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SHOP ONLINE Akkore Corp. has developed electronic shelf labels (ESL) to help grocery stores reduce costs and increase sales by going digital. Akkore's ESL tags the technology would eliminate the paper labels that are often changed weekly in grocery stores, saving up to 50 percent on paper tags.

Alliance Title closure still haunts valley

BY SHARON COHENSON

The long arm of California law is reaching out to tap the shoulder of Alliance Title Co. and its California parent Mercury Companies Inc.

The sure-broking, Campbell-based title insurer abruptly closed its doors at the end of last year. But its ghostly existence continues to haunt the valley. Lenders across the South Bay have sued the company for failure to pay real estate employees whose firm never disbursed withheld salaries, and not compensated the various vacation time and earned commissions. Former managers have struggled to get promised bonuses and deferred compensation.

Now the state's Labor Commissioner, in what she serves as in a relatively rare role for the office, is suing Alliance and Mercury to collect what the state

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Supermarkets go digital
 Altiere creates electronic pricing system that scraps paper tags on grocer shelves

BY EMMA RITCH

With the click of a mouse, the local grocery store could drop prices for a happy hour sale, and just as easily, with another click, return prices back to normal in time for the dinner rush.

That happened in virtually impossible because thousands of paper price tags line the shelves. San Jose-based Altiere Corp. is trying to change that with digital label technology.

The company's system of tags that has developed electronic shelf labels (ESL) to help grocery stores reduce costs and maximize sales by going digital. Akkore's wireless pricing system is scheduled to hit grocery shelves later this year.

The technology would eliminate the paper labels that are often changed weekly in grocery stores, freeing up workers and reducing paper waste, says CEO Bruce

Sims. ESL would also eliminate discrepancies between the shelf and cash-register prices and allow the shelves to make immediate price changes, he says.

"You've got a price war manager trying to orchestrate the changing prices of those products, and they just can't do it," Sims says. "So how do you get the information out there? Through a wireless network."

The system consists of a digital liquid crystal display (LCD) device that sits on the shelves and can be altered from a central computer in the store's office or computer headquarters. The system uses wireless

WiFi to change a price in less than two minutes. The digital displays are powered by batteries with a shelf life up to five years. The system would pay for itself in one to two years by eliminating the cost of paper tags, Sims says.

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State bill could ease life science taxes

BY LISA ORLEY

A bill in the state legislature aims to put Silicon Valley biotech companies in the same ballpark as competitor states such as Florida, New York and Illinois.

Life science companies would be able to spread deductions for their net operating losses — transferred from certain business activities — over 30 years instead of the current 10 years. If the bill written by Assemblywoman Sally Latham (D-Mountain View) passes, it would lower the tax rate those companies would take in the years when they start turning a profit.

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Supermarkets go digital

Altiere creates electronic pricing system that scraps paper tags on grocer shelves

By [Emma Ritch](#)

Friday, April 4, 2008

With the click of a mouse, the local grocery store could drop prices for a happy hour sale, and just as easily, with another click, return prices back to normal in time for the dinner rush.

That turnaround is currently impossible because thousands of paper price tags line the shelves. San Jose-based Altierre Corp. is trying to change that with digital-label technology.

The company is one of many that has developed electronic shelf labels (ESL) to help grocery stores reduce costs and maximize sales by going digital. Altierre's wireless pricing system is scheduled to line grocery shelves later this year.

The technology would eliminate the paper labels that are often changed weekly in grocery stores, freeing up workers and reducing paper waste, says CEO Sunit Saxena. ESL would also eliminate discrepancies between the shelf and cash-register prices and allow the flexibility to make immediate price changes, he says.

"You've got a poor store manager trying to orchestrate the changing prices of 40,000 products, and they just can't do it," Saxena says. "So how do you get the information out there? Through wireless networks."

The system consists of a digital liquid crystal display (LCD) device that sits on the shelves' rail and can be altered from a central computer in the store's office or company headquarters. The system uses secure Wi-Fi to change a price in less than two minutes. The digital displays are powered by batteries with a shelf life up to five years. The system would pay for itself in one to two years by eliminating the cost of paper tags, Saxena says.

Electronic shelf labeling as a concept has been around since the early 1980s but has found little success or venture-capital backing because of the high upfront cost and insufficient technology, says Lee Holman, the lead retail analyst with Franklin, Tenn.-based researcher IHL Group.

That could be changing. Altierre has raised \$52 million in venture capital to help ramp up its work force and manufacturing in anticipation of its launch. Galleon Group lead the Series C round of \$22 million in March, which will enable Altierre to move to a 85,000-square-foot building in San Jose to accommodate the staff, which will soon increase from 75 to more than 100.

Saxena expects the company to become profitable in 2009, when it plans to be able to produce 2 million to 3 million tags a month. The system went through a year of customer trials in 2006. Altierre is currently undergoing pilot tests with two national chains, but the company won't disclose their names.

Holman says a number of national retailers -- such as Safeway Inc., Wild Oats Markets Inc., Shaw's Supermarkets Inc. and TJX Companies Inc. -- have dabbled in ESL but none have bought into the technology yet. Industry trade publication Progressive Grocer says that 28 percent of independent grocers rank ESLs as one of the most important technologies for stores in the next three years.

"It's one of those things that as the price continues to come down, there are going to be more retailers inquiring about it," Holman says. "It's going to take one major retailer to bite the bullet and then have the data to back it up, and the other retailers will follow in a big way."

Holman says an industry-accepted price would be less than \$5 a device. With the average grocery store carrying 45,000 items, according to the Food Marketing Institute, it could cost \$225,000 to outfit one store.

Altierre won't disclose the price of a unit, but Saxena says the company will be able to produce the systems for much less than its competitors because Altierre is developing its own chips, hardware, software, display and wireless protocol. Other companies have to purchase the technology from third parties, which raises the cost, he says.

Cost savings could be a big incentive to the grocery sector, which had an average after-tax net profit of 1.91 percent of sales in 2006-07, the Food Marketing Institute reports.

The labels could provide extensive information about prices, nutrition and store specials. Saxena says the additional information on the LCD screens would help the consumer make choices, while also satisfying the store and manufacturer who want to provide as much information as possible.

There's no shortage of competition for Altierre, but there aren't many companies with viable products, says Jim Prevor, a grocery retail analyst who publishes the Perishable Pundit blog.

"There's no question that in the future these kind of systems are going to be commonplace. There's no way to imagine that the future of retailing will have human beings running around hanging up signs," Prevor says. "It's still a big investment, but they have to come in at a price where stores can have a compelling return on investment."

The main strength of ESL systems is the ability to enhance sales by quickly changing prices to match competitors or by reducing prices during slow parts of the week, Prevor says. Future applications of ESL could use sound and pictures to draw attention to specials and new products. He also points out that ESL could also be used in home-improvement or apparel stores.

Saxena says Altierre's digital price tags could be modified to attach to clothing, which would eliminate the hours of labor needed to change apparel prices at the end of each season. Employees can then concentrate on customers instead of mundane tasks such as labeling prices, he says.

"For many retailers, there are no more sales people. They only have workers for checkout," Saxena says. "A product like this could bring retailing back to retail."