

A recession is the right time for RFID innovation.

By Kevin Ashton

Mar. 9, 2009—Usually, the beginning of a year is when I predict RFID's next 12 months with five bold statements—all confident, some correct. But I have only one prediction for 2009: The global economy will get worse before it gets better. We have four, maybe five, quarters of recession ahead of us.

Feeling good? If that prediction looks depressing, read it again. Maybe the bad news is obscuring the most important point: The global economy will get better. A year or so from now, the recession will be over. Like spring after winter, growth will return. But—and this is an important but—only businesses that are prepared for it will benefit.



The natural reaction for any business is to hunker down during a recession—to focus on cutting unnecessary costs and running lean, and to make survival the only objective. But there's a big problem with this approach. Businesses don't simply have to survive to grow—they have to grow to survive. A business that makes it to the end of the recession unprepared for growth may fail anyway.

Electronics retailer [Best Buy](#) is a great example. During the last recession, from 2000 to 2002, Best Buy kept innovating and preparing for growth by becoming a pioneer in online retail and investing in things such as its premium Magnolia Home Theater brand and its home-service Geek Squad, as well as in RFID, becoming an early and vocal sponsor of [MIT's Auto-ID Center](#). Circuit City, Best Buy's competitor, did none of these things. It focused on hunkering. Both companies survived the recession. Until that point, the two retailers had been fairly evenly matched. When the recession ended, Best Buy's value grew. Circuit City's fell, and it eventually filed for bankruptcy. This is not an isolated case—other companies that innovated through the last recession include Amazon, Google and BlackBerry-maker Research In Motion, and all have similar stories.

Whether your business is using RFID technology or making it, the lesson should be clear: The recession of 2009 will be a great time to innovate. Competitors will hunker down, effectively stopping their innovation and standing still, shivering in the economic cold. Suppliers, likely also hunkering, will cut deals and offer great prices and terms just so they can keep the lights on. Talented workers, laid off or at least demoralized by their hunkering employers, will be available for hire at favorable rates. There's never been a better time to prepare for growth—and, in doing so, to get way ahead of your competition.

And then, sometime between January and June 2010, the recession will end. Some companies will emerge alive, but thinner and weaker. A few—including some that have invested in using or making RFID—will be stronger, faster and better. These are the ones that will benefit from the great growth of

2010 to 2016. Which companies exactly? That's a prediction I'll be making this time next year.

Kevin Ashton was cofounder and executive director of the Auto-ID Center.