

computer implementation. Two speakers at the seminar will ask publishers to "renounce certain individual procedures," an exhortation that may not sit well in the highly individualistic business of publishing.

The sponsors said they were delighted with the response to System 71, also held in Munich, which drew an attendance of 7,400. They attribute to that success the 45% increase in exhibitors at this month's event. A total of 203 companies, 78 from Europe and 125 from abroad, will exhibit, compared with 168 firms in '71. Contributing to the exhibit increase is the DATAMATION Grand Tour, a traveling exhibit of U.S. companies whose five-nation tour of the Continent and Scandinavia winds up at the Munich event. The tour is sponsored by this magazine with the help of the U.S. Dept. of Commerce.

Persons wishing to attend System 73 may contact John L. Wolf, 226, U.S. Dept. of Commerce, Washington, DC 20230, (202) 967-4942.

Retailing

NRMA: What Point Point-of-Sale?

"Just because you know you're not paranoid doesn't mean they're not out to get you."

This phrase, left on a blackboard following one session of the National Retail Merchants Assn.'s (NRMA) 15th annual Information Systems Edp Conference in Los Angeles last month seemed an unnecessary warning. Among the 677 paid attendees (up from 540 last year), top retail edp men from across the country and from other parts of the world too, there was little evidence of paranoia and even less that they could be had.

From the podiums, in the corridors, and over lunch, they came across as professionals who know what they want and will work hard to get it on their terms. They want point-of-sale (POS) systems and all the associated management and merchandising information these can provide, although many admit they don't yet know what they will do with the latter goodies. They want reliable and inexpensive communications with lots of interconnect—and NRMA has a committee and a full time telecommunications counsel working with the FCC and the state public utilities commissions to help make this possible. They also want an industry-wide standard for merchandise identifica-

tion. Hopefully they will have one early next year when an NRMA task force working on this will make a recommendation.

IBM was there with lots of people, a slide presentation, and a nine-minute film to tout its new 3650 retail system announced in August (Sept., p. 118). But they had no hardware. The consensus among the retailers seemed to be that they wanted to see more; that the system was pretty but too expensive; and that the lack of available software was a serious constraint.

Among those retailers there because they currently are evaluating systems



IBM'S BUCK RODGERS: a note on excellence

for near-future implementation, National Cash Register Co. and Singer Business Machines were most mentioned as prime contenders.

Another thing that seemed to worry many of the retailers about the IBM system was that it locked a user into IBM equipment. Murray Foreman, IBM Retail Store Systems administrator, handily fielded a question from one such retailer during an IBM workshop session originally titled "Salesperson Scheduling," but changed somewhere along the line to "IBM's Retail Store System." Foreman was asked if the system's POS terminals could communicate with anything other than the System 370. His response: "sure, with the 3704, the 3705..."

This IBM session was probably the best attended of the entire conference. This could be an indication of a high degree of interest or it could be related to the fact that earlier that day Irving Solomon, vice president of NRMA's Information Systems Div., had said IBM would make a product announcement. It didn't that day but did two days later (see related story).

Among those warning against a

locked-in situation in implementing POS systems was Harvey Braun, Touche Ross & Company who put this seventh on a list of eight graded considerations offered for vendor evaluation. First was service support capabilities, followed by: 2. past installation results; 3. pilot test capabilities; 4. phased implementation capability; 5. capability to install a function at a time; 6. integrated system design; 7. the aforementioned locked-in warning; and 8. continuing R&D efforts.

Another was Bill Jones of the Hecht Co., Washington D.C. division of May Department Stores. "In our minds there is no question that a POS system must support different types of terminals," said Jones. Hecht began installation of NCR 280 POS terminals in September 1971 and now has 1,100 installed in stores throughout the Washington and Baltimore areas. Today the Hecht system includes 20 IBM 3270s for accounts payable input, General Computer Systems key to disc units for back office input, and they will get NCR 725's next spring. Eventually, said Jones, "we're looking to putting devices on top management's desks. We've already spec'd them."

Jones believes communications is the most important single aspect of POS installations, and communications links must have the ability to communicate with various manufacturer's terminals. Hecht's parent firm, May Co., has developed its own POS terminal through a subsidiary—System, Science and Software, La Jolla, Calif. These are in a test installation in a May Co. store in Carlsbad, Calif. Jones said he hasn't seen these terminals yet but will evaluate them when he has a chance and wouldn't be adverse to adding them in a new store should they meet his specifications. He doubts if he'd replace terminals in an existing installation.

Since September of 1971, Hecht has brought up four on-line systems, beginning with credit authorization, and expects to add four more over the fall and next spring. "On the first one you take a bath," he said, "but once the communications are in place the others come relatively cheaply."

Jones said the Hecht system realized a 17% gross return on investment on the first year and he expects this to go to 55% in the fifth year. "Savings were 50% higher than we expected."

