially noteworthy because they are accurately written by knowledgeable people, mostly involved in bar code scanning technology. The focus is primarily on non-retail scanning. The current issue contains in-depth descriptions of: the new system to control the movements of securities on Wall Street; the goals of the Automotive Industry Action Group; the bar coding plans of the U.S. Postal Service; the UPC Council operations; a system primer for the potential users of bar coding; and a LOGMARS update.

There are 17 advertisers listed. Our congratulations and best wishes for continued growth to the publishers and editors. North American Technology, 174 Concord Street, Peterborough, NH 03458; 603/924-7136.

Another very ambitious publication....

....covering bar code scanning is the new magazine, Coorganization, published by the coding authority of Germany, CCG. The June 1982 issue, its third, has been published and distributed to the 9,000 companies in the retail and manufacturing industry in Germany who have applied for and received EAN manufacturer's numbers. The publishers expect to expand distribution to the Scandinavian countries, plus Holland, Belgium, Switzerland and Austria where German is considered one of the second languages.

The slick 64-page magazine contains a number of articles of interest to EAN participants and a great deal of advertising of equipment and services. One

of the intentions of the publishers is to expand editorial coverage into non-retail areas of scanning including manufacturing, transportation and distribution. For those wishing to receive copies (in German) or to inquire regarding advertising rates and schedules, contact RGH-Verlag, Postfach 19 02 09, Spichernstrasse 55, 5000 Koln 1, West Germany.

With new management....

....a new product line and a new outlook on life, Identicon plans to energetically pursue the growing market for bar code systems. As set forth by its new president, Jim Bartley, Identicon, a subsidiary of Ferranti-Packard, aims "to become the leading supplier of data acquisition bar coding equipment that addresses the requirements of system integrators and OEM's".

According to the company, they have spent the last two years of their 12-year history designing a family of products to utilize microprocessor technology emphasizing speed, ruggedness and a competitive price structure. The new Identicon product line includes a light pen, laser scanner, simple function terminal, multi-function terminal, time and attendance terminal, Videomate CRT hookups, multiplexer/decoder and a front-end processor.

The company reports that it has a nationwide network of sales representatives supporting its product line, and a well-staffed service department operating out of their home office. According to Bartley, Identicon will immediately "implement long-term product and market strategy programs to address the changing needs of a growing market...with renewed emphasis". Identicon Corporation, 1 Kenwood Circle, Franklin, MA 02038; 617/528-6500.

Hard on the heels....

....of the mediocre financial report for FY 1982 (SCAN Jul 82), Intermec has released its improved first quarter fiscal year '83 figures:

	Quarter ended 6/30 (\$000)	
	<u>1982</u>	<u>1981</u>
Net Sales	\$4,116	\$3,962
Net Earnings	327	302

David Allais, president, was pleased with the increased sales and income which are the highest for any first quarter in the company's history. He continues to express optimism in the company's growth opportunities with new products being offered for the DOD/LOGMARS and the UPC case code applications.

By the way, the company's official name is now Intermec; Interface Mechanisms was dropped at the July 12, 1982 annual meeting.

A new system....

....designed for remote bar code symbol reading in conveyor and automatic material handling applications, has been introduced by Lasermatic. (Do not be misled by the company name. The model ic 2000 Lasermatic Intelligent Camera does not include a laser. The owner/president's name happens to be Vadim Laser.)

The camera (patent-pending) is a single unit system containing a solid state optical sensor, lens, microcomputer/based decoder, RS 232 interface, power supply and illuminator. It is free of any moving parts and enclosed in a cast aluminum housing, which, the manufacturer states, "provides a high degree of reliability and immunity to vibrations and shock and is intended for applications where lasers are inappropriate or too costly."

The Lasermatic camera records the reflected image of the bar code on a photo diode array, which is sampled at 200 times per second. Lasermatic claims a long list of very impressive features including: non-contact reading; depth of field from 6" to 36"; practically unlimited label dimensions; tolerance of many print imperfections; ability to read different colors (including reds); high-speed scanning and decoding; and a low cost. The unit ranges from \$4,000 down to \$2,600 depending on volume. The company is also soliciting development work in other areas of opto-electronic devices for industry. Lasermatic, 270 Northland Boulevard, Cincinnati, OH 45246; 513/772-5258.

