



Association for Automatic Identification and Mobility

# The Competitive Edge

AIM NA • 125 Warrendale-Bayne Road, Ste 100, Warrendale, PA 15086 • [www.aim-na.org](http://www.aim-na.org) • +1 724 934 5688

December 2006

Attention AIM North America Members and Customers

*The Competitive Edge* is the new monthly, quick-read e-newsletter of AIM North America. As the title suggests, our purpose is to provide you access to information that will help you maintain your competitive edge and grow your business. This communiqué will highlight current **reseller**, **integrator**, and **distributor** issues and market trends—a feature titled *Headline AIM*—along with member-specific news and information. Comments and suggestions are welcome. Please forward them to [info@aim-na.org](mailto:info@aim-na.org) or call +1 724 934 5688.

Just another way AIM NA is working for YOU!

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### Season Greetings from AIM North America

*May this season be the start of a new year filled with prosperity and peace.*

Our offices will be closed December 22, 2006 – January 1, 2007.

### AIM NA Now Located in Warrendale, PA

With the hire of a new executive also comes change. The AIM NA office is now located within AIM Global headquarters. Our e-mail and web address remain the same. Please make note of the following address, phone, and fax changes:

AIM North America  
125 Warrendale-Bayne Road,  
Suite 100  
Warrendale, PA 15086  
Phone: +1 724 934 5688  
Fax: +1 724 934 4495

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## **Headline AIM—Healthcare: A Market for Specialists**

*By John Burnell, Principal, Burnell Reports*



It's been more than four years since former U.S. Secretary of Health and Human Services Tommy Thompson famously said in a speech "Some grocery stores have better technology than our hospitals and clinics," and nearly 10 years since the Institute of Medicine released its landmark "To Error is Human: Building a Safer Health System" report that claimed preventable medical errors kill up to 98,000 Americans each year. Yet it is still very difficult for Automatic Identification and Mobility resellers to sell into hospitals, even though the technology is well proven to prevent errors and save lives.

The penetration rate for bar code medication administration is estimated between 10 and 15 percent, and there is similarly low adoption for many other patient safety applications. Healthcare has long been considered a high-potential market, and recent requirements by the FDA and the Joint Commission for the Accreditation of Healthcare Organizations (JCAHO) have spurred interest and adoption of bar code and RFID systems for medication administration, wristbanding, specimen collection and a variety of patient safety and materials management operations. It will still be difficult for VARs to take advantage of the next wave of adoption.

"If you're an experienced healthcare reseller, it's not very hard at all to sell into the market right now," says Dave Stewart, president of AMTSystems ([www.amtsystems.com](http://www.amtsystems.com)), which has focused on healthcare for many years. "But it may be harder to get established than ever before. You run up against all the big healthcare information systems (HIS) providers like Meditech, Cerner, McKesson and others, who provide the complete solution. If you're not affiliated with one of those companies, you're going to find it very hard to make any headway."



"The large medical centers and health systems are served by the large HIS providers and independent software vendors (ISV)," says Howard Finch, director of channel development at Hand Held Products ([www.handheld.com](http://www.handheld.com)). "VARs need to focus on tier two facilities, like regional and community hospitals. The first thing VARs look at is hospitals, but there are other large segments, such as extended care facilities or emergency care centers, that have a lot of the same needs but don't require the same large infrastructure investment that a 200-bed hospital would have."

Long sales cycles and proprietary IT infrastructures are two of the biggest barriers to VARs succeeding in the healthcare market. Many hospitals don't have wireless LANs, electronic medical records (EMR) and other infrastructure building blocks needed to support bar code applications. By the time these systems are implemented, there's little if any budget left, and spending priorities may shift back to medical equipment.

"In just the last three years there has been a huge change in bar code awareness among medical professionals," says Debbie Murphy, global practice leader for life sciences at Zebra Technologies ([www.zebra.com](http://www.zebra.com)). "We are getting very detailed questions now, when before for many people you had to explain what you could do with a bar code. But legacy IT systems are still a huge barrier to adoption for hospitals, and most VARs simply can't afford to invest the time that the sales cycles require."

One of the reasons awareness is up is the FDA's requirement that all medications intended to be dispensed in hospitals be marked with a bar code at the unit-of-use level by April, 2007. The rule mandates pharmaceutical providers to mark drugs with bar codes – but makes no requirement for hospitals to read them. Thus the rule will not be the same catalyst for adoption as compliance requirements in other industries.

Other bar code applications may represent better short-term sales opportunities. These include pharmacy labeling, specimen identification, wristbanding, plus a host of applications not related to patient care, such as traditional and RFID-based asset and materials management.

"Fixed asset tracking is a very big market, and it's probably an easier push for a VAR," says Stewart. "Those systems are purchased by different channels within a healthcare facility, and VARs probably also have more of an opportunity to establish relationships with the technology providers."

### Healthcare Resources

To serve the healthcare market it is essential to know what drives and requires technology implementations. The following resources provide background on some of the most important regulations and issues in the industry.

For complete details about the FDA unit-of-use bar code marking requirement, visit [www.fda.gov/OHRMS/DOCKETS/98fr/04-4249.htm](http://www.fda.gov/OHRMS/DOCKETS/98fr/04-4249.htm).

Review the Joint Commission on Accreditation of Healthcare Organizations (JCAHO) National Patient Safety Goals for patient identification, medication administration and specimen labeling at [www.jcaho.org](http://www.jcaho.org).

