In a decisive move....

....that ended the speculation and rumors that have plagued ADC exhibitors at SCAN-TECH and ID EXPO, Advanstar has decided to relocate ID EXPO to the Philadelphia Convention Center for 1997.

ID EXPO was started in 1986 as an alternative to the four-year old SCAN-TECH exposition (which was then owned and managed by AIM/US). During its first four years, ID EXPO was moved around the country and experienced limited growth and recognition. In 1990, its co-owners -- Helmers Publishing and Expocon Management -- achieved notable success when the show took up residence near Chicago at the Rosemont Convention Center (where it has remained ever since). ID EXPO's attendance and income subsequently grew each year and it was sold in August 1993 to Advanstar Communications.

Meanwhile, the older, and more prestigious, SCAN-TECH was running into problems under the management (some say mismanagement) of AIM/US. In July 1993 -- just a month before ID EXPO was sold to Advanstar -- Reed Exhibitions bought the SCAN-TECH show from AIM/US. SCAN-TECH was already committed to Philadelphia for 1993, but Reed made a beeline for Chicago's McCormick Place for the following year and has been there ever since.

Advanstar cried foul, claiming it had settled in Chicago first and that Reed was a usurper. Reed replied that it believed Chicago was the best location for SCAN-TECH. Reed said that unless the exhibitors insisted that they move elsewhere, they planned to remain at McCormick Place.

Vendors who participated at both SCAN-TECH and ID EXPO came to a slow boil over the past two years as they realized they were shuttling back and forth to Chicago every five or six months while ignoring other markets (SCAN Sep 95). Their complaints were not organized, however, and the vendors took no concerted actions.

But recent straws-in-the-wind suggested that the dual performances in a single city each year were meeting with resistance:

- Advanstar reported that attendance for ID EXPO 95 last May was down about 5%.
The preliminary results released by Reed for SCAN-TECH 95 were not definitive, but the vendors' reactions to last October's event were decidedly "mixed."

The four leading printer manufacturers -- led by Datamax, followed by Zebra, Printronix and Sato -- have withdrawn from ID EXPO 96.

Exhibitor bookings for ID EXPO 96 are off about 10% compared to this time last year, according to an Advanstar spokesman.

Reed has tentatively opened the door to change by agreeing to gather data -- including a survey of their exhibitors -- to determine whether there is a desire to exhibit in other cities.

On February 5, we spoke with Reed VP John Lewinski (the current manager of SCAN-TECH) about his reaction to the Advanstar move and the future plans for his event. "It's great that there will be only one ADC show in Chicago in 1997," he responded. "Any decisions we make, however, will only be based on the three-step program we have undertaken to analyze the SCAN-TECH show and our exhibitors' needs and desires.

"First, we conducted an unscientific, down-and-dirty, ad hoc meeting with forty exhibitors on the final day of SCAN-TECH 95 last October. Next, in mid-January, we formed an Exhibitor Advisory Board to provide feedback from important ADC vendors. From those two groups we learned -- loud and clear -- that the majority do not want two shows in Chicago. It was not clear, however, that they wanted SCAN-TECH to move. There were strong feelings both ways."

Lewinski explained that the third step in Reed's program to gather information from their exhibitors will commence "during the next few weeks." "We will be sending out questionnaires to all of our exhibitors," he disclosed, "to get their feelings on where they see their business coming from and where they want to see the event held. We should have the results tabulated by the end of March."

Lewinski stressed that his objective was to serve Reed's customers -- the ADC vendors. "Our immediate goal," he stated, "is to work as hard as we can to deliver a 'killer audience' for our exhibitors in 1996."

Comment

Some close observers of the ID EXPO/SCAN-TECH confrontation are suggesting that Advanstar "blacked."

We do not agree with that interpretation. We believe that Advanstar recognized that there was growing discontent with twice-a-year in Chicago, that maintaining the status quo was doomed to fail within a few years, and that corrective action was needed. "Restrain-of-trade" laws prohibited any agreements -- or even conversations -- between the two companies and a unilateral decision was the only viable option.

Reed -- which has assigned three different show managers to SCAN-TECH for each of the three years it has owned the show -- just couldn't seem to make a determination about location and is buying additional time by opting for "Let's do a study."

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Reed is committed to Chicago for 1996. Advanstar’s preemptive move to open ID EXPO in Philadelphia in 1997 will obviously keep SCAN-TECH in McCormick Place for that year as well. This schedule will give Reed more time to reach their decisions for 1998 and beyond.

Our congratulations to Advanstar for their timely announcement. We hope that those companies that withdrew from ID EXPO 96 will reconsider and support Advanstar by re-upping their reservations. We believe the ADC industry can and should sustain two shows each year -- but not if both remain in the same city.

