



The DATA CAPTURE Report

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October 17, 2008

Special SCAN: The DATA CAPTURE Report Reprint

Microscan Acquires Critical Machine Vision Technology

The intellectual properties of several AIDC pioneering companies are now under one roof at **Microscan**. At 12:01 am on Sept. 20, Microscan, based in Renton, WA, took possession of the machine vision business of **Siemens Energy and Automation, Inc.** In addition to the machine vision technology, Microscan will gain valuable algorithms surrounding the Data Matrix code.

The acquired IP is a combination of technology from legendary companies **Computer Identics** and **ID Matrix**. Both Computer Identics and ID Matrix have an interesting past. In 1995, **RVSI [Robotic Vision Systems, Inc.]** acquired ID Matrix from company founder Dennis Priddy. The following year, in June, RVSI acquired Computer Identics [see [SCAN/DCR 6/28/96](#)].



Jeff Timms,
president,
Microscan.

[Editor's note: Computer Identics was a key AIDC player in the late 1960's when it was involved in

developing technology for scanning bar-coded railroad cars. Later, the bottom fell out of that business when the railroads stopped using bar codes. Computer Identics then changed its focus to other markets, such as factory automation.]

After purchasing the two AIDC entities, RVSI merged them into a single unit—**Acuity CIMatrix**, headquartered in Nashua, NH. In 2005, Siemens acquired Acuity CIMatrix.

Interestingly, IP issues surrounding the Data Matrix symbology are still making news in 2008. **Acacia Research Corporation** and **Veritec Inc.** tried to assert what they said were their rights to patents surrounding Data Matrix. They were defeated in court this year in a lawsuit filed by **Cognex** [see [SCAN/DCR 6/13/08](#)].

The acquisition

We recently spoke with Microscan President Jeff Timms to learn more about the acquisition. Timms told us, "Computer Identics had a great technology, but no channel. We have a great channel and were looking for this type of technology to supplement our portfolio. Luckily, we were able to purchase Data Matrix' asset in the package. We will leave the symbology in the public domain, but got some tremendous IP in the deal.

"When I came to Microscan in January, my goal was to find a way to keep the company's profitable

growth path going strong,” Timms continued. “What I learned was that the technology that got Microscan to where it was wouldn’t—by itself—be able to keep the company moving forward. Our strengths were that we had a very high-end fixed scanning line and great customer relations. We needed to change our marketing strategy. Knowing we couldn’t be all things to all people, we decided to focus on three markets—automotive, electronics manufacturing, and medical/pharma.”

To address these markets properly, Timms knew he needed to fill in some gaps in Microscan’s product portfolio. He had three choices. He could design and build the new products he needed. He could partner with another vendor. Or, he could buy a company. Timms chose door number three.

Timms didn’t waste time, and soon generated a list of 13 possible acquisition targets. He had a list of 15 requirements for a successful candidate, and told us Acuity CIMatrix quickly became the front runner. One minor problem was that Siemens had no plans to sell its machine vision technology. Nevertheless, Timms found the correct people at Siemens and talks began in April.

“We knew if we could make this purchase, it would give us great advances in DPM (direct part marking) and machine vision technologies,” said Timms. “They had a high-quality IP package. When we approached them, we found them very willing to work with us.”

When asked why Siemens was suddenly willing to part with its machine vision business, Timms told us, “I don’t want to speak for Siemens. My best guess is that the technology wasn’t really a part of their core strategy. Siemens is always re-evaluating its global strategy to stay successful. And, I must say that I was totally impressed with the company and its people. It is truly a world-class company, and it was reflected in the way it handled the deal.”

Commenting on the acquisition, Dennis Sadlowski, president and CEO, Siemens Energy&Automation, Inc. stated, “Since acquiring the company in 2005, Siemens has made considerable investments in the portfolio, facilities, infrastructure, and employees of its machine vision business. I’m confident that the combination of these investments and Microscan’s ability to engage a focused sales force, will ensure the continued success of this business. Siemens will continue to focus on the industrial identification (Auto ID) segment and strengthen its innovative RFID and 1D/2D code reading systems portfolio.”

Branding—an issue?

Timms told us his goal is to have “one Microscan,” meaning he intends to incorporate/integrate Acuity CIMatrix into Microscan. He will keep the Nashua facility running and employees at both locations will report back and forth to each other. But, he wants everything to be one brand.

“I am hoping that, within 90 days, we’ll have everything

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Vol. 31, No. 19



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SCAN/DCR is published 24 x per year, on the 2nd & 4th Fridays of the month, by:

RMG Enterprises, Inc.

4003 Wood St.
Erie, PA 16509

PH (814) 866-1146

Web Site <http://www.scandcr.com>

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under one brand...one cohesive company," Timms told *SCAN/DCR*. "Because they had changed hands so many times, I asked Acuity CIMatrix employees how they felt about yet another owner. They kind of laughed and said: 'We're used to it.' I think this may make rebranding easier. We are getting their Hawkeye and Ipak lines, which should be a big help to us in machine vision and medical applications. These lines will carry the Microscan name."

An added bonus

As Sadlowski said earlier, Siemens will continue to focus on the industrial identification (Auto ID) segment and strengthen its innovative RFID and 1D/2D code reading systems portfolio. With this in mind, Siemens and Microscan drafted an OEM agreement whereby Microscan will sell some of its DPM technology to Siemens. Siemens also left the door open for joint development of DPM technology by the two companies. "It is a great

deal," said Timms. "If we want to do so, we can count on them to help us do joint development. The choice is ours."

Going forward

Timms believes the acquisition has thrust Microscan into the arena of top industry players. "I think some of our competitors, who may have ignored us before, are going to start to take notice of us," said Timms.

So, will there be more acquisitions? "We have to let the dust settle on this acquisition, but if you are not moving forward...you're actually moving backward," he answered. "All the options I mentioned are still on the table. We're not going to sit still."

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