



# newsletter

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

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### The EPoS 83....

....Conference and Exhibition were outstanding successes, if only measured in terms of the numbers of people attending. Over 1,000 individual delegates attended the conference sessions, some for the entire four days, others for the minimum period of a quarter day session. About 200 delegates left it until the last few days, and even the very last day, to book for a session. Many hundreds more attended the exhibition only. Entrance to this was free and some people came for more than one day.

Another way to measure the success of the conference is to gauge reaction to some of the sessions. We will not review the presentations in detail, but a few key points are worth highlighting from some of the papers as they relate to retail scanning:

- Christopher Weldon, of Hughes TV and Audio, Lowestoft, Suffolk, England -- a 26-store chain in the TV/video rental and audio-video sector -- reported a change of heart about bar coding. Hughes had favoured the use of OCR because of its need for alpha-numeric data capture. But because of the poor first time read rate "we drifted away from OCR and onto the possibilities of using bar codes". Hughes changed its stock control system so that an in-store numeric code and EAN-8 bar code could be used. Bar codes with different series of numbers are assigned to products for sale, for rental, and to rental accounts and to video membership.

This particular organisation now has a full point-of-sale system, covering both rental and sales for the whole chain, using Microsell 8000 terminals.

- It was also interesting to hear what British Home Stores had been doing. BHS has a chain of 120 variety stores in the UK and has just completed installing a point-of-sale system across the group. The company is not using bar codes but a six digit number which is keyed in. As such, it would not normally justify a mention in SCAN Newsletter, but Tony Pask's paper pulled no punches about the good and bad points of their installation programme.

BHS has opted for a pure numbering system because almost all its product is own label, and with 2,600 terminals it has saved a considerable capital sum in investment in data capture equipment. As a case study, BHS has a lot to teach those general merchandise retailers opting for bar code data capture.

With 50,000 price look up items, and 70 million customer transactions per year, it is similar to many general merchandise retailers waiting for EAN and UPC bar codes to appear on proprietary branded products. That it completed full installation in three years, makes considerable use of price look up, avoids price marking its goods and has a comprehensive information system riding on the back of its point-of-sale system, is a good example to study and follow. To quote Pask "POS is now a way of life at BHS".

- The most detailed market analysis we have ever seen in the public domain was made by John Smith, National Marketing Manager of Computer Technology, an Australian retail computer bureau organisation. His paper presented fact after fact about the structure of different Australian retail sectors and their use of EPoS and related systems, right down to some companies' 5-year plans.
- We liked the declaration of conversion by Ron Wilson, Chief Executive Officer of St Helens Co-operative Society, England. "Twelve months ago I was a delegate at EPoS 82. What I heard and discussed convinced me that by Spring 83, the level of bar coding would allow for an economic scanning installation and provide a pay back situation." There followed an intense period of appraisal of the equipment market. The first St Helens Co-op system went live on 10 May 83.

What is of particular interest is that the St Helens Co-op cannot expand geographically. With unemployment in its catchment area at 16% "the fat years of easy sales growth are long behind us". The justification for scanning, and the future of the organisation, rests on turning local knowledge to advantage, upgrading existing outlets and increased internal efficiencies, says Wilson.

- Phil Carter, Systems Manager of Debenhams, the 65 strong UK department store chain firmly put the nail in the coffin of structured numbers. He said that the current Debenhams' product code associated with Kimball tags was 19 digits long and was "inefficient, had in-built obsolescence and was costly to operate".

After a recent critical evaluation, Debenhams favoured the use of unstructured product numbers. Even for its diverse department store operation, Debenhams was unlikely to handle more than 300,000 variants at SKU level. A 7 digit number would be assigned to all products. For own label product, and items requiring labels, key entry was considered "totally practical". But because "EAN bar coding is an increasing activity in the general merchandise area of retailing, we may opt for bar coding of our own merchandise in certain departments in order to standardise on data capture".

This year's conference had many papers based on real experience and attracted many smaller retailers anxious to pick up some good ideas. The organisers, RMDP Ltd, have hit on a very successful formula. In particular, because the conference appeals to different sectors, a delegate can choose a very specific session or mix them up. Less conflicting sessions run in parallel allowing ample time to visit the exhibition.

Exhibitors considered the EPoS 82 an outstanding success. We understand that a number of significant orders were placed -- more of this in later issues. It was the first time that some of the bar coding equipment and even point-of-sale systems were on general show (although they may have been covered in previous

issues of SCAN and SCAN/IE). One thing was very clear: more and more retail systems are using bar codes as their basis of data capture. Some very high class retailers are about to go live with bar code data capture in the next few months.

The major criticism of EPoS 83 was that it was too cramped. RMDP has already announced its plans for the next two years: four conferences, two on continental Europe and two in London. The new London venue is much bigger with better facilities for delegates and exhibitors.

