

# EPCglobal on Track

The most important news coming out of Baltimore last week happened after the EPCglobal Conference concluded.

By Mark Roberti

Oct. 4, 2004—The EPCglobal Conference in Baltimore showed just how far Electronic Product Code (EPC) technology has come. Some 1,500 people attended the event, and the exhibit area was packed with the leading RFID companies, as well as some startups. What was perhaps most interesting to me was the sophistication of the attendees. A high percentage of the people I spoke to had a realistic grasp of both what using EPC technology could mean to their business and what the challenges to deploying it are.

At a session in which I spoke with Donna Slyster, CIO of CHEP, the provider of pooled supply chain assets, someone in the audience submitted this question: "How many people in the audience would adopt EPC technology if not forced to by mandates from a Wal-Mart, Target, the U.S. Department of Defense or some other large customer?"

About 20 to 25 percent of the 150 or so people in the audience raised their hand. That surprised me. But it reflects what I've been hearing from new subscribers. One gentleman called me the other day and started out by saying: "My company is not under a mandate, and I don't think there's anyone in my industry who is likely to issue a mandate, but it's clear this is coming and my CEO wants us to be ready."

That's a big change from what I was hearing six months ago. The head of the RFID program at one of the largest consumer packaged goods companies in the United States said to me at the conference: "We're reaching an inflection point. Within the next three months, I think most people will realize that this is happening, and they might as well get on board."

There was no earth-shaking news out of the event. No vendor announced that it had received an order for 100,000 readers or a billion tags. That, I think, reflects the state of flux surrounding the Gen 2 standard. Most end users are placing orders for EPC Class 0 and Class 1 tags that will take them through the first quarter of next year. They don't want to order tags to be placed on shipments after that because they are waiting to see whether Gen 2 products will be available then. And that's why I think the biggest news from Baltimore happened after the conference concluded on Thursday.

EPCglobal's Hardware Action Group moved the Gen 2 specification to the final stage before its ratification as a standard. The Gen 2 spec went from last call working draft to candidate standard (see [Gen 2 Moves Closer to Approval](#)). Vendors need to create prototypes based on the spec so that a validation test can be done. This is essentially proof that products can be built to the new standard. Once that's done, EPCglobal's board is expected to vote to approve the specification as a standard. That could happen as early as the end of this month.

The reason this is so significant is that many end users are confused over the standards process. They know that [Intermec Technologies](#) has declared that it owns patents that would be infringed by companies building to the proposed standards and that Intermec is asking to be compensated on a reasonable and nondiscriminatory

basis (see [Intermec Spells Out Licensing Plan](#)). Many people are concerned that Intermec's position will delay the creation of the standard, so the approval of the Gen 2 spec for candidate status (with the disputed portions intact) is a sign that EPCglobal is committed to keeping to the proposed timeline of having an approved standard this fall.

There is still the possibility that EPCglobal will not reach an agreement with Intermec over the licensing of Intermec's IP and try to strip it from the specification. That would likely delay the standards process for several months, which in turn would cause some companies not under mandates to delay adoption until the standards are finalized. That would be the worst outcome.

The best outcome would be for EPCglobal and Intermec to reach an amicable agreement and for the standard be approved quickly. The next best option would be for the standard to be approved as is. That would avoid delay. It would be up to individual companies to choose whether to sign Intermec's licensing deal or risk a lawsuit. That would leave some confusion in the market, but it would be better than allowing the standards process to drag on and lose the momentum toward adoption that has been built up over the last few months.

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