

Accenture Outlines Secrets of RFID Success

A survey by Accenture found that when it comes to deploying a rewarding RFID implementation, the technology's early adopters have a lot in common.

By Elizabeth Wasserman

Apr. 12, 2005—An Accenture survey of 30 early adopters of RFID technology found that companies are overcoming barriers in implementing RFID strategies because they believe the long-term rewards outweigh the challenges.

"They are pushing ahead. They think the market is evolving very rapidly," said Lyle Ginsburg, Accenture's managing partner for technology innovation, speaking a packed crowd at the [RFID Journal LIVE!](#) conference in Chicago. "We hear comments like, 'The reader I bought this year is easily 10 times better than the reader I bought last year.'"

Accenture conducted the interviews between January and March because the IT consulting firm wanted to get a better understanding from the companies that are already finding benefits in RFID adoption. "We want everybody to learn from these people," Ginsburg said. Ginsburg didn't name the companies, but he did say Accenture targeted companies that have been active on standards bodies, had committed money and time to RFID programs, and were "walking the talk."

Some of the 175 speakers at the third annual RFID Journal Live! conference echoed those sentiments by describing their own successes. The U.S. Department of Defense has realized a 3 percent improvement in timeliness and accuracy of shipping and receiving since its suppliers starting tagging products in January, according to Alan Estevez, assistant deputy undersecretary for supply chain integration at the DOD. Wal-Mart, which mandated that its top 100 suppliers begin tagging some products in January, is already seeing data coming back that helps the company understand where certain products are in the supply chain, Ginsburg said. Paul Freeman, Best Buy's RFID program director, told the audience that once his company starts an RFID pilot with suppliers involving 80 percent of its stock in January 2006, he expects the company's investment in RFID will help the consumer electronics chain save \$500 million over the next several years.

The companies that will drive the most learning from RFID implementation are those that augment existing business processes, according to Anthony Bigornia, of IBM's Business Consulting Services. "Companies that wait on the sidelines," he told the gathering, "are going to be left behind."

Ginsburg said the Accenture survey found that early adopters are pleased that standards are being adopted at a rapid rate. They see the market steadily expanding. And they don't see tremendous ups and downs. Barriers still exist, but these companies say they find ways to work around those obstacles.

In the study, Accenture found four main categories of best practices among the 30 early adopters surveyed. Ginsburg outlined the categories to the conference attendees as follows:

Commitment to RFID needs to be company wide. There's "not just one Lone Ranger," Ginsburg said.

Proponents made presentations, did walk-throughs and shot videos to win executive sponsorship. These companies also created cross-functional teams made up of representatives from around the company—from logistics to sales and IT. The companies often worked in conjunction with a key trading partner to pioneer an RFID solution.

Learning about RFID was sustained. The more company officials became educated about the technology, the more they moved forward. Initial implementation pilots were all customized. Among early adopters, there were no "shrink-wrapped" solutions because each company was unique.

Finding ROI is a key motivation. The early adopters found rewards in unexpected ways. But most realized that business processes would have to change in order to realize the return on investment.

Planning needs to include scaling for growth. The business leaders interviewed by Accenture said they had to be patient, but they also needed to plan for the future early to accommodate quick growth in the number of applications they would find for RFID.

Instead of experiencing an explosion of adoption, as some other technologies have seen—the Internet and downloadable music are good examples—the adoption rate for RFID has been slower but still steady. It's not necessarily a "disruptive technology" that will revolutionize business over night. That said, Ginsburg added, "I hope there is nobody in here hoping that this is still going to go away."

But Ginsburg cited an unrelated survey Accenture has in the works that points to a lack of readiness among many CIOs jumping into RFID. "CIOs tell us they are behind the curve," Ginsburg said. He added that the majority of these top IT executives interviewed say that all their focus and time is on fixing and running other technologies, including security (65 percent), application software (64 percent) and storage (61 percent).

As those CIOs turn their attentions to RFID, they will find that "the clues are everywhere, but there's no one key to unlocking it," Ginsburg said. "The thing we're all looking for is to try to find more and more value."

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