



RFID *IT'S HERE!*

You can thank Sam Walton for the chorus of inaudible “beeps” emanating from every corner

of the retail industry today. With intense adoption pressure from Wal-Mart, RFID (radio frequency identification) has been embraced by supply-chain partners around the world.

These retail applications may have received the most media coverage, but they're hardly the only venues for RFID. Outside of the spotlight, many markets – including health care, logistics, pharmaceuticals, government, and homeland security – are quietly embracing RFID as a competitive weapon that can improve their efficiencies, enhance quality of life, and provide significant business benefits.

“With its rapidly increasing reliability and affordability, RFID is becoming a linchpin technology for a wide variety of industries,” says Dan Mullen, president of AIM Global, the trade association for the automatic identification and data-capture industry, based in Warrendale, Pa. “With new standards, growing expertise, and lower tag prices, companies are finding that they can use RFID not just to collect data, but to transform this information into actionable business intelligence.”

JACK OF ALL TRADES

New applications are emerging. Pharmaceutical companies are affixing RFID tags to bottles, tubes, vials, syringes, and cartons to increase patient safety and combat counterfeiting, black marketing, and tampering. Food distributors are

exploring the tagging of cases or pallets of goods so they can track batches or groups of items in case of recalls or spoilage. Manufacturers of high-end garments and fashion accessories are using the technology to protect their brands by preventing theft (chipping of goods) and counterfeiting. Aerospace companies are turning to RFID to ensure that repair and replacement parts are readily available at the airport. Logistics and transportation companies, traditionally independent operators, are using technology capabilities and network connectivity to create a more complete view of transportation options, routes, and shipments.

With RFID's wider adoption, tag prices are falling, from 50 cents per tag one year ago to around 10 cents today, according to John Jordon, president of worldwide field operations for Tagsys, a Doylestown (Pa.) supplier of item-level RFID tags and systems. Growing deployment of the technology also adds to the wealth of expertise about how the technology can be applied – not just at the case level, but increasingly, to track, trace, and authenticate specific items, which Tagsys refers to as “e-connecting” goods.

“Initially, the obstacle to item-level RFID was the price of implementing the technology,” says Jordon. “As the price has dropped, customers have become more interested in the quality of the

The “tag that barks” may have been kick-started by a giant retailer, the Defense Dept., and their supply chains, but radio frequency ID technology has begun to infiltrate many different industries in applications that make a lot of sense and create great efficiencies. It's not just a fad.

solution, how reliable it is. We refer to it as ‘RAS’ – reliable, accurate, and secure solutions. When we show them our read rates of 99.9999%, the objections begin to fade away.”

EARLY BIRDS GET THE ROI

The maturing of RFID technology – combined with the intense interest created by the Wal-Mart mandates – has created a dramatic change in the way business executives view it. For example, EPCglobal US, a Lawrenceville (N.J.) company charged with leading the adoption of electronic product code (EPC) standards in the U.S., recently found in a survey that some 89% of leading supplier companies view RFID as a key technology issue in the coming years.

“RFID is not experimental,” says Mike Meranda, president of EPCglobal US. “It's delivering real value today. Early on, people wanted to know how to use RFID. Now that those questions have been answered, they've moved

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THE AIM ANNUAL SHOWCASE: BE THERE!

The AIM Annual Showcase is the premier event for leaders in automatic identification and mobility. Recognizing the elite status of our audience, we have put together a program that features the highest-quality education and guidance on business issues, enlightening standards updates, and unparalleled executive networking with industry leaders and top customers.

The program features tracks for global companies, channel partners, and users of RFID technology. The AIM industry awards dinner and the annual presentations of the Dilling and Percival Awards will take place in an elegant setting.

Those attending will leave this event understanding current and long-term strategic and tactical opportunities for automatic identification and mobility.

Please visit: <http://showcase.aimglobal.org>

on to how they can get ROI on the technology and implement it faster and more cost-effectively.”

In fact, Wal-Mart recently announced positive ROI figures for its RFID deployment. In a study by the University of Arkansas, the company found that the occurrence of out-of-stock products was reduced by 16%, which can boost sales by making items available to willing shoppers. Items tagged with RFID technology, which are easier to find, were restocked three times faster than those with bar codes. In addition, manual inventory orders decreased by 10% because employees were more likely to find needed stock in the back room, rather than placing new orders when items couldn't be located.

Results like these should help companies overcome what is perhaps the biggest challenge of all to successful RFID deployment: inertia. “It's clear that the companies who got started first and are most aggressively implementing RFID are gaining the most value and the greatest returns from their investment,” says Meranda. “Companies need to get engaged now. To the extent you are not participating, you are missing an amazing opportunity to increase visibility, better serve your customers, and improve your bottom line.” ■

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