The American Society of Health-Systems Pharmacists (ASHP) has a policy statement on machine-readable coding technology. Learn more about the organization and all its patient safety efforts at [www.ashp.org](http://www.ashp.org). The organization's Pharmacy 2015 Initiative challenges hospitals to automatically verify 75 percent of medications administered by 2015.

The Healthcare Distribution Management Association is very active in RFID initiatives for e-pedigrees, item tracking, anti-counterfeiting and other security applications. Its Web site, [www.healthcaredistribution.org](http://www.healthcaredistribution.org), has information about the recent RFID Health Care Industry Adoption Summit and other resources.

The Healthcare Information and Management Systems Society (HIMSS), [www.himss.org](http://www.himss.org) is a good source for information about bar code, RFID and other IT issues in the industry.

VARs can also be successful providing traditional patient safety and patient care systems, but everyone interviewed said success requires a significant investment of time and dedication to the healthcare market.

“We believe healthcare is one of the largest growth opportunities, but it is not a market where traditional VARs can jump in and use the knowledge they already have to be successful,” says Hand Held Products Director of Healthcare Dave Stewart (no relation to Stewart of AMTSystems).

“Because there is such a low level of penetration, it is certain the market will change,” says Murphy. “VARs really need a high-level understanding of what’s happening in healthcare and what’s driving change, and they have to invest a lot of time to stay on top if it.”

John Burnell has been covering the automatic identification and mobility industry for more than 16 years. He is the principal of Burnell Reports ([www.burnellreports.com](http://www.burnellreports.com)) a communications and consulting firm serving the industry. Contact him at [john@burnell.com](mailto:john@burnell.com) or 216.571.2319.

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## Industry Events

January 29 – 31	<b>Total Asset Visibility</b>	Arlington, VA
	<a href="http://www.idga.org/cgi-bin/templates/genevent.html?topic=228&amp;event=11762&amp;">http://www.idga.org/cgi-bin/templates/genevent.html?topic=228&amp;event=11762&amp;</a>	
February 13 – 15	<b>WESTPACK</b>	Anaheim, CA
	<a href="http://www.device-link.com/expo/wpac07/">http://www.device-link.com/expo/wpac07/</a>	
February 21 – 22	<b>Asset Management Conference</b>	San Diego, CA
	<a href="http://www.assetexpo.com/">http://www.assetexpo.com/</a>	
February 25 – 27	<b>AIM Channel Forum at the AIM Showcase</b>	Tampa FL
	<a href="http://showcase.aimglobal.org">http://showcase.aimglobal.org</a>	
April 30 – May 2	<b>RFID Journal Live</b>	Orlando, FL
	<a href="http://www.rfidjournal.com/live2007/">http://www.rfidjournal.com/live2007/</a>	

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## Members in the News

### **Stratix Corporation Goes “Above and Beyond”**

Learn how Stratix’s “. . .customer centric approach quenched a Coca Cola Bottling Company’s enterprise mobility needs” (Source: VSR, Nov. 2006, pg. 17). Read more in the November issue of *Vertical Systems Reseller* magazine.

[http://www.verticalsystemsreseller.com/vsr/pages/archives/articles/art\\_nov06\\_1.shtml](http://www.verticalsystemsreseller.com/vsr/pages/archives/articles/art_nov06_1.shtml).

## AMTSystems Gives Campus Police a Ticket to Ride

See how a campus police unit saves time and money with AMTSysystem's mobile ticketing solution. Read more in the November issue of *Vertical Systems Reseller* magazine.  
[http://www.verticalsystemsreseller.com/vsr/pages/archives/articles/art\\_nov06\\_11.shtml](http://www.verticalsystemsreseller.com/vsr/pages/archives/articles/art_nov06_11.shtml)

If you're a member company and have been highlighted in an industry publication or have a case study you would like to share, submit your items to [info@aim-na.org](mailto:info@aim-na.org).

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## AIM NA Welcomes

### Cut-Rate Battery

Join Date: 9/01/2006

CutRateBatteries.com is the fastest growing manufacturer and distributor of battery technology products. We manufacture the highest quality replacement batteries and accessories for a complete range of barcode scanners and printers. . . <http://www.aim-na.org/script/aimmembers.asp?mid=51456>.



### Trace Automation

Join Date: 12/01/2006

Trace Automation works with its customers to replace paper-based batch processes with real-time, automated identification and data collection systems based on mobile computing, barcoding and RFID . . . <http://www.aim-na.org/script/aimmembers.asp?mid=54052>

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## The AIM NA Advantage



**AIM North America Announces Educational Opportunity for VARs, Integrators, and Distributors**—*The Channel Forum* kicks off the AIM Showcase on Monday, February 26, 2007 by featuring the most up-to-date channel education program for resellers, integrators, and distributors of bar code, RFID, POS, and mobile computing technology solutions. For complete details visit <http://www.aimglobal.org/events/anmgt07/default.asp?source=AIMNA>

**Have a Night on Us**—If you are looking for another good reason to attend the upcoming AIM Showcase and Channel Forum look no further. Participants who register in the month of December will be entered into a drawing to win a free one-night hotel stay. For complete details, [click here](#). **This offer expires December 31, 2006.**

**Not a member?** For the cost of a mere cup of coffee per day, your company can take advantage of these and other leading-edge benefits geared to keeping you on the forefront of the AIM industry. Learn more at <http://www.aim-na.org/Nabenefits.asp>.

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### THE FINE PRINT

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AIM North America

125 Warrendale-Bayne Road, Suite 100, Warrendale, PA 15086 USA

Phone: +1 724 934 5688 • <http://www.aim-na.org>

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