

Checkpoint's CEO Asserts Commitment to RFID

Regardless of recent RFID staff and R&D cutbacks, George Off says his company is dedicated to meeting the RFID needs of its customers.

By Beth Bacheldor

Oct. 26, 2006—Despite this week's announcement that [Checkpoint Systems](#) will lay off staff and cut back RFID research and development efforts (see [Checkpoint Refocuses RFID Effort](#)), its chairman and chief executive officer, George Off, says the company is committed to the technology.

According to Off, the Thorofare, N.J., firm is still working on ultrahigh-frequency (UHF) and high-frequency (HF) RFID systems designed specifically for the retail and consumer packaged goods (CPG) sectors. However, he says, the company will continue to sell all its current RFID products, which bring in about \$15 million annually. These include its library inventory-management system, which uses 13.56 MHz RFID tags and readers, enabling patrons to check out books themselves. Library systems account for a sizeable percentage of Checkpoint's RFID sales, Off adds.

"I really am excited about RFID," says Off. "Because of my background [working for and as a supplier to retailers and CPG manufacturers], I can see so many ways it can benefit those industries. But while those industries are fast-paced, they are also slow to change."

Off says he expects the RFID market to be huge, and also very competitive, dynamic and demanding. "Customers expect leadership; [they] want help with pilots, constant innovation and always low, low prices."

To position itself better in this aggressive environment, Checkpoint decided to cease funding its RFID Solutions group of five RFID experts, along with the research and development efforts that team was investigating. These efforts included the development of RFID products for the pharmaceutical and transit-ticketing markets. Instead, the company will reallocate such funding to R&D efforts for its flagship RF-based electronic article surveillance (EAS) systems (which use proprietary RF tags and readers operating at 8.2 MHz) and other core products.

Off says Checkpoint is currently working on a dual surveillance system leveraging both its proprietary RF tags and UHF RFID tags, and is already testing the system with a small number of stores. "The situation is that this security application—this anti-shoplifting technology—has been around for years. And when our customers are ready to go to RFID, they'll want those RFID systems to not only perform inventory tracking and other functions, they'll want the systems to perform security functions, too. They won't want to put two tags on one product. But there will be a need for dual systems for some time," Off says.

Checkpoint isn't the only company that's scaling back its RFID efforts. Last week, [Sirit](#) announced layoffs and facility closings in an effort to balance its cash flow (see [Sirit Lays Off Staff, Closes Plants](#)).

Shortly after Sirit's announcement, Reik Read, an analyst with [Robert W. Baird & Co.](#)—a provider of investment banking, wealth-management and other financial services—said more companies are rethinking

their RFID investments, in part because the UHF market has not expanded as quickly as some had thought it would.

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