

# DHL Express Steps Back from Internal Use of RFID

The company's head of global customer service says DHL has no current plans to use EPC RFID labels to track packages, because the technology doesn't currently meet its requirements.

By Rhea Wessel

May 31, 2007—[DHL Express](#), a division of logistics giant [Deutsche Post World Net](#), has been assessing how it might use RFID internally to replace bar codes. According to a top manager, the company has come to the conclusion that the technology could not be used in a cost-effective way in the near term.

"It's a negative business case [for us internally]," says Martin Treder, head of DHL's global customer service. "We will continue to follow up, but we will not commit to replacing bar codes with RFID tags right now. It's less about costs, and a bit more about missing benefits."

DHL already has a strong track record piloting the use of RFID technology, and Treder stresses that the company will gladly implement it on behalf of all customers that want it. DHL's RFID activities include the development of an RFID-based smart box (see [DHL to Market RFID-enabled Smart Box](#)) and RFID smart labels for containers (see [Environmental Concerns Lead Deutsche Post to RFID](#)), as well as the operation of a sensor-tag service (see [DHL Expects to Launch](#)). The [DHL Innovation Center](#), officially launched in March to develop and demonstrate new logistics-related technology, also showcases RFID solutions.

Treder says DHL Express has ruled out switching from bar codes to RFID labels for the present because 99 percent read rates that company would expect from RFID would not be good enough--that is, the company cannot risk that one in 100 packages are not accounted for.

"If we really came into 100 percent read rates for bulk scanning, the basis for a decision would change," he says. "At the moment, a read rate of 99 percent sounds good. But not for DHL."

RFID had appeared to be a technology that would make sense for DHL's express service, but Treder says, "It's not that obvious." The cost of the tags is no longer the main challenge; for a company as large as DHL, the cost of the RFID interrogators and their network-wide installation is the prohibiting factor.

Treder notes that should DHL Express ever move to RFID for identifying and tracking package, the solution would have to support the full ISO 15459 international standard for package identification, which incorporates the GS1 Serial Shipping Container Code (SSCC) and the American National Standards Institute (ANSI) ASC MH10 standards. The ISO 15459 "license plate" identification number is used widely by industries around the world—and by DHL Express.

DHL's RFID project team clarified this direction about six months ago, following a long investigation, but the information was not widely circulated in the media. The EPC standard, Treder says, does not allow for the storage of all types of "license plate" numbers, particularly the MH10 used by DHL Express. Since DHL

decided early on to use the MH10 license plates to identify and track the packages it delivers, the EPC standard has turned out not to be broad enough. The EPC standard supports the SSCC portion of the ISO 15459 license plate, but not the MH10.

RELATED\_ARTICLES "As a result of our decision to support all ISO license plates," Treder says, "it became obvious that EPCglobal is not an option when it comes to package tagging at DHL Express." He stresses, however, that EPCglobal is an important RFID partner for DHL.

Andreas Fuessler, of GS1 Germany's research and development division, confirms that the MH10 is not yet supported by EPCglobal standards, which focus on the SSCC license plates. "So far, the markets say that what is needed is standardization with the GS1 license plate," Fuessler states. "They are clearly demanding the SSCC. That's why, so far, [the MH10] is not a part of EPCglobal's solution."

Copyright ©2005 RFID Journal, Inc. All Rights Reserved