

RFID in Electronics Will Spark Use

By adding RFID technology to electronic appliances and other devices, electronics makers will spread the adoption of RFID across a range of industries, according to an IBM report.

By Catherine Ilic

Nov. 18, 2004—According to a research report from IBM, the electronics industry has the bigger head start and the most to gain when it comes to using RFID and integrating the technology into its products.

"RFID is electronics, and since electronics companies supply the underlying technology that enables RFID, they are well positioned to discover ways in which they can supply customers with innovative products that can generate growth," says Dr. Hagen Wenzek, who leads the global electronics team of the Institute for Business Value in IBM Business Consulting Services. With a staff of about 60 strategy consultants working in offices primarily in the U.S. (Cambridge, Mass.), the Netherlands (Amsterdam) and Australia (Sydney), the IBM Institute for Business Value provides senior IBM executives with strategic insights addressing critical challenges faced by IBM's customers.

The report, *The Untold RFID Story*, was commissioned by Kevin Reardon, IBM Global Electronics industry general manager, to learn what RFID's potential is for the makers of electronic equipment, both consumer and business. At IBM's recently opened RFID Lab in La Gaude, France, Wenzek says, IBM is planning to build a new demo facility to innovative electronic products that integrate RFID components. Currently, activities at the La Gaude RFID Lab range include testing RFID equipment in the kinds of environments that IBM customers will face, as well as testing and developing RFID middleware and back-end integration and prototype industry solutions. The new demo facility will consist of a showcase allowing clients from the electronics industry to see IBM's integrated solutions in action. Work on the new facility will start at the beginning of 2005 and should be finished by March 2005.

Wenzek argues that to date, RFID use by most consumer goods manufacturers has centered on complying with shipment mandates that generally benefit retailers and not the manufacturers themselves. However, suppliers can realize the benefits of RFID only if they look beyond the supply chain and into their own processes and product innovation. Wenzek claims that RFID technology will soon transcend basic asset and inventory tracking, and will by the next decade be an important aspect of the next generation of connected electronics products.

"By integrating RFID functionality into their products, electronics companies will enable a global RFID infrastructure," says Wenzek. According to Wenzek, by providing physical objects with the infrastructure needed to communicate with each other via the Internet, RFID will help fuel the growth of the burgeoning global network of interconnected devices.

The report claims that adding RFID capabilities to an electronics product is more straightforward—and provides more functionality—than it does for products from other industries. "Adding an RFID tag to a bag of potato chips provides few innovative possibilities for capturing and conveying information. Conversely, in electronics products, adding a tag or chip to a mobile phone, washing machine or heart-rate monitor can increase the value of the product by changing its capabilities, and hence the very nature of the product itself,"

writes Wenzek. An RFID reader embedded into a washing machine would prevent the machine's users from mixing incompatible fabrics. An RFID-enabled heart-rate monitor could send a warning message when the user is in cardiac distress.

IBM predicts that this uptake of RFID in electronics will lead other industries to use of RFID because electronics are embedded into more and more of the objects we use on a daily basis. If an electronics company providing components for the car industry, for example, is using RFID, then the car manufacturer will be more likely to leverage this infrastructure to use RFID to build additional functionality into other components. According to Dr. Hagen Wenzek, his report is helping IBM to understand how it should target electronics companies considering RFID initiatives.

Report is available free of charge at
www-1.ibm.com/services/us/index.wss/xs/imc/a1003004?cntxtId=a1000449.

[RFID Journal Home](#)

Copyright ©2005 RFID Journal, Inc. All Rights Reserved