

# THE WAY

President's Message:

## Self-Inventories and the Sarbanes-Oxley Act of 2002

**Sections 302** of the Sarbanes-Oxley Act requires the CEO and CFO of publicly held companies to prepare a statement to accompany its public accounting firm's audit report, which certifies that the financial statements and disclosures of the audit report, fairly present the operations and financial condition of the company... **Section 404** requires that a public company provide in its annual report an assessment of the effectiveness of the internal control structure and procedures for financial reporting.

Currently, we see a trend for publicly owned companies to adopt self-scanned physical inventories because the advanced internal control and audit routine options in Hart's system are defined and customized for each client to address a variety of unique business concerns. These controls and procedures are enforced by the software... they are not dependent upon a third party counting service following procedural instructions correctly.

Almost all of Hart's retail clients are public companies and use one of the big public accounting firms - **Deloitte & Touche, Ernst & Young, KPMG, or Price Waterhouse Coopers**, who have given their official approval for the use of Hart's scanning system to take self-scanned physical inventories.

Each of our client's senior management is assured that the physical inventory is accurately taken and checked in accordance with their requirements. Our On-Demand™ Internet Report package provides their corporate office with the ability to monitor the accuracy and procedures of their stores in real-time... while the inventory is still in progress.

**Sarbanes-Oxley requires accuracy, not a third party counting service.** Hart's clients have found that accuracy can best be achieved by using their knowledgeable associates and our scanning system with its robust internal controls and audit routine options.

*Bob Farina*



Commitment To Quality:

The Management at Hart has always challenged the Quality Assurance staff to enhance our program so we can provide the highest quality of equipment to our clients.

Led by our QA Manager Anthony Abbatantuono, they have redefined our philosophy with a prime objective of increasing our 'equipment reliability' rate. Annual goals were established. Working with our equipment vendors, new technologies were developed and implemented providing solutions to equipment issues that were both innovative and practical.

Some major accomplishments that have made significant contributions to our success are:

- **9-Volt Battery Holder** – Modified to better maintain 'contact' during use.
- **Maxi-Cap Battery** – Scheduled tests of internal battery systems for all scanners to ensure ability to maintain memory.
- **Cradle Optical Port Realignment** - Optical Ports are checked after each use and aligned, if necessary, to eliminate communication delays.
- **Scanner Trigger Check** – Trigger housing modified to prevent trigger from 'sticking'.

2004 will be the 5th year in a row that we have improved our equipment reliability. While no equipment can be guaranteed to always function properly, please know that our Quality Assurance team is always looking for opportunities to improve.

HART CARTOONS...



## Customer Service

### DATA COMPRESSION

Hart has been serving the Retail Community for 40 years. We have set the standard for world-class Customer Service coupled with cutting edge technological innovation.

Over the years, our clients have requested larger and larger master files be carried in our Laser Scanners. This has presented an ongoing challenge to our in-house staff of system design professionals.

In response to this need, we've developed increasingly complex techniques for storing master file data in our scanners. Recently, Hart's system designers achieved a significant leap forward in the area of information compression and data retrieval. Using sophisticated data compression algorithms; we can now easily accommodate client applications which may require

many millions of master file items carried in a single Hart Laser Scanner. These stored data items are available for instantaneous look up.

Carrying full item files in the Scanner can eliminate the need for remedial handling of "not-on-file" items. Once an item is recognized



as not existing in our client's data base our scanners prompt the user to key-enter the appropriate identifying information such as price, style or description.

System Innovation is nothing new for us at Hart. Forty years ago we revolutionized the calculation process for sheet-listed physical

inventory with the integration of modern data entry and computer controlled edit techniques. Then in 1990, with the introduction of the original Hart 3H Inventory System, we became the first company to offer a complete and affordable bar code scanning "rental solution" for physical inventories.

A few years later, Hart then proudly unveiled the "PC-Less (Mini) System". This extremely user-friendly equipment and software has been widely praised for its ease of use and simplicity. It has become hugely popular with our clients. Today our Mini System and PC-Based 3H System, along with their state-of-the-art web-based reporting capabilities have proven to be the best inventory solution for hundreds of premiere retailers across the country and across the world.

Hart is busily at work and looking forward to the innovations of the next 40 years!

## Employee Spotlight

### Kevin Hammond:



From day one it was clear to us that Kevin was going to be a key player here at Hart. In just 5 short years he has worked his way up from computer programmer/analyst to Programming Manager.

Kevin's dedication and hard work in developing and fine tuning Hart's software applications have been incredible, including his talent in helping to upgrade one of our most utilized web-based client tools - Internet Reports.

"This multi-stage project involves high-end servers and utilizes state-of-the-art technology from Microsoft."

"This has been a rewarding experience" Kevin goes on to say, "because it expanded our internet capabilities and allowed our clients to better control their inventories."

"Offering our clients on-demand, password protected access to real-time, on-line reports provides them with the ability to monitor their inventory taking process as it's happening." Kevin explains, "it's a feature many of our clients take advantage of and truly appreciate. That's when I know I've done my job."

Born in Queens, New York and raised on Long Island, Kevin graduated from Hofstra University with a degree in Computer Science. Much to the dismay of NY baseball fans (especially our President, Bob Farina) Kevin is a Boston Red Sox fan. Married, Kevin enjoys skiing,

jogging and, best of all, playing with his beautiful 2 year old girl. He came to Hart with more than 15 years of corporate experience and has been a wonderful addition to our IT staff. We truly appreciate his drive and determination to help make Hart Systems the leader in self-scanning inventory taking. Thank you Kevin for all you've contributed.



## **HART SYSTEMS, INC.**

60 Plant Avenue  
Hauppauge, NY 11788  
800-252-2818  
[www.hartsystems.com](http://www.hartsystems.com)