[On January 12, 1996, Advanstar Communications announced that it had been "placed on the market." Goldman, Sachs & Company has been retained as its financial advisor. With annual revenues of approximately $130 million, privately-held Advanstar publishes 55 business magazines and produces 54 expositions and conferences. In the automatic data capture industry, these properties include the Automatic I.D. News magazine and three shows: ID EXPO, SCANTECH/Europe and SCANTECH/UK (aka ICAP).

The possible sale of Advanstar has long been rumored -- both inside and outside the company -- so this comes as no surprise. Advanstar had a profitable year in 1995 -- following a poor performance the year before -- which makes the decision to sell seem timely. Bill Windsor, President of Advanstar Expositions, told SCAN: "The proposed sale of our parent company did not influence our decision to relocate ID EXPO."

The recent merger...

...of two highly specialized, well-established, bar code label printer companies is projected to strengthen the marketing, manufacturing and product development of both firms. Data Composition (Richmond, CA) and Datapaqe Technologies (St Peters, MO) are now joined under the newly formed DATA2.

The strikingly similar origins and development of the two companies are uncanny: Data Composition was founded in 1966 by Arcata Corporation to provide photocomposed services for white page directories for Pacific Telephone. In 1979, Data Comp began producing high quality, photocomposed, pressure sensitive, bar code labels. Two years later, Data Comp’s label division was bought out by its management team, led by Rick McDonald.

As an independent company, Data Comp grew and became a leading supplier of preprinted, photo-composed labels: high-density, ultra-high resolution bar codes for use in electronics, pharmaceutical, library, retail and blood banking applications. In 1988, Data Composition received publicity when it supplied Intermec with what it called "the world’s smallest bar code for tracking honey bees as they check in and out of the hive".

Datapage was formed in 1969 as a division of Western Publishing, to provide electronic photocomposition services for Western’s yearbook publications. Datapage started producing photocomposed bar code labels in 1984, with emphasis on blood banking and industrial bar code applications.

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In 1989, Datapage's management and employees purchased the company from Western Publishing and immediately made a major commitment to expanding its bar code label business. The company developed a line of bar code products for applications in a wide range of harsh environments, including chemical exposure and temperatures ranging from -40 to 1000°F. Recently, Datapage developed unique tamper-proof tape seals for computer equipment and sensitive electronic components.

The corporate headquarters of DATA2 will be at Datapage's site in St Peters. The new company will be headed by President Jack Delo, who held that same position with Datapage. Data Comp's McDonald, will become the Executive Director/Sales & Marketing of the new company. He will operate out of the Richmond office. Manufacturing facilities will be retained in both cities.

The significant transition....

....of Ryzex Re-Marketing (Bellingham, WA) from handling only used bar code equipment to serious participation in the sale of new merchandise has paid off quickly -- and big time.

Late last year, Ryzex was named an associate reseller (or "sub-VAR") of Barcode Systems (Winnipeg, MB, Canada). With offices throughout Canada and one in the US, Barcode Systems is a major "certified VAR" for Symbol Technologies. Barcode also has a division, based in Vancouver, which operates under the name Symbol Western.

On January 12, Ryzex announced a major sale to Xerox of what ultimately may total 11,000 new Symbol LS 2080 hand-held laser scanners. Although the final contract was between Symbol and Xerox, Barcode's President David Sokolow told SCAN: "This was accomplished through the coordinated efforts and successful collaboration of all three business partners: Ryzex and Barcode first uncovered the opportunity for this sale to Xerox; Symbol customized the LS 2080s to attach to a variety of laptops. Xerox will give the scanners to their North American field engineers to record and inventory the use of consumables."

The initial phase of the Xerox contract -- about a $2 million order -- calls for 5,500 units which will be placed with those Xerox field engineers already equipped with laptop computers. One thousand scanners were shipped in December; the balance of 4,500 units will be delivered during 1996. Symbol, Barcode and Ryzex anticipate additional orders next year as more Xerox personnel receive their laptops.

With offices in Canada, UK and Australia, Ryzex claims to be the "world's largest specialty remarketer of used and surplus bar code products." The company says that its warehouse contains "over 50,000 items manufactured by almost every bar code manufacturer on earth." A sister company, Ryzex Repair, located in Tempe, AZ, specializes in servicing and maintaining bar code equipment for major end users.

Ryzex is a privately-owned company with 55 employees. It was founded by President Rud Browne in 1987 in Canada and was subsequently moved to Bellingham. According to VP Marketing Hans Hingst, Ryzex uses a "unique tele-selling approach" with fifteen "tele-sales" specialists marketing their used equipment
by phone. Although operating figures are not available, reliable estimates place company sales between $10 million and $20 million.

