

# January Brings a Sea Change

Many companies seem to have suddenly caught on that RFID is for real.

By Mark Roberti

Feb. 7, 2005—Over the past two months, I've read countless stories suggesting that Wal-Mart is behind schedule with its deployment of radio frequency identification technologies, that suppliers are balking at putting RFID tags on products and that Wal-Mart's read rates are well below the 100 percent accuracy it needs to change its business processes and benefit from RFID.

Here are the facts, put into perspective.

Simon Langford, Wal-Mart's manager of RFID strategy, told me that 94 suppliers had shipped tagged products to Wal-Mart stores or distribution centers by the end of January and that more than 100 will be shipping tagged goods by mid-February. The fact that some of the top 100 suppliers were two weeks late hardly seems like a huge setback for Wal-Mart's aggressive RFID plans.

In late December, The New York Times wrote a story saying that Wal-Mart was achieving read rates of only 60 percent. Several skeptics sent me the article with "See, I told you so," notes. It is true that Wal-Mart is reading only 60 percent of the tags on cases stacked on pallets coming into the back of its stores. But it's reading 98 percent of the tags on cases coming into stores.

Many analysts say that even 98 percent is not good enough. I can tell you Langford and Wal-Mart think it's plenty good enough. In fact, Wal-Mart has already begun using RFID data to reduce out-of-stocks ([Begins RFID Process Changes](#)). In an article that will be published in the next issue of RFID Journal magazine, we'll explain how Wal-Mart is using RFID data and how it copes with less-than-perfect read rates.

Are suppliers balking? Sure, some suppliers are reluctant to put a 50-cent RFID label on cases shipped to retail partners. The business case for some types of products just isn't there yet. But other suppliers are enthusiastic. The next issue of the magazine will feature a case study on Beaver Street Fisheries, a supplier of frozen seafood, which met Wal-Mart's tagging requirements one year ahead of schedule. And Hewlett-Packard plans to tag all products it ships to Wal-Mart, even if those products that aren't going to stores with RFID readers. Why? Because HP benefits from tracking the goods within its own supply chain.

"There are nay-sayers out there and enthusiastic people in the forefront," says Langford. "But there has been a definite swing as people start to use the technology."

In fact, January seems to have brought a sea change. More companies now realize that Wal-Mart isn't backing away from plans to use RFID technology and that this really is the wave of the future. Nor is Albertson's, Best Buy, Metro, Tesco, Target and the U.S. Department of Defense, and more organizations will likely announce plans to use RFID in their supply chains in the coming months.

One big reason for the growing interest in RFID is the finalization of EPCglobal's Gen 2 standard and the fact

that Gen 2 has been submitted to the International Organization for Standardization (ISO), for approval as an international standard. But I think word is also spreading that RFID is mature enough to provide valuable data today.

A number of systems integrators recently told me that several companies they've been talking to for upwards of a year have suddenly decided to sign contracts to move forward with RFID trials or deployments. This didn't surprise me, because *RFID Journal* is also experiencing this shift. In January, the Journal Web site served up a record 1.2 million pages to more than 120,000 unique visitors. Paid subscriptions are also at a record high, and many people are signing up early to attend [RFID Journal LIVE! 2005](#), our executive conference, which is being held in Chicago in April. (It's possible people are signing up early not because of a shift in attitudes, but because people know the event sold out in 2003 and 2004.)

I don't think we're on the cusp of massive worldwide adoption. There is still a lot of work that needs to be done and a lot of experience that needs to be gained before that will happen. But I do think a psychological barrier has been passed. Many companies have come to terms with the fact that RFID technology is going to play an important role in their supply chains. The focus now shifts to using this new tool to create business value.

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