

# Integration Impeding Use of RFID

A new survey says many companies are interested in deploying RFID technology but are concerned about integrating RFID data with back-end systems.

June 16, 2003 - A new survey, released at last week's [RFID Journal Live!](#) executive conference, indicates that there is a great deal of interest in RFID, but integration with back-end systems is almost as big a hindrance to RFID adoption as the cost of the tags. The survey was conducted by [Allied Business Intelligence](#) in conjunction with RFID Journal.

Of the end users that responded to the survey, nearly 60 percent said they were interested in deploying RFID for item-level tracking in the supply chain. About 13 percent of those people said they would use more than 500 million tags annually, when a system is fully deployed.

But when asked "What is preventing your organization from deploying a widespread RFID program?", 27 percent of respondents who identified themselves as end users said tag cost was the primary hindrance. That was followed by lack of funding, which was cited by 17 percent of respondents.

The survey asked what was the secondary hindrance to adoption. Back-end integration was identified by 22 percent of end user respondents, followed closely by confusion over standards. Ironically, back-end integration was the service offered by the smallest percentage of vendors who responded (42 percent said they offer it).

"It shows there aren't enough companies addressing back-end integration," says Ed Rerisi, an analyst at Allied Business Intelligence, who initiated the RFID survey. "It's the big unknown out there -- what it takes to integrate RFID into an existing ERP system."

The survey is based on responses from 249 people who did not represent a scientific sample. Most respondents came from large companies. More than 60 percent said their company had revenue of greater than \$100 million, and 82 percent said it had a national or global presence.

About half of the respondents said they would use more than 1 million tags annually when an RFID system is fully deployed in their organization. "At those volumes, integration is the key," says Rerisi. "No one is going to deploy tags in that kind of volume until the integration piece is there."

Confusion over standards remains a barrier to adoption. If you total up the percentages of those who cited standards as the first, second or third biggest obstacle to adoption, it actually ranked higher than any other issue, including tag costs.

End users said that better supply chain visibility was their primary motive for adopting RFID. That was followed by lower costs and an increase in productivity. Almost 60 percent of the RFID end users surveyed said they are interested in item-level tracking. That was followed by 51 percent who said they planned to deploy RFID for asset tracking, and 46 percent plan to track work in process.

"The survey confirmed many of our assumptions," says Rerisi. "Aside from the concerns about integration,

there weren't too many surprises."

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