

What Do End Users Want?

During a seminar at RFID Journal LIVE! in Chicago, three RFID-equipment executives talked about some of the things RFID technology providers need to do to win and keep customers.

By Diane Marie Ward

Apr. 11, 2005—At the "Investing in RFID" seminar at RFID Journal LIVE! conference in Chicago, executives from three of the biggest RFID vendors offered their opinions and forecasts on the RFID market and some of the challenges facing providers of RFID technology. The panel consisted of Piyush Sodha, GM/VP RFID at Symbol Technologies, Stav Prodromou, CEO at Alien Technology, and William Colleran, president and CEO at Impinj.

Mike Liard, RFID practice director at Venture Development and the session's moderator, asked the panel about the ability of startup RFID hardware companies to compete in a market with large incumbent companies such as Alien Technology, Symbol Technologies and Impinj, and whether those startups should compete with the more-established RFID companies on pricing or performance. Colleran felt that startups needed to be competitive on both levels.

Colleran said he expected that RFID end users will look for logos that indicate that RFID hardware meets interoperability standards. Colleran noted that the Bluetooth symbol has become an easy method for consumers to identify devices that work together, and RFID equipment makers will probably adopt a similar strategy to specify interoperability. Prodromou added that with an open-source technology such as RFID, end users will expect that equipment from all vendors will comply with a certain basic minimum level of standards. He believes that the testing being currently conducted by EPCglobal will assure end users of the interoperability of tags and readers.

Sodha noted that RFID vendors today face a number of the challenges, including refining analytical software to prove that to their customers that an RFID deployment offers a return on investment (ROI), and laying the groundwork so that companion sensor technology takes off in the next couple of years. He added many clients expect 24/7 support and handheld readers that include a bar code reader as well as an RFID reader. In addition, tag providers need to make sure they can ramp up production to meet demand.

"The tag industry is not just about silicon; it is also about scaling and the cost of business," Sodha said, "because the customer bets their supply chain on you, the vendor." He noted that when he led Matrics, he was concerned with the production of millions of tags per quarter. In the months following Matric's acquisition by Symbol in July (see [Symbol Acquires Matrics](#)), he has seen that production scale up enormously to hundreds of millions.

In 2004, Symbol, a publicly traded company with a \$3.5 billion market capitalization, purchased Matrics, a leading RFID tag producer. The deal, worth \$230 million, was a bargain, in Sodha's estimation, but it provided the tag company with the leverage and visibility that only a company as strong as Symbol could provide. When asked about his feelings nine months after Symbol's acquisition of Matrics, Sodha responded that it has been a "very positive move. Most small companies struggle. This move was exactly what Matrics

needed to fulfill growth in the RFID market."

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