

# DOD Accepts First RFID-Tagged Shipments

Leaders of the U.S. Department of Defense's RFID efforts say they are moving forward aggressively with both passive and active RFID rollouts.

By Mark Roberti

Feb. 9, 2005—Opening the U.S. Department of Defense RFID Summit for Industry in Washington, D.C., today, Alan Estevez, the assistant deputy undersecretary of defense for supply chain integration, said that the DOD has begun accepting shipments with radio frequency identification tags at two RFID-enabled depots run by the Defense Logistics Agency, which provides many supplies to the U.S. military.

There has been a great deal of discussion among DOD suppliers about how the Defense Federal Acquisition Regulations (DFARs) have not been amended to include the RFID tagging requirement. Estevez said that companies don't need an RFID DFAR clause; the DOD is ready to receive tagged shipments from companies that volunteer to use RFID tags today.

"We have a process for changing the DFAR rules," Estevez said. "We are working with the Office of Management and Budget to make the necessary changes. We hope to have [the amended DFAR clause on RFID] published for public comment soon and have it approved by late spring."

Kathy Smith, special assistant in the DOD's Office of Supply Chain Integration, said the DOD has developed documentation that will explain to suppliers the type of tag to use, the data that the DOD requires on the tag, and the placement of the tag.

Smith said the DOD had modified the 856 electronic data interchange transaction, a standard electronic format for sharing supply chain data, so it will include the unique serial numbers on the RFID tags. Suppliers will be required to send the DOD an advance shipping notice via EDI, so the DOD can associate the tag with the contents of the box at receiving.

She said the next steps for the DOD, in addition to getting the DFARs changed, is to continue to educate suppliers, to do safety studies on the use of RFID equipment around munitions and to begin receiving and shipping RFID-enabled pallets and cases.

Major Gen. Daniel Mongeon, U.S. director of logistics operations for the DLA, said the DLA is moving forward with the deployment of not just passive RFID systems but also active systems. He said roughly 97 percent of the pallets being shipped to Iraq have active RFID tags. "This is giving us the visibility we need," he said.

In addition, more depots in the United States and overseas are being outfitted with active RFID readers, so that data can be written to active tags and so the tags on containers arriving overseas can be read. "This is something we are leveraging today," he said, "and the war fighter is benefiting today."

Mongeon said that the DLA has done a business case analysis for using both passive and active RFID. "A

conservative estimate says we can get a significant return on investment in three years by using RFID to reduce inventory, duplicate ordering and shrinkage," he said.

The biggest challenge in deploying the technology, Mongeon said, has been getting the services to embrace the technology. He said initially the Air Force, Army, Marines and Navy didn't see the benefits. But now the services are on board and see the value.

"We are committed to do [deploy RFID systems]," Mongeon said. "If we're going to synchronize the supply chain from end to end, we need to have the visibility. RFID is a key enabler for us, and we're moving out with it."

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