



The DATA CAPTURE Report

Since 1977, the premier management & marketing newsletter of automatic data capture: Bar Coding, RF and related technologies.

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Special SCAN: The DATA CAPTURE Report Reprint

Datalogic Scanning Shows Strong Market Gains

There may be a recession going on, but you wouldn't know it by **Datalogic Scanning's** sales performance. The global vendor of fixed and handheld scanners recently announced all-time record sales and earnings results for Q2 '08. Compared to a year ago (Q2 '07) (on a dollar basis), Datalogic Scanning showed 16.7% sales growth and 31.3% EBITDA growth. And, according to the latest report from marketing research firm **Venture Development Corporation (VDC)**, Datalogic Scanning again leads the global AIDC industry, with both its stationary and its handheld scanner product lines. Datalogic Scanning has been ranked number one in worldwide point-of-sale (POS) stationary bar code scanner shipments and number one in the EMEA region for handheld readers for the last several years.

Company President/CEO Bill Parnell told *SCAN/DCR*, "It is good to have the hard work of the transformation [see *SCAN/DCR* 4/13/07] behind us, and it is rewarding to see these results. Still we have many challenges, not the least of which involve finding ways to be competitive against giant corporations such as Motorola and Honeywell. We are fast becoming the only business in the rapidly changing AIDC landscape that is dedicated exclusively to data capture and bar code scanning."

The kingpin in the Datalogic line is the fixed-position Magellan® line of retail scanners and

scanner/scales. According to Parnell, the world's top-10 retailers use Magellan scanners to enhance checkout productivity in medium-to-high volume retail environments.

"The VDC report confirms the future is bright for the AIDC industry, and that execution of our strategic plan has been effective in bolstering our global leadership position in this industry," said Parnell. "We have an extensive and dedicated worldwide channel network which consistently delivers superior sales results. We will continue to focus our energies on keeping that network strong so that Datalogic Scanning can remain the global leader in this market."



Bill Parnell,
president/CEO,
Datalogic
Scanning.

Over 35,000 customers worldwide have chosen Datalogic Scanning handheld readers during the past 10 years which translates into a >30% market presence in the EMEA region. Some of the lines that have made this happen include: PowerScan®, Gryphon™, Heron™, QuickScan®, and Touch™. "Having the right products for specific applications is critical to success in today's market," Parnell told us. "Our customers demand products that solve specific business problems."

A new business driver

A new type of bar code, GS1 DataBar, has been

approved for marking trade items in the retail supply chain. GS1, the global retail standards-setting organization has set January 1, 2010 as the “sunrise” date when all manufacturers, worldwide, will have the option of marking their packages with GS1 DataBar codes—as an alternative to the EAN/UPC bar codes used today. Retailers must be ready to scan these packages at the point-of-sale.

“Countries with low-cost labor haven’t needed AIDC technologies as much as some other regions. But, as the manufacturing costs continue to rise, businesses in some of these countries have begun to take a second look at automation technology.”

**Bill Parnell, president/CEO,
Datalogic Scanning.**

GS1 DataBar codes are meant to address limitations with some current retail bar code marking applications. For instance, small items have often been problematic when it came to marking them with a UPC bar code. In addition, many manufacturers use very truncated forms of EAN-13 and UPC-A bar codes, which are difficult for point-of-sale scanners to read. DataBar is capable of encoding bar code data in about half the space required by EAN-13 and UPC-A bar codes.

Fresh Produce

With increased consumer demand for an expanding variety of fresh produce, it is important that such products be unambiguously identified. DataBar codes can be printed to fit small produce stickers with the produce type and the supplier uniquely identified.