Open late too early

He cited discipline as the biggest single benefit Hecht has derived from its system. "Before, one out of every five sales checks were wrong and we only heard about those where the adjustment was to the customer's advantage. Now we have clerk number entry

(Continued on page 146)

with every sale and we can pin down the problem and retrain where necessary." They also get productivity reports on sales people which, until now, lacked any degree of credibility, and they are using these in personnel review. Customer profiles built with the system permit targeting of direct mail promotions. A dollars-by-hour report showed them last year that they began staying open late too soon before Christmas.

Jones credited the success of his store's systems in large measure to the caliber of his systems and programming staff which numbers nine. "They're good." He said many stores, to consider installing POS systems, must have a higher level of edp sophistication than

they now have. But to be competitive, he added, they *must* have POS. "I don't believe you can compete without POS with a store in the same city that has POS."

Mumford Miller, national dp manager for Sears, which has Singer terminals in stores in almost all of the nation's major cities, feel strongly about the people aspect of systems. "People are more important than equipment. If I left Sears all I'd want to take with me would be the people. I couldn't care less about the equipment."

Bill Moxley, Montgomery Ward & Co., touched on people from a different angle, that of the customer. He said Wards, which has NCR 280s, "is using the computer to humanize its opera-

tions." He referred to customer accommodation units through which customers, with a single phone call, could schedule a service call, order a catalogue item, and check on the status of his account, because the units are equipped with crt's on which all the necessary information can be called up instantly.

C. Robert McBrier, Woodward & Lathrop, Washington D.C., is concerned about people too, specifically about the people who would have to set up the data for a comprehensive POS system. He described them as people possessing "the lowest skills."

McBrier, introduced as "Mr. Retail Systems," believes retailing is ready for POS terminals. "Sure we are; we can substitute them for our cash registers but are we ready to reap the harvest of benefits from the information they

IBM Drops the Other Shoe

In the same hotel in which Spiro Agnew, some two weeks before his resignation, told assembled Republican women, "I will not resign if indicted," IBM last month told retail edp executives attending the National Retail Merchants Assn. Information Systems Conference it would not make a product announcement during the conference. Then, two days later, it did.

Scene was the Los Angeles Hilton. The product was the expected IBM point-of-sale system for supermarkets, its 3660 system. IBM had been expected to announce the grocery store system before its department store system which it announced in August. For some reason the grocery store offering became the other shoe and now it's been dropped.

IBM will not be up against the entrenched competition with its grocery system that it is with its department store system, where it faces such companies as Singer Business Machines and National Cash Register Co. which have large installed bases.

The competitors are there but they're all relatively new to the field and most grocery store POS installations are still in test phases. Oldest in the business and still the one with the largest number of production systems installed is what once was the retail systems division of Nuclear Data Corp., now a part of Bunker Ramo. This division has been quiet since its change of ownership. Vying for second are Pitney-Bowes Alpex and National Semiconductor. Other contenders include Dymo Industries together with Data

General, MSI Data Corp., NCR, Threshold Technology, which has a voice recognition-based system, and, the most recent entry, Sperry-Univac with its acquisition of an RCA-developed system.

IBM's most vocal claim for its new system is on its ability to read the grocery industry's Universal Product Code (UPC), adopted last April (see May, p. 136) as a standard symbol for source marking of products sold in grocery stores. It probably is the first to prove it can do this. At a show staged in Washington, D.C. by the National Assn. of Food Chains (NAFC) in mid-October, one week following the IBM announcement of the 3660, the giant was the only vendor to demonstrate ability to scan the UPC. All companies talking about UPC scanning had been invited to demonstrate.

But most of those still feel they'll have the capability to scan and read the UPC before IBM has production models of its 3660 system ready for delivery in the third quarter of next

year. Generally the competitors were pleased with IBM's announcement, feeling this entry into the market sanctifies the whole idea of POS in supermarkets.

Bill Bowers, president of MSI Data, said, "It brings more focus on the whole subject and can't help but help those who are in it for real now."

As with its department store system, IBM's grocery system seems high priced when compared to the competition. IBM said a typical store might have eight terminals purchased for \$34,000 and eight scanners purchased for \$32,000. Such a system also would include a controller and a communications unit for a monthly rental of \$922. The entire system could be purchased for \$118,760.

The system's slot-type, laser-based scanner locates and reads the UPC printed on grocery packages, as items are pulled across a 6.5-inch scanning window at the top of the unit. □



ONE EASY MOTION: IBM's new supermarket system makes it possible for a checker to check and bag in one motion. Items are simply pulled over the scanner embedded in the slot, then bagged.

can provide? No we are not."

Noting that he believes hardware problems have been licked, he addressed the manufacturers. "Boy, we need you. We need you in the software area. We don't have the human or financial resources to write the kind of software needed for the future."

McBrier believes there will be no advanced merchandise information systems developed until the advent of a standardized merchandise identification. "I'm not going to buy my terminals until I know what the standard will be."