Conference proceedings are available from RMDP Ltd (£50/set) from its new address: 61-63 Ship Street, Brighton, Sussex BN1 1AE, England; UK phone (0273) 722687; Telex 877159 ref RMDP.

### The SCAN-TECH '83 Conference....

...was dedicated to one technology, bar coding, and it concentrated on non-retail applications. We were very impressed by the extent of the systems described and the level of interest from the 1,300 attending professionals representing industry, commerce, defense, and health care sectors.

The papers were not from pioneers interested in converting others to their view. They were from professionals (system designers, symbology experts and academics) with experience behind them. Their message was clear: bar coding was a tool, but just a tool, to be used intelligently in the design of modern day systems where things moved, stayed still or changed their status. There was no mystique, no sham statements of bar coding being a panacea for all problems, no knocking of other technologies and no solutions looking for problems.

Without doubt, the American industrial market place is more developed in its approach to factory-based systems and more receptive to the introduction of process control data capture systems. The time will come for the rest of the world. Similar levels of interest or involvement are already evident worldwide: with blood donor banks, libraries, EAN retail systems. But generally America is well ahead of the rest of the world. The development of world bar coding will be interesting to follow.

Before going to SCAN-TECH '83 I anticipated that my visit would be "like a starry-eyed kid in a candy store". The phrase proved to be more prophetic than expected. Only a very small percentage of the 600 delegates and 700 show-only attendances came from outside North America, so its worth sharing the experience. The 88 exhibitors were all involved with bar coding in some way and all accessible in one place. The booths were manned by engineers as well as sales people and so one could get a technical answer if required. With over 10 hours devoted exclusively to the show, it gave one the chance to see many suppliers, but forced one to be selective.

There were names which were familiar, there were names which were not, including some well-established American businesses which do not operate abroad. A striking feature was that although many of the organisations compete in the market place, they also talk to one another. Much of this credit is due to AIM, but part of it is due to a confidence within the industry that it will grow and grow still more, with room for everyone.

As to equipment and services, the first impression was one of choice: three companies offering this service, six offering that type of product and all available

in the domestic market place. The emphasis on a quality product was high. The impressive exhibits were concerned with the equipment used to read the bar code. Laser scanners appeared to be capable of reading from greater distances, light pens had special tips to read in particular environments like the edge of a printed circuit board.

Most impressive of all were all the different devices which were more sophisticated than light pens but less so than hand-held laser scanners. Some devices used fixed beam lasers and required a flick of the wrist to read the bar code at some distance. Others were scanners, but non-laser, using multiple focus techniques. Still others used fixed focus or auto focus techniques. A whole new ball game of equipment. Some new terminology will have to be invented to describe them. Including the hand-held laser scanners, we counted eight different devices, and that excludes the same device being marketed by another organisation.

Truly a show for the starry-eyed!

#### Barcode Industrie....

....is a new name to reckon with in France. The management team of Intermec France has bought out the 19% stake held by Intermec Corp, Lynnwood, WA, USA, and set up a wholly French-owned business.

Speaking recently with Edouard David, head of the new operation, we got the impression that this move had been well planned and was more than the fledgling leaving the nest. Some of the people have been involved with bar coding for over seven years and go back to the days when Plessey had the European distribution for Intermec products.

Intermec France was established in January 1981, and achieved annual sales of 19 FF millions by March 83 (SCAN/IE Jul 83). Turnover for the first quarter 83, to 30 June, was 5.2 FF millions (\$650,000).

The strength of the business has been its ability to custom build decoders to interface with different French electronic point-of-sale terminals: IBM, NCR, Omron, Sweda and TEC. This work was carried out in France and made the business the dominant supplier of light pen equipment in the retail sector.

Barcode Industrie has a staff of 23. Edouard David is President, Gilbert Warnan, Director of Research, and Gerard Lecorre, Director of Production. Of the three staff members employed full time on research, two are on software, the other on hardware development. The new business is capitalised to just over 1 FF million (\$150,000).

Projected turnover for 1984 is over 30 FF million (\$3.75m), a large part of which will come from exports. David has made it clear that the business has firm plans to set up at least one operation outside France. Barcode Industrie claims to have held much of the Intermec business and gained some major new contracts, notably one with NCR.

Although it will continue to handle some Intermec products and maintain those already installed, it is not dependent on Intermec for its supplies of equipment.

Various distribution deals are in hand. There are firm plans to manufacture in France, overcoming the expensive exchange rate with the USA.

We tried to get a view from David Allais, President of Intermecc, on these developments in France. He would only say that such things happen and that Intermecc would again have its own operation there soon.

Barcode Industrie, Bureaux de la Jonchere, 64 rue Yvan Tourgueniev 78380 Bougival, France: French phone (3) 969 04 52; Telex 697 543 F.

