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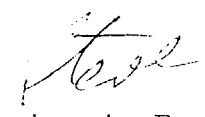
January 23, 1973

To: The Symbol Standardization Subcommittee

Gentlemen:

Enclosed for your files is a copy of the minutes of  
the Symbol Standardization Subcommittee meetings held in San Francisco  
on January 4, 5 and 6, 1973.

Sincerely,



Stephen A. Brown

SAB/dkn

Enclosure

CC: Larry Russell  
Curt Kornblau

MINUTES OF THE MEETINGS OF  
THE SYMBOL STANDARDIZATION SUBCOMMITTEE  
San Francisco, California  
January 4, 5, 6, 1973

The Symbol Standardization Subcommittee met in San Francisco, California, on January 4, 5 and 6, 1973. The meetings on January 4 and 5 were held at the McKinsey & Company offices, 555 California Street, and the meeting on January 6 was held at the Sheraton Palace Hotel. A list of the Committee members (including consulting members), consultants and observers who attended is attached.

Chairman Alan Haberman called the January 4 meeting to order at 9:15 a.m. The morning portion of the January 4 meeting was a closed meeting limited to regular members of the Committee and consultants to the Committee.

The first matter on the agenda was an up-date by Larry Russell. He informed the Committee that the Battelle tests are in progress, and one of the two Litton tests has been completed. He reported that the preliminary data indicates that the hand-held wand did not show any improvement in productivity. This appeared to be a human factors, rather than a technological problem.

He further reported that there had been two meetings with representatives of MIT who had agreed to take on the assignment of reviewing the entire project. MIT had two representatives present at the meeting.

MIT is not ready yet to make specific comments but has begun its review of the symbol effort. While the Committee is attempting to fund

this review through the National Science Foundation, the Ad Hoc Committee has authorized a budget overrun if this should be necessary.

Very preliminary data from the feasibility study indicates that source marking costs are substantially greater than originally estimated.

One equipment company has stated that it may well drop out of the market if its symbol is not selected. While the Symbol Committee is aware of (and concurs in) the Ad Hoc Committee's position that momentum is important so that the need for having commercially available systems promptly is significant, no one company can be favored in the Symbol Committee's deliberations because of this.

The RCA Company has approached several chains, including some Committee members, to do tests on price entry systems. To date, no Committee member has reached an agreement with RCA on this.

Barry Franz next reported on his discussions with NCR. NCR is continuing development of equipment, has applied for patents on certain equipment provisions and is very much involved in cooperation with the work of the Committee.

Larry Russell next distributed to the regular members of the Committee comparison charts on the proposed symbols showing the status of the Committee's information on each.

The next item discussed was the request by Scanner, Inc., for certain confidentiality restrictions during its presentation to the Committee on

Friday afternoon. There was considerable discussion on this subject. Some members of the Committee took the position that no confidentiality request should be honored, while others believed that it might be necessary to receive some information in confidence in order to fully understand the position of the presenter. It was the consensus of the Committee, however, that it must have the right to disclose any information which was critical to the Committee's recommendation. After much discussion, counsel was directed to receive from Scanner, Inc., the specific language of its confidentiality request and to present it to the Committee prior to Scanner's presentation on Friday afternoon.

The next matter discussed was the legal status of the project. Steve Brown reported that an opinion letter was in the process of preparation. He stated that the legal risks had not changed in any significant way since his earlier reports.

The next matter discussed was the compatibility of the UPC with the drug code. It now appears that in order to assure compatibility, the equipment must recognize a new but compatible number set, and this may require a mode key for the cash register. It was agreed that there should be a release to the trade on this point.

The next matter discussed was the format for the meetings with individual equipment companies. It was pointed out that Charecogn, who would not make a presentation at this meeting, will make a presentation to the MIT people on January 10. Any member of the Committee is welcome to that

presentation. John Esserian feels this will give him an adequate opportunity to present his points and assure that the Committee receives his data.

The Committee next recognized that it must answer two questions: 1) Can it proceed to make a decision on March 30; and 2) If it can, can the ultimate decision represent any variation on the proposals submitted to it? It was pointed out that, preliminarily at least, MIT has some doubts about all of the proposals which have been submitted.

