

# The Value Is in the Data

Many Sam's Club suppliers still don't understand how Electronic Product Code systems and standards enable companies to improve the way they do business.

By Mark Roberti

Oct. 13, 2008—I hosted a [webinar](#) last week explaining how to tag sellable units for [Sam's Club](#) (see [RFID Journal to Host Webinar on Tagging Sellable Units](#)). We had approximately 120 people on the call, who asked a lot of questions. One question stood out, however: "What information will I get back from Sam's Club when I tag, other than the fact that the product has reached the wholesaler?"

I had been explaining that if you go beyond a slap-and-ship approach to complying with EPC RFID-tagging requirements, you could use the data you get back to create some value. Many on the call seemed surprised to learn suppliers would receive more information than just a confirmation their goods arrived. I told them suppliers would get back quite a lot of valuable data about where and when tags were read, as well as the business step involved.

It's somewhat surprising to me that Sam's Club's suppliers don't already know this. I know Sam's has a lot of suppliers that don't also supply to [Wal-Mart](#). Still, it's been 10 months since Sam's Club told suppliers they would be required to tag pallets and sellable units (see [Sam's Club Tells Suppliers to Tag or Pay](#), [Sam's Club Letter Shakes Things Up](#) and [Tagging Sellable Units](#)). That's a lot of time to do some research.

True, it's a challenge for Sam's Club and Wal-Mart to educate suppliers and the broader community regarding the value of the data without giving away their competitive advantage. *RFID Journal* faces a similar challenge, because many suppliers getting value won't speak about it since they don't want to give away their competitive advantage.

But Wal-Mart and other suppliers have shared enough information to convince me of the value of EPC RFID. I'm more convinced than ever that the standards [EPCglobal](#) has created for using EPC RFID data are enormously important. With the data standards, you don't just know a tag was read, you also know when and where that reading occurred, and the business process involved—as well as, potentially, the product's condition (it's current temperature, for instance). So you not only know your product arrived at the distribution center, but also when it was shipped to—and arrived at—a store.

More specifically, Wal-Mart suppliers know when a case moved from the back of the store to the storefront. Sam's Club, I believe, will provide data regarding which shelf on the sales floor a particular pallet is on. (For those who don't shop at Sam's, it contains large warehouse-like racks, with products available for replenishment stored on high shelves rather than in storerooms.)

What can suppliers do with that information? They can use the unprecedented level of visibility the data provides to improve replenishment algorithms, react to potential out-of-stocks, reduce safety stock, conduct root cause analysis when problems arise and much more. This is where the true value of the EPC system lies.

But to be able to leverage the data and seize the value, suppliers must go beyond slap and ship. *RFID Journal's* new report, *The Complete Guide to Meeting Sam's Club's EPC RFID Tagging Requirements*, explains why and how—in detail—and points to case studies we've published about companies willing to share their successes (bless them). The guide will enable you to determine the best approach to tagging sellable units for your company and products—and to save thousands of dollars in consulting fees.

Now, I can't say—nor can anyone—that for every 10-cent tag suppliers use, they'll get back 20 cents of value, or even 11 cents. The challenge in using RFID in the open supply chain is that the business case varies from company to company, and from product to product. Some firms might benefit greatly from improved replenishment algorithms, while others might get only minor benefits because the demand for their products is steady. Some suppliers might benefit hugely from using EPC RFID data to reduce out-of-stocks, whereas others might gain less value.

**RELATED\_ARTICLES** It's true that at current tag prices, some companies might not get sufficient value to offset the cost of tagging. But if people don't understand what data they get back and how it can be utilized, they have no way to assess the value of tagging for Sam's Club. If they blindly adopt a slap-and-ship approach, figuring that's their cheapest option, they might find they're missing a significant opportunity to cut costs and boost sales, through better promotions management and replenishment.

*RFID Journal* will continue to provide the information companies require to make smart decisions about how they can benefit from EPC and other RFID systems. But suppliers and other end users must step up and make the effort to learn, so they can determine the best approach to RFID tagging and using the data they get back.

You know what they say about leading a horse to water.

*Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on the link below. To read more of Mark's opinions, visit the [RFID Journal Blog](#) or click [here](#).*

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