

Wal-Mart Draws Line in the Sand

CIO Linda Dillman made it clear that Wal-Mart intends to have its top suppliers put RFID tags on pallets and cases beginning Jan. 1, 2005.

June 11, 2003 - A packed room at Retail Systems 2003/VICS Collaborative Commerce heard Wal-Mart CIO Linda Dillman say that Wal-Mart intends to ask its top 100 suppliers to put tags carrying Electronic Product Codes on pallets and cases by Jan. 1, 2005.

Dillman said that Wal-Mart would begin contacting the suppliers over the next few months. She said the company would probably not issue a compliance order in 2004, but would move in that direction over time. "It will become a requirement, like EDI, because if we can't track your product with [EPC tags], it's an added cost for us that we have to pass on to our customers," she said. (For more detailed excerpts of Dillman's remarks, see [Wal-Mart Spells Out RFID Vision](#)).

Wal-Mart receives roughly 1 billion cases per year from its top 100 suppliers. Dillman said that the company would not be tracking every single case from the top 100 suppliers by Jan. 1, 2005, but rather that it would ramp up over time. "Our goal is to track all pallets and cases," she said in response to a question from *RFID Journal*.

Dillman also indicated that Wal-Mart would start deploying EPC technology in the United States and would quickly move to implement it in Europe and then in the rest of its overseas operations. "This is absolutely a global directive for Wal-Mart," she said.

After the speech, Dillman fielded questions from the audience. In response to one question about coping with all the data, she said: "The reality is if we don't get any additional data, [RFID] is still a great technology that adds value." She said the company would gradually begin to take advantage of new data RFID provides over time.

In February, the company told suppliers that it would be ready to track cases by 2005. And other executives have made similar statements, but this is the clearest indication yet, that Wal-Mart intends to roll out EPC technology quickly.

Dillman described the Auto-ID Center-run trials that Wal-Mart has been part of as proof-of-concept tests. She said the company would begin a pilot in a warehouse by the end of this year. The company can get the learnings from the pilot and design systems that can be replicated in its warehouses around the world.

But Dillman also said there is a lot of work that still needs to be done. She said the company is evaluating readers and is having trouble finding readers in all of the form factors that it needs. She said that when Wal-Mart told suppliers in February that the retailer would be looking to track pallets and cases by 2005, it hadn't worked through exactly what that would mean.

The company is clearly still working through many of the issues, but it is drawing a line in the sand in an effort to prepare its supplier base for the inevitable adoption of EPC technology. Her appearance in a joint

session with Michael Di Yeso, the Uniform Code Council's executive VP and chief operating office, reinforced the message that the company sees this a the direction the retail industry as a whole must move in.

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