The Committee next went through the current view of the economics of a symbol decision. Preliminary and incomplete returns on at least one test made it possible to build a worst case picture for the economics in which industry savings were at best halved against original projections. Using this as a foil, the committee attempted to face to the part of the decision model that premised such a final result. It was generally concluded that standardization of the symbol would be vital since individual companies could develop systems around the automated register which could yield individual (soft and hard) savings for them and that it was our understanding that the cost of equipment would be reduced as technology improves to a point where the return on investment could be most attractive. Not to make a decision at the time would deprive the individual industry members of these potential large savings, and to make a decision would not obviate the acceptance of new technologies should they develop.

After considerable discussion, it was the consensus of the Committee that it should proceed to make a decision on March 30 based on the information which it has received and will receive.

The closed portion of the meeting ended at 12:25 p.m.

The first presentation by an equipment company was by Dymo-Data General, who had just recently proposed a symbol. The principal portion of the presentation was made by Dr. William Mullen.

At the outset of this and all succeeding presentations, Steve Brown informed the presenter of the Committee's policy on confidentiality, and asked for a prompt response to the Committee's request for the company's position on patents and proprietary information.

Dr. Mullen stated, with respect to patent policy, that their hand-held label printer may be patentable, and that will not be made available since there are alternative methods of creating and applying labels. Otherwise, there is no problem with the Committee's policy.

He then proceeded to make a presentation describing the Dymo-Data General proposal and responding to questions from the Committee.

The next presentation to the Committee was by the IBM Corporation. The IBM group was led by Marvin Mann and Joe Woodland. IBM made a prepared presentation and responded to questions from members of the Committee, including questions which had been submitted in advance.

The next presentation was by the RCA Corporation led by Tom Beshaw. The first part of the RCA presentation was a preliminary report by Bob Cottrell and Bernie Brinkman of Kroger of the test data available from the Kroger test at the Kenwood store in Cincinnati. One of the important factors involved in that test is that the gold fish bowl atmosphere in which it has been conducted has been somewhat unfortunate. The Kroger report also emphasized that the test results to date are not designed to economically justify the system.

RCA took the position that the Kroger test has validated the RCA bullseye and that RCA is ready now to proceed and that the industry should not delay.

RCA distributed one document which has one page of confidential information on it. Only two members of the Committee (Barry Franz and Steve Linn) took this page of the document.

RCA also devoted a significant portion of its time to responding to questions from members of the Committee, including questions which had been submitted in advance.

The January 4 meeting adjourned at 8:25 p. m.

Chairman Haberman called the January 5 meeting to order at 9:10 a. m.

The first presentation of the morning was by Pitney-Bowes-Alplex led by Bob Sloat. Pitney asserted that nothing about its system was proprietary. They made a prepared presentation and then responded to questions from the Committee, including questions which had been submitted in advance.

The next presentation was by the Singer Corporation led by John Bragg and Ed Ulmer. While Singer has some information which it would like to have held in confidence for the next few months, it agreed that the Committee could release this information if it was essential to justify its symbol recommendation.

They pointed out that Singer is No. 1 in point of sale devices for general merchandise and then described their proposal for the grocery industry. Singer is unique at the moment in that they are the only proponent proposing a side slot scanner. However, they assured the Committee that other companies would be able to build equipment which could scan the Singer symbol.

Singer responded to questions from the Committee, including questions which had been submitted in advance as a part of its presentation.

The next presentation was made by Scanner, Inc., by Joe Moore.

At the outset, Mr. Moore stated that there was certain information which he would not disclose because it was of a confidential nature relating to the technology underlying his reader. There was other information which he wished the Committee to treat with utmost discretion. This related to proposals connected with automatic merchandise bagging. For the first portion of his presentation, consequently, all non-members of the Committee were excluded from the meeting, including consultants, observers and consulting members.

Mr. Moore stated that the Scanner symbol can read with varying degrees of versatility any of the symbols proposed.

Upon the return of consulting members and consultants, Mr. Moore responded to questions from the Committee, including questions which had been submitted to him.