Hans Rubner of Montgomery Ward, head of NRMA's merchandise identification task force, in telling the conference his group would have a recommendation to make early in 1974, didn't say which way the group was leaning but feeling was strong throughout the conference that it will be an OCR symbol. He said the adopted code will have to contain 20 human readable characters and ten machine readable characters. Considered codes are being measured against 130 criteria, each with a different weight.

As for the technologies involved in coding, Rubner said magnetics affords the required density (IBM has a big investment in magnetics for its system) but is expensive. He said three color optic codes are difficult to lay down and black and white optic codes, such as bar codes, take up a lot of space and are meaningless to clerks and customers. He said optical character codes are easier to put down than bar codes and don't take up so much space but currently are more difficult to machine read. He believes technology, with LSI and hand held readers, is beginning to overcome this limitation and the task force "will take another hard look."

Then there is the matter of incompatibility in the grocery industry's Universal Product Code, a source of worry to suppliers who sell through both grocery and regular department stores. "If they could agree on one which could easily be incorporated on our boxes when they're printed," said one, "it would be great for us. We could even use the code for our internal use. But, if we have to use two different codes it will just be a meaningless double marking."

Rubner said his task force has met with the UPC committee and will meet with it again as "we both see the benefits of a standard code and technology." He said the two groups are considering such things as chips in readers which would give them the capability of reading both symbols

and/or use of a machine readable character under the symbols which could give them a commonality.

Interconnect is vital

William H. Borghesani, Jr., of Keller & Hickman in Washington, D.C., NRMA's telecommunications counsel, told conferees that POS could be an overriding factor in beating efforts of local regulatory bodies, particularly the North Carolina Utilities Commission, to ban use of devices interconnected to the Bell system on an intrastate level. He said retailers, through POS, have become the most prominent among users of interconnected facilities and, therefore, a voice to be heard and hopefully listened to. He mentioned Montgomery Ward as one retail organization which is saving to the tune of half a million dollars a year through use of private equipment connected to telephone lines in "a couple of data centers." He said NRMA is challenging the right of the North Carolina commission on grounds it is preempting federal jurisdiction (the Carterfone decision) in trying to prohibit intrastate interconnection because it would have the effect "of the tail wagging the dog" and because "other states are watching, notably Tennessee and Nebraska."

David Sailer of MCI told the group that retailers were prominent among the 250 users already signed up by the private line service which was about to open its newest link encompassing New York City. But many in attendance noted it would be a long time before MCI and others like it reached the many areas in which they have stores and, in the meantime, they must live with what Bell has to offer.

David Kratz, Abraham & Straus, Brooklyn, N.Y., pleaded the cause of distributed networks for retail users against large scale centralization. He said additions to a distributed system have little detrimental impact to existing systems; malfunctions in one part of a distributed system need not effect another; a distributed system offers greater opportunities for security; distributed systems require less complex operating systems with the result that less experienced operating personnel is required; often an entire segment of a distributed network can be operated by its user; and a distributed system makes each individual user responsible for his own data processing which results in improvements in timeliness and accuracy.

He was supported in his plea by Sam Harvey of Singer (whose role as a substitute for Singer's Janet Norman he

described as being like that of a football player being told by his coach to get in and run for O. J. Simpson). Harvey said operators of large centralized systems become like high priests, keeping users at arm's length. He said today's technology has brought a fourth generation of information processing—a now mode—away from families of computers into levels of computation in an intelligent sub-system network.

And, if IBM didn't offer the conference anything else it would have done well with the offering of its perpetually handsome director of marketing, F. G. "Buck" Rodgers, who was one of the luncheon speakers.

Rodgers' talk on the "Constant of Change" might have been sub-titled "The IBM Story." He said any company that wants to stay on top must be willing to change everything about itself except for three basic underlying principles: respect for the individual; a commitment to giving the best service of any company in the world in any industry; and excellence."

It was the way he said it.

—Edith Myers

Privacy

Only Your Doctor Knows . . . Maybe

One witness called it "a medical CIA."

The official name is the Medical Information Bureau. Headquartered in Greenwich, Conn., MIB provides a computerized clearinghouse where 700 life insurance companies can exchange records on prospective policyholders. Alcoholism, sexual deviations, social maladjustments, reckless driving, and prostitution are among the personal traits noted in MIB's files, which cover 11 million individuals. Most of these people are completely unaware of the agency's existence, according to testimony presented last month to a Senate banking subcommittee.

All of this inspired Sen. William Proxmire of Wisconsin to suggest, only half humorously, that the "plumbers" who burglarized the office of Daniel Ellsberg's psychiatrist could have saved themselves a lot of trouble. "All they had to do was go to one of the 700 companies and, if they had a buddy there, they could have gotten all the information they needed without breaking in."

The subject of the Senate subcommittee hearing in October was S 2360, a bill drafted by Proxmire which proposes several changes in the Fair Credit Reporting Act (FCRA). Joseph Wilberding, MIB's executive director, insisted that his agency's operating rules com-