

# Danish Snack Maker Puts RFID on Hold

Despite a successful trial using RFID in its supply chain, KiMs says it won't resume using the technology until its logistics supplier and retailers begin doing so.

By Jonathan Collins

Nov. 1, 2005—More than a year after winding up a successful trial using RFID in its supply chain, [KiMs](#), Denmark's largest snack food producer, says it still won't be using RFID in its operations. Instead, the company is waiting for its logistics supplier and retailer customers to catch up with the technology.

In December 2003, KiMs began a six-month trial of RFID, in which pallets were tagged so they could be tracked between KiMs' manufacturing plant and a distribution center operated by a third-party logistics provider. (See [Microsoft Pilots RFID Middleware](#) and [Chip Maker Tries 'Snack and Trace'](#).) KiMs employs 270 people and ships approximately 100,000 pallets of snacks per year.

The company notes that the RFID system improved both visibility and its ongoing operations. However, with no sign of a retailer mandate in sight, and with its logistics provider unwilling to invest in the technology, the company decided not to extend its RFID trial. Rather, it has opted to take what it learned from six months of tracking pallets to improve its existing bar code system.

"There are challenges on the Danish side for RFID," says Jesper Toubøl, KiMs' technology manager. "It's a political game about who will pay for it, but when the retailers are ready, we can push the button and we'll be ready."

Even so, says Toubøl, KiMs believes its RFID experience has paid off. "We are implementing what we learned from RFID now, but with bar codes, even though it means a more manual process and costs more in man-hours," he explains. "The overall lesson learned was that RFID is surely a key enabler for visualizing a broken supply chain between a production unit and a warehouse. RFID can very cost-effectively provide us with visibility on our side and at the 3PL warehouse. [Having learned from the RFID trial], we have implemented a selected number of readings points for our already-existing pallet bar code labels."

In its RFID deployment, the company used read-write RFID tags on about 70 percent of the pallets that carry finished goods out of production and into the DC. Each pallet was assigned a unique identifying number automatically written to the RFID label placed on that pallet. Loaded with KiMs chips and other snacks that had already been bagged and boxed, the tagged pallets were moved through a staging area, where they were picked up by trucks and delivered to the DC. The distribution center was equipped with RFID readers, or interrogators.

Extending the pilot into a working system would also have run into issues in regard to getting the snack maker's logistics provider to expand its RFID deployment. "When it comes to RFID, our 3PL warehouse is not a first mover, but we don't want to change 3PLs because ours is good in other areas," says Toubøl.

The trial also included the work of a number of other companies. [SAMSys Technologies](#) designed and implemented the RFID network. [Microsoft](#) developed the middleware to link the interrogators to KiMs'

existing Microsoft Axapta warehouse management system. Philips Semiconductors developed the RFID chips used in the trial's RFID tags. Aston Business Solutions integrated the RFID network with the Axapta application. And Avery Dennison produced the self-adhesive RFID labels.

According to Microsoft, it managed to learn a great deal from the pilot. "When we started the project, we thought we knew everything about RFID. It turned out we knew nothing," says Bjarne Schøn, director of supply chain strategy, planning and mobile solutions, Microsoft Dynamics (formerly Microsoft Business Solutions), in Copenhagen. The computer giant says it will build that experience into its planned RFID Server software, as well as the next version of its Axapta warehouse management system. Both are set for release next year.

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