

Cutting RFID marketing budgets now might boost the bottom line in a difficult economy, but it could also derail future business opportunities.

By Mark Roberti

Oct. 19, 2009—My [last few columns](#) have been aimed primarily at our readers who work at companies that sell radio frequency identification hardware, software or services, though I hope end users of the technology also found them interesting. This column is also aimed mainly at the vendor community, because I want to address what I see as a lack of vision and leadership among some of the billion-dollar technology companies.

I believe it's in the best interest of large technology firms to support RFID Web sites and events that educate end users—and not just because *RFID Journal* is an RFID media company. Without RFID media outlets, fewer potential customers get educated, and thus fewer adopt the technology.



Does it really matter to a large technology company what happens in the RFID market? It should—even if the firm doesn't sell RFID hardware, software or services. And here's why. When you look out at the IT horizon, the only thing you see that has the potential to drive the larger market for everything from faster chips to new wireless routers and enterprise software is RFID.

That's not to say business intelligence, price optimization and other software products aren't important. But they aren't going to lead to a wholesale upgrade of the existing infrastructure. Only RFID has the potential to do that, because only RFID can deliver a quantum leap in efficiencies across many areas of an enterprise.

[Airbus](#), for example, is deploying RFID across all of its operations, because the technology creates visibility into the location of tools, assets, parts and more, thus enabling the airplane manufacturer to become more efficient and cut costs. As more companies deploy RFID, not only will that create demand for tags, readers and RFID enterprise applications, it will also foster demand for faster servers to crunch RFID data (and the chips that go into those servers), workstations that run RFID applications locally, handhelds, upgraded wireless LANs, integration services, software that runs on the servers, business intelligence software that can turn RFID data into actionable information, storage devices that can store all of that data, and so on.

But that wave of investment might not happen if the companies with the most to gain don't nurture the market. Some large technology firms have never played in the RFID space. Others are scaling back their RFID marketing efforts—not because they can't afford the investment, but because they're putting quarterly numbers ahead of their long-term interests.

Large Technology Companies Need to Balance Short- and Long-Term Imperatives

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[Intel](#) is a good example. Early on, the company was involved in consulting on RFID projects, including [Metro](#)'s early work with RFID. Intel also sponsored *RFID Journal*'s events even before it had a reader chip on the market, because the company realized that if RFID was widely adopted, it would create huge volumes of data, thus driving demand for its high-end processors. By supporting *RFID Journal*, Intel promoted RFID adoption and demand for its products in the long term. But when RFID didn't take off as quickly as expected, and Intel was under pressure to make its numbers, it pulled out of the market.

[Motorola](#), on the other hand, understands that RFID will not only be a big market one day, it will also drive demand for other products it sells. The company remains committed to the market, and continues to support *RFID Journal* and other RFID media outlets, because it recognizes the importance of fostering adoption.

If you're the CEO of a billion-dollar company looking past the next two or three quarters, you're probably thinking there isn't a whole lot of growth on the horizon. Most companies have wired and wireless networks and enterprise applications. Hardware doesn't need to be replaced as often, because machines are so powerful now that they can run newer, more complex software applications without an upgrade.

RFID is the one thing that could potentially drive the next wave of innovation and investment in new systems. So if you run a big technology firm, you have a choice—you can spend a little money now to foster that next wave, or you can sit back and hope it eventually hits. Which option will *you* choose?

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](#).