# RFID Adopters Discuss States of Deployment

**At an Alien Technology conference, leaders from Gillette and the U.S. Department of Defense shared updates on their RFID efforts.**

By Mary Catherine O'Connor

Aug. 5, 2005—The rate of Electronic Product Code technology adoption is not meeting expectations, but its benefits to the supply chain are real. That's what more than 70 Alien Technology customers and partners heard on Tuesday from two leaders in RFID adoption: Dick Cantwell, Gillette's vice president of global value chain, auto-ID and product availability, and Alan Estevez, the U.S. Department of Defense (DOD)'s assistant deputy undersecretary of defense for supply chain integration. The two executives, along with Mike Meranda, president of EPCglobal US, appeared on a panel during Alien's two-day Gen 2 Technology Conference at the RFID technology company's Morgan Hill, Calif., headquarters.

Passive RFID technology and standards are developing slower than Gillette had predicted two years ago, says Cantwell, who is leading the consumer packaged goods company's effort to deploy RFID to meet retailer mandates and glean business value from RFID data. Still, he expects adoption to speed up very soon, predicting exponential growth in the next two years.

*Dick Cantwell, Gillette*

Cantwell says Gillette considers Gen 2 EPC technology vital to the company's use of RFID. It provides compatibility with global RF regulatory schemes, and more than half (60 percent) of the $11 billion in sales Gillette posted in 2004 happened outside of the United States.

Gillette forecasts a 25 percent return on its RFID investment through increased sales and productivity savings in 10 years, says Cantwell. He adds that RFID is already helping Gillette reduce out-of-stocks—a problem that's more prevalent during promotions on specific items. Moreover, the technology is lowering the administrative costs that go to investigating stock overages or shortages in retailer's receiving processes, because RFID tags provide a quick and accurate count of items received.

Gillette has a research facility in Boston, where it is designing RFID tagging systems to automate the manual system the company currently employs, and to move the tagging process back into product manufacturing. Gillette's RF engineers and package designers recently redesigned the package for the next generation of Gillette's Mach razors, so that its metallic content would not cause as much interference with RFID tag reads.

Cantwell says Gillette estimates that RFID tagging of pallets and cases will become prevalent among most CPG companies by 2007, and that item-level tags will become ubiquitous by 2013. "We need to get to this level of tagging," he says, "and we will."

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Estevez leads the DOD's effort to mandate RFID tagging among its many hundreds of suppliers, to improve visibility of information and assets throughout its supply chain. He provided an update on the status of the Defense Federal Acquisition Regulation Supplement (DFARS) amendment, a clause the DOD will include in supplier contracts in order to roll out RFID tagging on a large scale. (Current RFID deployments by such suppliers as Honeywell and Lockheed Martin are being done on a voluntary basis.) The amendment was published earlier this year (see DOD Publishes DFAR Amendment for RFID) and was open to public comment until June 27.

According to Estevez, the department received 120 comments from 40 companies and organizations, many of them concerned about the effect the tagging mandate will have on small suppliers. "This has slowed the process [of ratifying the amendment]," he says, "but none of the comments were showstoppers—and many of them helped us clarify the language" used in the clause. (The public comments are available here.) While the DFARS amendment process is months behind schedule, it is now moving through the standard DOD processes for contract revisions, with the final clause expected within 90 days.

*Alan Estevez, Department of Defense*

Estevez also reports the DOD is still investigating whether the use of RFID near weapons systems poses any safety risks. In addition, the DOD is reviewing any possible environmental impact of widespread use of disposable RFID tags.

Estevez says he is optimistic about the benefits of RFID technology, adding that where RFID has been deployed in supply systems in operating bases in the Middle East, inventory has been better managed, the number of back orders has decreaed and personnel have received supplies faster. All of this, he says, translates into a better-prepared military force.

The DOD estimates that it could break even on its RFID investments (hardware and software infrastructure) very soon, says Estevez. The department could see more than a billion-dollar return on its investment once all of its suppliers are tagging goods and the technology is fully deployed in its supply chain.