

CIOs Still Learning About RFID

A survey shows that companies continue to evaluate, but not implement, RFID technology, although many plan to deploy projects within two years.

By Jonathan Collins

July 2, 2004—A new survey of 350 information technology executives at companies across a range of industries in the U.S., Europe and Asia shows that the majority of companies are still learning about and evaluating RFID technology and have yet to undertake even a trial deployment. Half of the respondents, however, said they plan to deploy RFID projects within two years.

The survey was carried out online in April by systems integrator [BearingPoint](#), the [Software & Information Industry Association \(SIIA\)](#) and [CIO magazine](#).

According to BearingPoint, the results reveal a lower level of understanding and adoption of the technology than the systems integrator had expected. “One of the things that jumped out is that [the majority of] individual users are earlier in the deployment than we thought,” says Nicholas Evans, global lead for emerging technology at BearingPoint, which is based in McLean, Va. Sixty-nine percent of companies are still in the discovery and information-gathering stage in evaluating RFID.

However, many executives clearly indicated an enthusiasm for the technology. Although only 20 percent said their company is currently holding trials of RFID and 16 percent said their company has already deployed an RFID project, 58 percent of respondents expected to launch trials or tests of the technology within 12 months and 51 percent expected to deploy projects within two years.

In addition, it is not just mandates from their company’s customers that are driving these CIOs to plan deployments of RFID. The survey found just 46 percent of respondents are spurred by government or retailer requirements that their company put RFID tags on cases and pallets of shipped goods, while 54 percent of companies are looking to go “above and beyond” mandate compliance to realize strategic advantage.

Of the respondents who said they are planning to deploy RFID trials or projects within the next 12 months, 56 percent of will use RFID for real-time location systems, 55 percent for tracking pallets and cases in the supply chain, and 55 percent for asset management.

While only a minority of respondents have implemented RFID trials, 67 percent of the respondents in the pharmaceutical industry plan to use RFID-enabled smart shelves for pharmaceutical products, and 61 percent of those in the retail sector expect to use smart shelves for their operations. Those ambitious plans could well reflect a lack of experience with RFID, according to BearingPoint.

“There is a lot of misconception about how easy it is to deploy an RFID solution. A lot of education is still needed for end users to understand how complex RFID deployment can be,” says Evans.

But respondents did have some reservations about RFID technology, as well. The IT executives cited uncertainty over finalized standards, no clear business benefits or return on investment, and a lack of

industry-wide adoption as the three top concerns affecting their deployment plans.

Survey respondents represented companies from more than 20 industry verticals, including manufacturers, retailers and wholesalers, and transportation and government agencies. Although 69 percent of the executives surveyed worked for U.S. organizations, the other respondents were employed by companies or agencies based in countries across Europe and Asia. The companies' annual revenues ranged from less than \$50 million to more than \$15 billion a year. A full report, entitled "The Emerging Technology Survey on RFID" will be available for free beginning July 15 at www.bearingpoint.com/emergingtechnology.

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