

Will RFID Disrupt Your Business?

The future of your company may hinge on the answer, according to best-selling author Michael Raynor.

By Mark Roberti

Nov. 15, 2004— I've long maintained that deploying RFID technology is not a strategy. RFID is a tool that has to be used to support a company's core business strategy. If you are Wal-Mart, that means using RFID to cut costs so you can continue to deliver goods at "every day low prices." If you are Prada, the upscale Italian boutique, cutting costs is not a big issue. The goal of using RFID is to improve service and enhance the shopping experience.

But companies need to go beyond aligning their RFID strategy with their core business strategy. They need to investigate whether competitors can use RFID to disrupt their business and undermine their market position. That's the theme of this week's featured story, written by Michael Raynor, director at Deloitte Research and co-author, with Clayton M. Christensen, of the best-selling book *The Innovator's Solution: Creating and Sustaining Successful Growth*. Raynor explains that RFID can be either disruptive or sustaining to a company, depending on the type of business and on how the technology is used.

I invited Raynor to deliver the opening keynote at [RFID Journal Live!](#) in March because I thought our audience needed to understand how RFID would impact their business strategically. He did a superb job, and after the event, he wrote to me and said that he had given more thought to RFID and disruptive theory and would like to do an in-depth article about it for *RFID Journal*. [RFID and Disruptive Innovation](#) was published in our October issue and is the featured story on our Web site this week.

RFID is going to have a major impact on large and midsize businesses around the world over the next five years, and this article is absolutely essential reading for those who want to understand how it will change their business. I try not to use this column to shamelessly sell subscriptions, but in all honesty, I think any end user and RFID vendor who subscribes would get their money's worth from this article alone.

Raynor explains with great clarity why RFID will enhance the business strategy of some retailers and be disruptive to others. He shows why it will be sustaining to most players in the pharmaceutical and airplane manufacturing sector and will be disruptive to some companies in the financial services sector.

“RFID represents the kind of secular change that could reorder the industry leaders, depriving powerful incumbents of much-needed growth and perhaps even undermining their business altogether,” he says. “Worse still, who needs to worry and who doesn't is likely to be the inverse of what many analysts and commentators have suggested.”

In developing a strategic approach to RFID, companies need to identify whether RFID will sustain or disrupt their business and whether they can use the technology to disrupt their competitors' business. Raynor provides the insights that enable companies to do that.

Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on

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