Continuing its corporate expansion....

....into Europe, following the acquisition of Harland Data Systems (SCAN Mar 82), Photographic Sciences has reached agreement to absorb another company in Great Britain. John Hickman, chairman, announced that P/S will acquire Microfin Systems, Ltd., located in Egham, England. The agreement is subject to ratification by both boards. Microfin specializes in the design and implementation of intelligent data capture and communications systems for medical, retail and industrial applications. It produces portable data capture terminals utilizing bar codes, and is completing development of a low-cost point-of-sale terminal with bar code reading input.

The company began operations in 1981. For the quarter ended May 1982, unaudited revenues were \$225,000 with a net before tax profit of \$17,500. The acquisition will involve the exchange of convertible, participating, preferred shares (of Photo Sciences' UK subsidiary) for all the shares of Microfin. These preferred shares will be convertible into the common stock of Photographic Sciences based on future earnings of Microfin. No specific amounts have been disclosed.

The announcement by K mart....

....that it will begin store testing POS systems based on UPC was expected, (SCAN Apr 82) but it is no less significant. The giant mass merchandiser/discounter operates more than 2,000 stores in the United States, Canada and Puerto Rico with sales of \$16.5 billion. The chain anticipates that its capital expenditures on high-technology computer equipment -- including scanner-related systems -- will be \$250 million over the next five years.

K mart estimates that 35% of the products currently in their stores are source-marked with the UPC symbol. The first store test of scanning is scheduled for 1983. Major suppliers of merchandise have already been notified to get the symbol on their packages, and the UPC Council has reported a continuing high level of requests for new manufacturer's numbers.

This is a good place to note that the UPC Council does not just handle the assignment of vendor numbers to companies supplying supermarkets (as we

inadvertently reported in SCAN July 82). Coverage includes grocery, mass merchandisers, discounters and drug stores.

A new application of bar code scanning....

....has been introduced by Datagraphix, one of the largest producers of Computer Output Microfilm Services (COM) devices. The company now features an Autofeed enhancement of its microfiche duplicators, based on reading bar codes.

Microfiche are 4" x 6" sheets of microfilm with multiple images of documents or other data. When produced by the Datagraphix COM recorder, bar code patterns are generated on the master -- photographically -- to indicate the number of copies and collation requirements. When the master is fed into the Datagraphix duplicator, the bar code is read and the machine automatically produces and distributes the required number of microfiche copies to the collator. This is done automatically, and with no human intervention as required on other equipment. The company claims significantly higher through-put speed due to the automated bar code reading systems.

Datagraphix, Box 82449, San Diego, CA 92138; 714/291-9960.

With this issue....

....we complete five years of publication of SCAN Newsletter. Sixty issues later, we can look back and evaluate a much changed and greatly-expanded industry. For the most part, it has been a time of technological preparation. New products have been developed and introduced, reliability has been established, and costs are coming down.

These next five years should see the emphasis shift to market development and user education. UPC/EAN provided the very high visibility and the primary education needed to prove the viability of bar code scanning in a high volume environment. The industry can now move forward to search out new opportunities on reasonably well-prepared and fertile ground.

It will be a time of rapid growth and ruthless selection. Companies built on a strong research/engineering foundation will have to redirect their talents and efforts to marketing and administration. Some will succeed beyond expectations; others will doubtless falter.

As an industry, we are not yet mature in size or recognition. We wondered in the past, on these pages, whether bar code scanning would evolve as a separate identifiable industry; or would it be absorbed and submerged by the larger, already established systems groups, i.e., material handling, computer/communications, POS hardware. We have come to believe that the technology is strong enough and unique enough to create and maintain its own identity.

We'll review and discuss this again with you five years hence -- and probably a few times along the way.