

# Checkpoint Refocuses RFID Effort

The company plans to concentrate on the retail industry, selling its RFID products through its existing retail sales channel, rather than a dedicated RFID team.

By Mark Roberti

Oct. 23, 2006—Checkpoint Systems, a Thorofare, N.J.-based provider of radio frequency identification and electronic article surveillance systems, has scaled back its RFID efforts and laid off members of its RFID team and will instead focus on selling RFID products through its existing sales channel.

Primarily aimed at reducing costs, this move was made in response to Checkpoint's poor second-quarter performance. Its overall revenue in the quarter fell by 10.5 percent, with earnings from continuing operations falling to \$5.2 million from \$7.5 million in the second quarter of 2005—a decline of 31 percent.

George Off, Checkpoint's chairman and chief executive officer, was traveling and could not be reached for comment. However, one of the laid-off RFID staff members says Checkpoint is not backing away from RFID. Instead, the company is going to focus on meeting the RFID needs of its retailer customers, selling tags, labels and other RFID products through the same sales team that sells EAS and labeling solutions.

"The company was under pressure to meet even its lowered estimates for the rest of the year," says the anonymous source, who prefers not to be identified since he no longer works there. "They needed to manage costs and investments and make some tough decision."

In a conference call with investors on July 27, Off said Checkpoint Systems was investing in a new production technique for manufacturing RFID tags and labels. He added that this work would continue because it was "a good move for the future and will improve results in the second half and beyond."

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