

# T3Ci Maps Out Route to RFID ROI

Based on its experience analyzing RFID for Proctor & Gamble, Unilever, Gillette and other early RFID adopters, the firm has issued a white paper outlining what companies need to do to derive value from RFID data.

By Claire Swedberg

May 16, 2006—It's all about the data. That's the key message from RFID analytics company T3Ci about how suppliers of retailed goods can move beyond the hows of implementing RFID technology to achieving a return on their RFID investment.

T3Ci has worked with Proctor & Gamble (P&G), Unilever, Gillette and other early RFID adopters over the past two years. The firm provides a service analyzing RFID data for six of these early adopters. Based on its experience, T3Ci recently issued a white paper, "First Steps Towards Achieving Value From Your RFID Investment," outlining what companies need to do to derive business value from RFID data.

Jared Schrieber, director of services at T3Ci, likens today's retailers to product manufacturers prior to automating the management of their shop floors. A decade ago, a factory was like a "black box," providing a manufacturer with little control or knowledge of where its products were as they moved around the manufacturing area. "I think that's a lot how suppliers today feel," he says. "They are looking into a black box. They see stuff coming in, and they see stuff coming out, but they don't see what happens in between."

In addition, many suppliers have implemented RFID systems in response to mandates from their customers, but have had little opportunity to determine how RFID data would help them see a return on their investment. "The problem is a lot of companies out there are looking at early data from their RFID systems, and wondering what to do next," Schrieber explains. To that end, T3Ci suggests following four stages of RFID data management that will help firms learn to use the information their RFID system provides.

Phase one involves validating data—determining how the RFID system works, what data it is or is not providing and what gaps may exist in the available data. "The value is in the data," Schrieber says. With phase one, a company can ensure it is receiving the data it needs.

Phase two uses RFID to measure such things as dwelling times, cycle times and compliance with FIFO (first in, first out) inventory control methods, and to identify shipping exceptions where a product is being routed down the wrong path. In this way, a company can begin to determine how well its product is moving through the supply chain. A firm may know, for example, that a shipment reaches the store in an average of 14 days. With the RFID data, it should be able to determine which specific products are not reaching the store within that average.

In phase three, the business can take that knowledge and predict problems before they occur. "This is where you take what you have seen historically to focus in on events as to what is about to go wrong," Schrieber says. One example he cites is the identification of promotional products that have arrived at a retail store but remain in the back room instead of being taken to the sales floor. "Without RFID, the only way to detect these

situations is to have a merchandiser visit each store looking for cases in the back room, or to wait a week for slow point-of-sale volume to indicate trouble," he says.

During the fourth phase, Schrieber says, the company determines how RFID data can be used to direct and optimize day-to-day operations, then decides who in the supply chain needs the data and how to get that data to the appropriate parties. For example, prior to the start of a promotion, a company's merchandisers can be directed, via e-mail or a software program, to stores where, according to RFID data, promotional product is still in their back room. "There are any number of means by which an individual can be triggered to take action," Schrieber says.

T3Ci offers RFID advisory service to help companies implement RFID technology and learn how to use the data. Schrieber says if they assist companies through the four phases, the first two can be completed within a month, while the other two depend on the company doing the implementing. "Three and four become a collaborative process," Schrieber explains.

A copy of "First Steps Towards Achieving Value From Your RFID Investment," TC3i's first in its planned series of white papers on RFID implementation, can be downloaded at [RFID Journal's white paper library](#). Schrieber expects the next white paper, which will address promotion execution, to be available this summer.

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