

Worley Plans RFID Warehouse Pilot

The third-party logistics provider will deploy RFID readers on forklift trucks to test the technology and develop new services.

By Jonathan Collins

Feb. 21, 2005—Third-party logistics company Worley is planning a pilot program to develop and test the implementation of radio frequency identification technology within its warehouse operations.

The initial test deployment will see the RFID readers deployed on six of the more than 100 forklift trucks at the one of its four warehouses in Cedar Rapids, Iowa. At the 175,000-square-foot warehouse where RFID will first be trialed, a number of the 20 or so dock doors in the warehouse will also be equipped with RFID readers, but the exact quantity has yet to be determined. Worley says that planning for its RFID trial is already underway and that deployment is expected to take place during the first quarter of 2005. The company expects to complete the first analysis of its RFID system by July.

Worley, which has provided logistics services to Fortune 500 companies for more than 25 years, has turned to RFID systems provider Intermec Technologies to design, supply equipment, deploy and support the trial RFID system.

Intermec has an engineering and marketing office close to Worley's Cedar Rapids warehouses, and Intermec also hopes to benefit from the experience of deploying RFID at Worley. "We hope to use Worley as both a test bed for some products and services and a showcase to a variety of different customers," says Brian Schulte, retail industry marketing director at Intermec Technologies, which is based in Everett, Wash.

Worley says it hopes the trial will provide evidence of a potential return on investment from using RFID in its warehouse. Currently, Worley forklift operators use a bar code scanner tethered to their vehicle to read the bar code label attached to a storage location. This is done in order to track and ensure that the correct pallet is being addressed. When Worley ships out a pallet, the operator has to scan the bar code label on the shipping door where the pallet is being loaded or unloaded.

"This is all somewhat time-consuming," says Dan Burnhardt, IT director at Worley. "We expect to see improved productivity and improved accuracy from deploying RFID."

Worley expects the trial initially will involve tagging reusable shipping containers carrying liquid concentrate in a closed-loop application. At first, the company will use RFID to record the containers' arrival and departure. As the trial develops, Worley will expand the system so that it can track the containers' location within the warehouse. The company expects to see improved accuracy when it no longer has to fall back on manual entry of the lot or batch number for each container of these products when occasional shipments arrive without advance shipping notices or other electronically transmitted shipping data.

"That batch number is our customer's real tracking number. They are long numbers that have to be keyed in, and there is always the possibility of errors occurring," Burnhardt says. The batch number could be included

on the RFID tag to help prevent such errors, he explains.

While Worley's primary goal is to prove a business case for adopting RFID, it also hopes to use its experience with the technology to offer RFID services such as putting RFID tags on product shipments for its clients in order so they can meet RFID requirements from their own customers. Worley also hopes RFID will enable the company to offer value-added services such as letting its customers track their products as they move through Worley's operations.

Key to its planned trial and future RFID deployment, says Worley, is the ability to connect RFID readers to its existing warehouse management system, Warepak/400, which is developed and sold by Warepak Corp., a division of Worley. "We don't want to use any additional middleware or extensions to our WMS systems, and we are hoping Intermec will be able to design an RFID system that will require little or no modification to feed information to a WMS system," says Burnhardt.

Worley is also looking to Intermec to find other applications of RFID that can help Worley improve the way it runs its business. "Intermec will come up with innovative ways to apply this technology to our operations, and we are open to a range of potential applications that could be possible," Burnhardt says.

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