Heralding its new....

....activist approach to the challenge of (non-grocery) retail automation, the VICS Board of Directors has approved a series of wide-ranging changes including: a new name; a revised mission; the formation of committees to address specific issues facing the retail industry; and the selection of a secretariat to handle administrative functions.

- VICS now stands for Voluntary Interindustry Commerce Standards ("Commerce" replaces "Communications").
- The newly adopted mission statement calls for VICS to "take a global leadership role in the ongoing improvement of the flow of product, and information about the product, throughout the entire supply chain in the General Merchandise Retail Industry."
- Five committees were formed to address specific standards and guidelines:
  1. Merchant Issues (forecasting, pack size, packaging).
  2. Direct to Consumer (direct manufacturer fulfillment to shoppers ordering in retail stores).
  3. Floor Ready Merchandise (to coordinate guidelines).
  4. Synchronized Movement of Product and Information (application requirements for high capacity data encryption technologies).
  5. Logistics (improving the links between suppliers, manufacturers and retailers).
- The National Retail Federation (NRF) was chosen to serve as the VICS secretariat under a one-year contract.

Each of these very ambitious moves originated with an organization that had become practically comatose these past two years. VICS is also now promoting its new IQ 96 conference (to be held in Chicago/ March 18-20, cosponsored by AIM/US), a restructuring of its faltering annual QR program (SCAN Jan 96).

[We wondered whether any of these new initiatives would change VICS's relationship with AIM. "The new VICS/NRF administrative agreement will not affect the VICS/AIM cosponsorship of IQ 96," AIM's President, Larry Roberts, told SCAN. "We jointly own the IQ 96 show and AIM will continue to work with VICS to run it."]

Both VICS and the Quick Response programs were formed ten years ago as a result of the highly-successful 1986 meeting of industry leaders led by Roger Millikin and Sam Walton. The primary objective of that group was to improve inventory turnaround, costs and communication systems between US manufacturers and retailers in order to counter the dramatic rise in textile and clothing imports (SCAN July 86). VICS's objective today continues to be "to improve product availability to the consumer." To do that, the organization intends to sponsor "standards, protocols and guidelines...to better [anticipate and react to] changes in consumer demand."
There is obviously still much to be done to achieve these goals. To succeed, VICS will need the support of its retailers and their vendors as well as the companies in the ADC industry.

**Joining the distinguished roster....**

....of winners of the prestigious Richard R. Dilling Award -- presented by AIM/US at its annual meeting in Las Vegas on November 30 -- was Rick Bushnell. The Dilling Award has been presented by AIM since 1984 to "an outstanding individual in service to the Automatic Data Collection and Identification Industry."

Bushnell's ADC credentials predate present-day bar coding. In 1970, while working at 3M, he was involved in the automatic identification of railroad cars. After a stint with Accu-Sort (1974-81) and SPS Technologies (1981-85), he founded the Bushnell Consulting Group to work with vertical trade associations to develop standards and educational activities. He is also the co-founder and president of Quad II, a consulting firm dedicated to ADC education and research.

In 1974, Bushnell served as Chairman of AIM, when that fledgling organization was still a division of the Material Handling Institute. He has authored a number of articles and publications devoted to ADC.

At the award ceremony, Larry Roberts, President/CEO of AIM, commented: "Rick is a true pioneer and a tireless advocate for ADC/ID in virtually every spectrum of business and industry."

[At its November 30 annual meeting, AIM installed its new Board of Directors:

Mike Hone (President, PSC), Chair
John O'Leary (President, Int'l Imaging Materials), Vice Chair
Don Skinner (CEO, Eltron)
Scott Cardais (President, Hand Held Products)
John Paxton (President, Monarch Marking)
Dave Collins (President, Data Capture Institute)
Larry Roberts (President, AIM/US)

Hone and Roberts have worked hard and successfully to recruit a strong, respected, and representative board to set the direction for the organization and to monitor its progress.]

**The often neglected....**

.....seminar/conference programs that accompany the industry's trade shows -- worldwide -- require a major overhaul. This need has become apparent because of dwindling attendance and complaints that the same tired subjects are being presented each year.

Eighteen months ago, at SCANTECH/Europe 94 in Paris, the number of registrants was so low that the entire conference program was called off. Advanstar Communications, the show's owner/manager, came away from this cancellation
convinced that Europeans had many opportunities to learn about ADC closer to home and would not travel to an expensive trade show to learn about the technology. Advanstar also noticed that a growing percentage of the visitors were resellers who did not attend trade shows to be educated.