Variable-Measure Fresh Foods

Existing UPC-A bar codes used to mark variable weight packages (such as meat and deli) provide the price, but suffer the same problems seen in produce—neither the precise product type nor the manufacturer is in the bar code. GS1 DataBar bar codes can contain more

DATALOGIC SCANNING QUICK FACTS:

- Datalogic Scanning (Spectra Physics) made history with the first retail bar code scan in 1974.
- A Datalogic Scanning bar code reader is installed every 36 seconds.
- Over 3,500 customers have chosen Magellan® retail POS scanners.
- Over 5 million Datalogic stationary and handheld scanners have been installed since 1994. **SCAN**

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Since 1977, the premier management & marketing newsletter of automatic data capture, including:

- Bar coding, 1-D & 2-D symbologies
- Bar code printers, scanners, terminals, verification products and labels
- Wireless (RFDC & RFID)
- Magnetic stripe
- OCR products
- Voice recognition systems
- Vision systems, video scanners
- EDI
- Smart cards
- Biometrics
- Application software
- Peripherals or supplies for the above

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information such as weight, price, and sell-by date.

Coupons

The System 5 UPC-A coupon codes used in North America are limited by their inability to fully identify the issuer of the coupon and are limited to only 100 specific purchase promotion combinations. GS1 DataBar can have up to 70 digits of information.

The Opportunity

Point-of-sale bar code scanners must be able to read the four variants of GS1 DataBar and must be able to return data in the form of GS1 Application Identifiers to the point-of-sale application. All current Datalogic scanners meet these requirements.

Datalogic scanners are usually shipped with GS1 DataBar reading capability disabled, since most retailers are not prepared to handle GS1 DataBar information at this time. Retailers will need to work with Datalogic and Datalogic partners to enable this capability sometime before January 1, 2010.

“This is a great opportunity for our industry,” said Parnell. “We are encouraging our resellers to meet with their retail customers and review the GS1 DataBar Sunrise 2010 initiative. VARs can provide their clients with direction on enabling or upgrading their scanners, regardless of brand. We believe they may also be able to discover some business opportunities for scanner replacements or for services.”

Queue-busting...another burgeoning market?

How long will consumers wait in a check-out lane? A recent study completed by **M/A/R/C® Research** showed that, overall, customers are satisfied (79% extremely/very satisfied) with an average wait time of about four minutes or less. Optimal wait time varies slightly by category, but satisfaction decreases drastically as wait times increase above 4 minutes.

Long wait times can impact a store's bottom line. According to the M/A/R/C report, which surveyed 13,000 customers at clubs, consumer electronics, department, drug, grocery, home improvement, mass merchandiser, and office supply stores, approximately 10% of customers stated they will forgo a purchase if the line is too long. The impact of long lines doesn't stop there. Many consumers (43%) state long lines will affect their decision to shop a particular retailer in the future.

Tony Amador, SVP, client development, M/A/R/C Research says, “Retailers really have to focus on

keeping their wait times under four minutes with the negative impact of even one minute more.”

AIDC vendors have been offering a variety of types of queue-/line-busting systems for years. But, Parnell said there has been a ramp-up in demand for these systems, and that Datalogic has been working on new and better technology for meeting these demands. “We have combined Datalogic Scanning's new PowerScan 8000 handheld scanner with our Magellan POS scanners and the Datalogic STAR Cordless System secure radio technology to deliver an extremely effective way for retailers to make a service impact with their customers. This new solution is aimed at helping retailers improve customer service by reducing the consumer's wait-time at the checkout.”

Healthcare

Parnell did not elaborate but told us healthcare could become the fastest growing vertical market in the AIDC industry. “The reason is simple,” said Parnell. “There's a huge need for our technology. We've been waiting nearly 20 years for this market to take off. Today, it's finally happening.”

Geographic expansion

With Datalogic's strong ties to both the European and U.S. markets, Parnell said the next big focus for geographic growth is the Asia/Pacific region. “Many global companies are opening operations in the Asia/Pacific region, and they're taking their technologies with them...technologies they've grown to depend on, such as bar codes,” explained Parnell. “This phenomenon is opening new doors for sales.

“Countries with low-cost labor haven't needed AIDC technologies as much as some other regions. But, as the manufacturing costs continue to rise, businesses in some of these countries have begun to take a second look at automation technology.”

Parnell said Latin American and South American sales have also been on the rise. “We are seeing great things happening,” he told SCAN/DCR. “We will continue to focus on these regions as prime sales targets.”

Closing

Before we ended our interview, Parnell had some quick words of advice for the industry. “If you can prove to your customers that you can increase their productivity and sales, there's a good chance you'll make a sale,” he stated. “It's as simple as that.”

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