The last company to make a presentation at this meeting was Litton led by Riley Daniels and Bill Kinslow. With respect to patent information, Litton takes the position that the symbol will be placed in the public domain. Furthermore, they are concerned that the RCA patent is so broadly drawn as to be invalid.



Litton made a presentation and responded to questions. They then asked for the consulting members to leave while they discussed with the Committee some new technology having to do with the readability of the Litton symbol.

The meeting adjourned at 7:15 p. m.

The January 6 open meeting of the Symbol Standard Committee was called to order at 10:10 a. m. by Chairman Haberman. He began by stating an overview of what the Committee had been doing and describing the working procedures of the Committee. He also described the kinds of membership on the Committee as basic members, consulting members and advisors.

Wally Flint next gave a status report from DNB. He reported that currently UGPCC members represent 45 percent of the grocery volume. In the last two months over 700 requests for information about the program had been received. However, an increase in the amount of volume represented will grow very slowly.

Fred Rosen of McKinsey reported on the status of the source marking feasibility study. It is based on ten responses. At present, it looks like bottom marking could be as much as ten times as costly as other locations for some items. There is considerable overhang in the product line; that is, there are certain products of which only a portion of the volume goes to supermarkets, but probably all of the product volume will be symbol marked. He

also noted that the range of estimates which have been received to date is considerable.

Barry Franz and Rick Thatcher next reported on the status of the Battelle laboratory test program. They pointed out that the Committee is looking at the total impact on the industry. They described the test program and the status of the current test programs. Rick Thatcher stated that the schedule is tight, but that tests are proceeding on schedule.

Eric Waldbaum described the nature of the effort with MIT. He described the fact that the MIT group was being asked to deal with the horizon questions and to make sure that there was nothing radically new coming on the horizon in the immediate future which would be commercially viable, and which a symbol recommendation would thwart.

Fritz Biermeier next discussed the form of the decision process and the various inputs to that, including store tests, lab tests, print specifications, and source marking cost estimates, as well as non-test related data. Factors to be considered include the economic implications of the symbol, the flexibility of the symbol, the reliability of the symbol and the ease of implementation.

Larry Russell described the must-have criteria for a symbol as a positive macro-economic impact on the industry; technical feasibility in the real world of today; the system must be compatible; and the system must have at least four number sets.

Steve Brown next described the Symbol Committee's patent policy, as well as the need for the Committee to receive a statement from each proposer as to its intentions with respect to proprietary data, as well as any information they could give on the existence of potential blocking patents.

Chairman Haberman announced that this was the last open meeting of the Committee and that future meetings of the Committee were scheduled for February 12, March 5 and 6, and March 29 and 30.

The question and answer period began at 11:40 and ended at 12:20, at which time the meeting was adjourned.

SAB

Attendance List  
Symbol Standardization Subcommittee Meeting  
Committee Members, Advisors and Observers Only  
San Francisco, California  
January 4, 5 and 6, 1973

Members

Alan Haberman	First National Stores
Eric Waldbaum	Greenbelt Consumer Services
John F. Hayes	H. J. Heinz Company
William Bonner	First National Stores
Barry Franz	Procter & Gamble
Robert Tripp	Winn-Dixie
William B. Galt	Del Monte
F. T. Biermeier	Red Owl Stores
Stephen Linn	General Foods

Consulting Members

Robert Cottrell	Kroger Company
Bernie Brinkman	Kroger Company
A. J. Faulhaber	Acme Markets, Inc.
Alan Schlegel	Acme Markets, Inc.
Randy Price	Certified Grocers of California
(January 5)	
Kenneth Stapp	El Rancho Markets

Advisors

Thomas Wilson	McKinsey & Company
(January 5)	
Lawrence Russell	McKinsey & Company
Fred Rosen	McKinsey & Company
Stephen Brown	Counsel
Murray Eden	MIT
Patrick Winston	MIT
Rick Thatcher	Battelle
(January 5, 6)	
Donald Martin	Distribution Number Bank
(January 4, 5)	
Wallace Flint	Distribution Number Bank

Observers

Creighton Peet  
(January 5)

Fred Timm  
(January 4, 6)

Oliver Jones  
(January 4, 5)

Phil Horton  
(January 6)

Safeway

Safeway

Safeway