

# The Truth About RFID Adoption

Wal-Mart, the U.S. Department of Defense, Boeing and Hewlett-Packard explain, in their own words, how their rollouts are proceeding.

By Mark Roberti

Oct. 8, 2007—There's been a tremendous amount of misinformation surrounding the pace of RFID adoption in the mainstream press. So for [EPC Connection 2007](#)—the fourth annual [EPCglobal North America](#) conference and exhibition, held last week in Chicago—we gathered the prime movers in four key industries to tell the audience directly how their rollouts are proceeding and what their adoption plans are. On stage were:

- **Carolyn Walton**, VP of information technology at [Wal-Mart Stores](#)
- **Kenneth Porad**, an associate technical fellow at [Boeing](#)
- **Bradley Cougher**, a senior consultant at the Office of the Undersecretary of Defense, [U.S. Department of Defense \(DOD\)](#)
- **Didier Chenneveau**, VP and general manager of Americas operations for [Hewlett-Packard \(HP\)](#)

Walton countered claims that Wal-Mart's RFID efforts are fizzling, affirming that the company is moving ahead with its rollout. She also revealed three new initiatives not previously reported on. One involved "hot spots," or high-traffic locations in the stores. Wal-Mart has asked suppliers to tag goods or promotions bound for these hot spots, to improve its ability to ensure goods are in these locations when they are supposed to be. That increases sales for Wal-Mart, and for the supplier as well.

According to Walton, Wal-Mart has initiated a trial involving air fresheners, in which cases from all suppliers are tagged, rather than just one or two. That will enable the retailer to determine if RFID can provide a sales lift across an entire category, benefiting all suppliers. The [University of Arkansas's RFID Research Center](#), she said, is conducting an independent analysis of the trial results, which will be released later this month. The anecdotal evidence gathered so far, she added, has seemed positive. What's more, she said, Wal-Mart has asked 700 suppliers to tag cases and pallets bound for Texas-area [Sam's Clubs](#). Currently, only 73 companies are tagging goods bound for the stores.

Porad, meanwhile, admitted Boeing has not moved as quickly as it had originally planned, explaining that the company would never deploy any technology unless it was completely satisfied it would work as it was supposed to. Boeing needed a special EPC tag that could carry 64 KB of data to store parts histories, Porad said, but the chip for such a tag was not yet ready. He noted that the company would begin implementing its plans as soon as it was satisfied the tags available on the market could meet its needs.

I spoke with Brad Cougher, who works in Alan Estevez's office at the DOD, and asked, "There are reports that only 4,000 of the DOD's 50,000 suppliers are tagging for the department today—is that true and, if so, why so few?" His response: "Is 4,000 a small number? We think that's pretty good." And he did have a point. While the DOD does have some 50,000 companies from which it might purchase items, he added, it only has about 10,000 to 15,000 core suppliers. Therefore, that 4,000 number represents anywhere from 27 to 40 percent of its major suppliers.

I asked Cougher why the DOD purchased 3,000 RFID printers if it expected suppliers to tag goods. Some have speculated the department might be tagging goods as well, which would explain why it hasn't been pushing suppliers to move more quickly. Cougher answered that the DOD bought the printers for internal use because it has cases of goods currently in inventory that are not tagged and would like to track those goods with RFID. No doubt, the Defense Logistics Agency, which ships goods to the Army, Navy, Air Force and Marines, also breaks down pallets and reconstitutes them, so it might want to place tags on mixed pallets.

HP has not been accused of backing off its RFID effort, but many have pointed out that it is among the few electronics manufacturers to embrace RFID and EPC technologies. Chenneveau said he was very bullish on Wal-Mart's efforts, in fact, and that HP was continuing to work with the retailer. He also said he wasn't sure why other electronics manufacturers aren't using RFID in their manufacturing and supply chain operations, but predicted they soon would be.

RELATED\_ARTICLES Some claim HP's big RFID project in Brazil, which won the first-ever RFID Journal Award for Best Implementation (see Keeping Tabs on Printers), was a demonstration project intended to show HP's services customers that it has RFID expertise. I asked Chenneveau if that was true, and he replied, "I'm not running a charity. There have to be business benefits."

I honestly didn't get the sense anyone on the panel was spinning. They discussed some of the issues affecting their deployments, but indicated they've been making significant progress, which was encouraging. And after the session ended, I joked to the audience that the next day they would wake up and that Wal-Mart was backing off its RFID efforts. Sure enough, I received a Google Alert with a link to this story: Cover Story: Wal-Mart's Faltering RFID Initiative. Hey, what are you going to do?

*Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on the link below.*

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