

# Good Riddance to 2007

Many in the RFID industry are happy to see a difficult year come to an end.

By Mark Roberti

Dec. 10, 2007—The New Year can't come soon enough for a number of companies selling radio frequency identification hardware and software. 2007 was a year of retrenchment, requiring startup companies with a finite amount of capital to reduce their burn rate and refocus on the markets most likely to deliver real revenues in the near term. Even larger companies with deep pockets were forced to cut budgets and become more focused, because the market just wasn't where they expected it would be, and they could no longer afford to try to be all things to all markets. (Service providers, by and large, are doing well, on the other hand, since they don't have huge development costs, and they don't depend on volume purchases to make money.)

Why this happened is not difficult to understand. The early mandates made many anticipate that a huge market would develop quickly. Venture capitalists funded startups, and big tech companies funded RFID units. But by about the third quarter of 2006, it had become clear that many manufacturers supplying Boeing, Metro, Target, Tesco, the U.S. Department of Defense and Wal-Mart were just doing the minimum to meet tagging requirements, and were not consuming huge volumes of tags.

Toward the end of 2006, companies began cutting their budgets for 2007, and I started receiving a steady stream of e-mails that invariably went like this: "Mark, hope you are well. We met at [*insert name of RFID Journal event*]. I have left [*insert name of RFID company*]. I know you know everyone in this industry, so if you can think of anyone looking for a/an [*insert type of position sought*], please let me know." I'm still getting messages like this, though fewer than I did at the start of the year.

RFID Journal has not been unaffected by the market conditions. I was forced to reduce our payroll through attrition this year, and we're managing our costs closely for 2008. But we've recently added two new people, and I'm optimistic about the coming year. In next week's column, I'll explain why—but for this column, I would like to make two points about 2007.

First, the year was not wasted. While end users didn't place many large orders for tags and interrogators, they have not been sitting on their hands, either. Many companies have been exploring where the benefits are, and they are more excited than ever about the potential of RFID for specific applications in the short term, and more broad use in the supply chain in the long term.

Vendors have also been hard at work, improving their existing products and developing new offerings that meet the more clearly defined needs of end users. I've been pre-briefed on some very exciting new products that will be shown at the upcoming RFID Journal LIVE! event—products that will enable you to locate a tag in a 3-D space, determine the direction in which tags are moving and greatly enhance read range and the ability to read tags on products with metal or water content.

RELATED\_ARTICLES The second point I'd like to make is that tough times are, by no means, bad for an emerging industry. It used to be that anyone with a garage and an old FM radio could claim to be an RFID

vendor. Now, however, a lot of companies with inferior products or inferior RF expertise have left the market. That's a good thing. And the companies that survive will ultimately be stronger, because they will be more focused on what their customers really want and need. Thus, their organizations will be leaner and better able to execute against their plan. I know that's true for RFID Journal, and I'm sure it's also true for a number of companies with whom we do business.

Note: If you haven't yet submitted your entry for the 2008 [RFID Journal Awards](#), please do so soon. All entries must be completed and submitted no later than 5:00 pm EST on Jan. 31, 2008.

*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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