Advanstar, therefore, decided not to offer their own seminar program at SCANTECH/Europe 95 in Köln, Germany. The responsibility for organizing the 1995 conference was subcontracted to a private group -- Neller, Müller & Partner; neither Advanstar nor AIM/Europe was invited to participate in the conference preparation or presentation. Unfortunately, the Neller, Müller effort also failed to ignite, and the SCANTECH/Europe 95 programs in Köln last October were also cancelled. No plans are currently under way to conduct any conference program at SCANTECH/Europe 96, which is returning to Paris in October.

Reed Exhibitions ran into different problems during its conference for Scan-TECH/US 95 last October. Although the seminars went on as scheduled, some observers expressed dissatisfaction with the repetitive program content, the unprofessional handling of the speakers, and poor logistics arrangements. This was the first year that Reed ran SCAN-TECH on its own and offers of assistance from AIM/US were largely ignored.

This year, Reed has had a change of heart. AIM/US has been retained to take over complete management of the conference program for SCAN-TECH 96. According to AIM President Larry Roberts: "We will handle the selection of topics, speakers and moderators, and the execution of the program; plus we expect to put some effort into promotions. There may not be many dramatic changes in 1996, but we will be emphasizing applications, solutions and systems integration in 1997."

At ID EXPO 96, about fifty seminars are scheduled, with more than half of them labelled "New." Special application areas will also be set aside in the exhibit hall for "Technology at Work Zones," to provide demonstrations and personal testimonials by end users. According to an Advanstar spokesman, six such zones will be displayed and three user companies have already signed up: Xerox, Wang and C.E.R.N. (a nuclear research engineering facility).

Comment

When auto ID was first introduced into retail more than twenty years ago, the Uniform Code Council and several trade associations -- e.g. FMI and NRF -- organized efforts to educate their members about the new technology. Even today, the highly-promoted IQ 96 event -- sponsored by VICS and AIM/US -- is concentrating on retail applications (SCAN Jan 96).

But there is limited industry-sponsored education for the manufacturing, distribution, transportation and health industries. Programs offered by private companies -- such as Dave Collins' Data Capture Institute (Duxbury, MA) and Rick Bushnell's Quad II (Chalfont, PA) -- are doing yeoman work. Advanstar's series of successful ID Info conferences in Philadelphia, Atlanta, Boston and San Jose are also proving that there is a growing need for these programs.

But the trade shows, which offer a major educational platform, must not be ignored. Many more programs are needed to reach the tens of thousands of
potential industrial/commercial customers whose only experience with ADC is their weekly visit to the supermarket checkout counter.

Alone against a formidable....

....array of "anti-scanning" forces, George Wright IV (Exec VP PIPS, NYC) did an admirable job of defending the integrity of UPC scanning systems when he appeared as a panelist on the Phil Donahue Show. Wright was selected by the syndicated TV show's producers to explain the underlying technology that others on the panel insisted was causing "scanning errors" at the retail checkout counters. (The show was taped in New York on January 23 and was tentatively scheduled to be aired "sometime in February." Since Donahue is now only seen in a few regional markets, most of us will miss this one.)

Other members of the panel included:

- Mary Bach: a consumer advocate/homemaker, from Murrysville, PA, who has successfully sued Wal-Mart for pricing errors and who is unrelenting in her crusade against the "pricing accuracy issue and scanners."

- Gene DeSantis: an attorney practicing in Albany, NY who has been lobbying the NY State legislature to retain item-pricing regulations.

- Frank Kelley: the Attorney General of Michigan, whose office has been conducting annual surveys of retail stores in his state. His reports confirm that shelf and item prices do not always agree with scanned checkout prices -- particularly with merchandise on sale.

- An aggrieved consumer: a senior citizen who maintained she was "tired of being cheated" by the scanners.

Wright felt that the major challenge he faced was to demonstrate the efficiency of the technology. He wanted to counter the common perception that the problem was one of "scanner error" -- a term frequently used by Donahue himself. Wright also wanted the audience to come away from the show more knowledgeable and enlightened about scanning in general. He therefore arranged to have a brand new, not-yet-introduced, PSC counter-top, presentation scanner flown down from Webster, NY -- with engineer in tow -- to be demonstrated on the air. The demo went off without a hitch.

Wright believes that he effectively made his case that any incorrect pricing which occurs in a store is the result of "database management and human error, and not scanner error."

[During the same week that the "scanning errors" program was taped, Donahue announced that he was terminating the granddaddy of all audience-participation talk shows in May 1996, after twenty-seven years on the air. Wright emphatically denies that his appearance had anything to do with Donahue's decision.]