

Early RFID Adopters Will Be Winners

Wal-Mart's CIO and EPCglobal US's president told conference attendees in Dallas this week that end users will reap RFID's benefits by adopting the technology now.

By Mary Catherine O'Connor

Mar. 3, 2005—Early adopters are likely to reap significant benefits from deploying RFID and related network technologies based on EPCglobal's Electronic Product Code, and those benefits will lead to competitive advantages in the marketplace. That's the view expressed by Wal-Mart CIO Linda Dillman and Mike Meranda, president of EPCglobal US, at the RFID World conference held in Dallas, this week.

Dillman explained that, thus far, the Wal-Mart stores and distribution centers and Sam's Club stores involved in the RFID deployment have completed 5.6 million successful RFID reads. Wal-Mart has received 23,753 pallets and 663,912 cases with RFID tags from approximately 100 suppliers.

She said that Wal-Mart is now focusing on process changes within the stores, such as automating pick lists and exception reporting, which will enable the retailer to maximize the benefits of RFID by keeping store shelves stocked (see [Wal-Mart Begins RFID Process Changes](#)). This is allowing associates (Wal-Mart's moniker for its employees) in the Wal-Mart locations that have deployed RFID to spend more time on the floor interacting with customers and spend less time in the back of the store, looking for stock.

"January is over," she said, referring to the deadline Wal-Mart had set for its top 100 suppliers to begin shipping pallets and cases of goods with RFID tags. "We're not talking 'theoretical' anymore. We're doing it."

Dillman devoted much of her presentation to describing benefits that some Wal-Mart suppliers—those among its mandated top 100, as well as the 37 other companies that opted into the tagging program—are reaping from RFID technology and the data it provides.

She said the suppliers are learning about how to match tags with products and where to place tags for maximum readability. She said these suppliers are using this early experience with RFID to gain competitive advantage and move forward with integration plans that will provide benefits such as internal efficiencies and anticounterfeiting tools.

Dillman noted that Wal-Mart is using its Retail Link extranet to provide suppliers with information about the location of products in individual stores within a half hour after the tags on those products are read. Tags are read as goods arrive in the store, as cases move from the backroom to the sales floor and finally at a box crusher after all the items in the case have been put on the store shelves.

The potential benefits will expand dramatically when the EPCglobal Network is up and running later this year, according to Meranda. He said the data network would enable companies to share data in more sophisticated ways.

"We'd been calling 2004 the year of Gen 2, and 2005 is the year of the [EPCglobal] Network," Meranda told

RFID Journal during a preconference briefing, referring to the second-generation air interface protocol that EPCglobal standardized late last year.

The EPCglobal Network is comprised of a number of elements, including the EPC Information Services, which enables EPCglobal subscriber companies to exchange EPC-related data with trading partners, and the EPC Discovery Service, which enables users to find which readers on the network have read a particular tag, making possible the tracking and tracing of products.

Meranda said the network would give users significantly more visibility into the supply chain based on RFID reads than what is currently available. He also said all of the pieces of the network should be in place this year and that EPCglobal hopes to give demonstrations of the network during its conference in September.

Meranda stressed that early adopters have the most to gain from the launch of the EPCglobal Network. "You need to be in the game now to gain benefits in future," he said. "The people who have been testing RFID and adopting the technology" will find real value in the network.

Looking ahead, Meranda noted that more advanced applications of RFID, such as maintaining electronic pedigrees for pharmaceutical products, would "move into reality" during the next two years.

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