#### Until recently, the Kimball tag....

....was a merchandise marking technique which looked as if it had passed its peak. Some of its retail users were switching over to bar coding. Esselte Transaction Systems, Solna, Sweden may have come up with a product to arrest that trend.

The problem with the Kimball tag is that it uses punched holes to encode data, thus requiring batch processing on some large central reader. The lag in getting sales information is considered too long for today's retail managements. The holes are read mechanically and it is difficult to cost justify the present type of reader in each store.

Esselte Transaction Systems (ETS) has tackled the problem with some ingenuity. The encodation on a Kimball tag is like a raster pattern and ETS has decided to read the tag optically. In fact, the OptionCode tag reader scans the tags at a rate of 2 per second. Because the tag traditionally holds the product and price details, ETS has come up with another twist. Why not set up a network of OptionCode readers and have point-of-sale data capture? The reader can be hooked up to almost any electronic cash register. The retailer does not have to incur major upheaval to install his system.

Here's how it works: the tag is scanned. Product data is dumped to a data storage unit linked to the circuit of tag readers. The price is downloaded electronically to the ECR, bypassing the keyboard. Full point-of-sale for the cost of the reader.

According to Sten Korfitsen, Product Manager, the next stage in the development will be the introduction of a printed Kimball tag or label. In effect, this new tag will be like an Optical Mark Reading (OMR) ticket. The conversion to OMR will bring with it cheaper costs for labelling. As the OptionCode is able to read a mixture of Kimball and printed dot tickets, this neatly solves a major problem for the general merchandise retailers: how to cope during the transaction to a different data capture system.

Only pre-production models of the OptionCode reader exist now. Full production will be under way in December. The Scandinavian Hennes and Mauritz group has ordered 600 units. The one off end user price will be about £1000 UK, but sales will be via the OEM market. Esselte Transactions Systems, PO Box 1373, S-17127, Solna, Sweden. Sweden phone 08-734 34 00, Telex 15430.

#### Hugin Kassaregister....

....could possibly have a change of ownership shortly. Electrolux, the Swedish conglomerate has decided to sell its cash register subsidiary. Under Swedish Labour law, it had to make its intentions clear to its workforce early in September. The most likely buyer is a British consortium of about 20 institutional investors. (The British Hugin management is interested in a 10%

stake). The whole deal could be worth £15 million. The transfer of the Hugin Kassaregister business and its nine foreign subsidiaries to a UK holding company makes commercial sense.

Hugin employs a quarter of its 800 strong workforce in the UK which also produces 25% of its profit. Hugin claims to have a 30% share of the UK electronic cash register market.

Electrolux bought Hugin from the Swedish Co-operative as a loss making concern in 1980. Many loss making operations were dropped over the last three years and the company stopped manufacturing altogether, preferring to subcontract production of its own design terminals. About 1,200 workers lost their jobs as a result.

The losses were turned to profits in 1982; £1.3 million on sales of £32 million. Profits for 1983 are expected to be about £2 million. Hugin now has a successful product line. The deal with National Semiconductor to market the Datachecker (SCAN/IE Aug 83) should be unaffected.

#### An interesting reason....

....for going public comes from Barney Carrell, Chairman and Managing Director of Retail Time Control PLC, Watford, England, the producer of electronic point-of-sale cash registers. It's because of those last three little letters, which stand for public limited company. This is a recently introduced UK method to distinguish businesses quoted on the stock exchange from privately held companies (just plain "limited").

Of the total equity, 25% (1.75 million shares) was placed in August at an issue price of £1.48, making the company worth £10.3 million. RTC did not join the Unlisted Securities Market to raise cash. Its latest figures showed cash reserves of £2.3 million.

The main reason stems from RTC's interest to diversify from the UK cash and carry sector, where it has 80% of the EPoS market, into the retailer sector. Barney Carrell told Retail Automation in a recent interview that the company was forced to go public to increase its credibility. Already "the addition of the three letters 'PLC' to the company name has opened a number of boardroom doors". SCAN/IE Sep 83 reported on RTC's installation at the William Morrison Supermarket which preceded RTC going public.

#### Barcode Technology Pty Ltd....

....has been appointed distributor in Australia and New Zealand for the Symbol Technologies Inc (STI) range of laser-based scanners and verifiers. Barcode Technology, a Sydney, Australia based company, is relatively young but staffed by personnel with extensive DP experience. In addition to the equipment, the company markets STI's Symbol master film masters and provides various consultancy services on bar code printing, verification and design. It also supplies application systems which use bar code data capture. Barcode Technology Pty Ltd, PO Box 248, Enfield, NSW 2136, Australia; Australian phone (02) 747 2244; Telex AA 23976 COMTLX Attn: BARCODES.