

SmartCode Offers 5-Cent EPC Tags

The Israeli company has announced it will sell Gen 2 EPC inlays for 5 cents apiece in volumes of 100 million or more, and that it plans to go public.

By Mark Roberti

May 1, 2006—SmartCode, an Israeli RFID systems provider, has announced it will offer its customers Gen 2 Electronic Product Code (EPC) RFID inlays for 5 cents apiece in volumes of 100 million or more. The inlays need to be converted either into printable labels that can be applied to boxes, or into so-called wet inlays, or nonprintable tags with adhesive. Either process would increase the cost of the transponder to the end user, but the news still marks the first time UHF transponders are being offered for the mythic 5-cent price tag.

“This is an important milestone for our industry,” says SmartCode president and CEO, Avi Ofer. “We are honored to be the world’s first company to reach this price point, and we’ve also wanted to provide guidance to the market and show end users of EPC technology that by using our unique manufacturing technologies, 5 cents is a realistic price.”

The transponders are mounted on polyethylene terephthalate (PET) substrates and come in rolls of 5,000. Ofer says SmartCode is working with Impinj, ST Microelectronics, Philips Semiconductors and other providers of chips based on EPCglobal’s second-generation air-interface protocol standard. SmartCode can also supply converted labels, working with its label converting partners. Prices will vary on the size of the label and the required material (thermal transfer or direct thermal).

Companies need to purchase 100 million Gen 2 tags to get the 5-cent price. Ofer says his company can start delivering tags within four to six weeks of an order, but that with an order of that size, tags are designed to be delivered in installments based on the customer's demand schedule.

SmartCode offers Gen 2 tags with some 20 different antenna designs, including five models for tagging items. The 100 million tags do not all need to have the same tag antenna design to qualify for the 5-cent price. End users can order different designs in the same 100 million tag order, and can also get custom antenna-design services to fine-tune the tags for their specific products.

When asked if SmartCode is selling the tags at a loss to gain market share, Ofer declines to go into details about the cost of production. He does say, however, “Unlike other companies in the market, we feel comfortable with these prices, and we’re in the market to make money.”

Later this year or in early 2007, Ofer reports, SmartCode is planning to issue shares to the public, either on NASDAQ or the New York Stock Exchange (NYSE). “We are preparing for an initial public offering,” he says. “Right now, we are finalizing our short list of top-tier bankers to manage the offering.”

The company is planning to raise \$150 million from its planned IPO, which it would use to expand its operations.

