

# EPCglobal Must Act Fast, Says BT

The U.K. telecom giant warns that EPC technology will be doomed if EPCglobal doesn't quickly decide the Gen 2 standard, expand its membership and prove RFID's business case.

By Jonathan Collins

Nov. 3, 2004—EPCglobal, the nonprofit organization charged with commercializing Electronic Product Code (EPC) technology, must act immediately to resolve key issues relating to the technology's development, acceptance and management or risk seeing EPC RFID derailed, according to U.K. telecom and business services giant British Telecom.

BT, one of the initial sponsors of both EPCglobal and the Auto-ID Center (EPC technology's developer), believes that much of the technology's early promise will soon be lost if the body charged with driving adoption of that technology does not act quickly to decide the long-awaited Gen 2 standard, expand its membership base and prove the potential business case for RFID deployment.

In a bid to drive changes at EPCglobal, BT is speaking out and trying to influence direction at EPCglobal. "We are trying to stimulate changes at EPCglobal so that it doesn't lose sight of its mission," says Ross Hall, CEO of BT's Auto-ID Services business, which is based in London.

The Uniform Code Council and EAN International set up EPCglobal as a nonprofit joint venture in September 2003, but BT is frustrated by what it sees as limited progress.

"There is still no agreed Generation 2 standard. The market has been expecting a new standard for several years. It's now a year on from the formation of EPCglobal, and we still haven't got this standard agreed," says Hall.

Without that standard there is a growing risk of rival, separate standards emerging in separate industry verticals as well as in different regions around the world that would undermine the potential efficiencies of the Auto-ID Center's original concept of a single global standard. In addition, Asia's frustration with EPCglobal needs to be addressed. "There needs to be stronger Asian input into EPCglobal, otherwise there is a real risk of a Chinese de facto standard that would not be global," says Hall.

To combat the problem, BT suggests that EPCglobal set a definite deadline for the ratification of the Gen 2 standard. "Without a deadline there will be proposals to tinker with the standard forever," says Hall.

Another factor impacting the potential of a single EPCglobal standard is the high membership fee to join EPCglobal itself, says BT. "EPCglobal is an exclusive club. The \$100,000 membership fee is a huge amount of money, and even many large, household-name companies can't justify that expense," says Hall, adding that EPCglobal runs the risk that many of those nonmember companies may set out on their own and develop their own standards.

As a solution, EPCglobal membership should be free to all members of Uniform Code Council and EAN International, says BT.

BT's final concern is that EPCglobal has not worked to demonstrate that there are clear business incentives for retail and CPG companies to deploy RFID.

"We still don't have a generally accepted business case for adoption in consumer products. There is no timetable for the 5-cent tag, which is an important benchmark, and a great deal of time and resources by EPCglobal members and other companies have been spent on technology-based pilots with meaningless results that aren't transferable to other implementations," says Hall.

Instead of supporting technology-based pilots, which focus on ensuring that the technology can work reliably, Hall says, EPCglobal must get actively involved in organizing collaborative pilots that are properly organized and scientifically measured to show companies that there are real benefits to deploying the technology. "In order for companies to deploy the technology, the business case has to be proven," says Hall.

BT says that despite the years of focus by the Auto-ID Center and EPCglobal on the retail supply chain, EPCglobal's failings have allowed a range of other industries to deploy RFID well ahead of the retailers and CPG manufacturers.

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