

SAP To Demo RFID Replenishment

At its Sapphire user conference this week, the software company will show how systems can react automatically to RFID data.

June 3, 2002 - Most people say tracking individual items using RFID is years away. At its Sapphire users conference in Orlando this week, SAP will prove it's a lot closer than everyone thinks.

The German software giant will demonstrate technology that it has developed for several large customers that takes advantage of item-level tracking using RFID. The demonstration is another small, but significant, step in the long march toward replacing bar codes with RFID tags.

SAP has been working on the project as a member of the Auto-ID Center for less than a year. But it has already developed software agents that take information gathered by RFID readers and act on it automatically. The agents interact with SAP's conventional supply chain systems to automatically replenish stocks when RFID systems sense supplies are running low.

"We will show a demonstration of a compressed implementation of one of our customers," says SAP's Bob Betts, senior VP for global supply chain. "We will have the RFID component, the agent component and our traditional software all working together to create a closed loop replenishment system."

SAP will have a shelf set up with items that have RFID tags on them. When an item is removed from the shelf, the system records that. The smart agent technology monitors the consumption against preplanned stock levels to prevent the shelves from ever being empty. "You will be able to see the agent request replenishment and kick off the replanning cycle that creates the fulfillment," says Betts.

The software SAP is showing off is not a product yet. Procter & Gamble, a major SAP customer, as the software company to join the Auto-ID Center because P&G needs software to take advantage of the information from the RFID tags. SAP has been involved in the Auto-ID Center's field test and in separate projects with P&G and other customers.

Betts says SAP will continue to work on the systems with individual customers until the software vendor is confident in the quality of the application and how it will work in a real store setting. The potential impact of RFID on other systems, such as point of sales and replenishment applications, could be significant.

SAP has been working with Procter & Gamble, Sun Microsystems and a retailer that declined to be named on the agent software. A prototype is already installed in one section of one store. It interacts with several distribution centers and all of P&G's many software applications.

"This is the real thing," says Betts. "We'll have actual products on the shelf with tags and the actual agent running."

The demonstration is significant because it shows that item-level tracking is possible. Many critics of the Auto-ID Center approach have said that the massive amounts of data from individual item tags would

overwhelm existing networks and applications.

SAP still has to prove that its system can scale. But the basic concept – that software can see inventory levels through RFID and respond automatically – will be proven in Orlando on June 6. *RFID Journal* will be there to cover the demonstration.

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