

# A Little More Clarity

The information Wal-Mart has provided about its RFID requirements will help suppliers figure out how to move forward with their own deployments. It also sheds new light on the future of EPC technology.

By Mark Roberti

Nov. 10, 2003—There's been a lot of speculation about what exactly Wal-Mart's RFID mandate means for suppliers. Some analysts said the retailer wasn't serious about its January 2005 deadline. Some manufacturers said there would be too much pushback to force this on them. And some journalists speculated Wal-Mart was backing away from the technology over privacy concerns.

This past week, Wal-Mart put all speculation to rest and, in doing so, also put all those doubting analysts, manufacturers and journalists in their place. At a gathering of more than 120 of its top suppliers, the world's largest retailer made it perfectly clear that it plans to move forward with its mandate, by spelling out its RFID requirements in detail. This week's exclusive Featured Story provides in-depth information on what senior Wal-Mart executives told suppliers and technology vendors at the event just outside of Bentonville, Ark. (see [Wal-Mart Lays Out RFID Roadmap](#)).

The information from Wal-Mart on what level of accuracy will be required at dock doors, on conveyors and with handheld scanners is all very valuable, because it provides the clarity Wal-Mart's suppliers need to move forward. Those companies can now evaluate their own operations and figure out how to comply with Wal-Mart's requirements while achieving significant internal benefits.

But the world's largest retailer also provided some clarity for the market as a whole. Senior executives, including Vice Chairman Tom Coughlin, Wal-Mart Stores President and CEO Mike Duke and CIO Linda Dillman, all stressed that Wal-Mart is serious about deploying RFID technology to track pallets and cases and that it is committed to an aggressive timetable. In fact, they said Wal-Mart is already tracking goods from two suppliers and have plans to expand that quickly to 12.

Some pundits may dig in their heels and continue to say that RFID is not ready for primetime or that it's all hype. But manufacturers can no longer afford to drag their feet and say it's too big a cost for us. Consider this: Twenty-six of Wal-Mart's suppliers who are not in the top 100 voluntarily agreed to be live by January 2005. If these 26 companies see enough benefits to sign on to an earlier timetable, it's tough to argue that there are no benefits for suppliers, or that Wal-Mart's timetable is unrealistic.

No doubt, some suppliers will grumble that Wal-Mart hasn't provided enough information. More information would certainly be better, but it's encouraging that Wal-Mart has assigned one person to work with each of the top 126 suppliers on their EPC initiatives. It's likely that these "sponsors," as Wal-Mart is calling them, will provide more details on specific issues related to each suppliers' products.

So it's clear: The world's largest retailer wants to use EPC Class 0 and Class 1 tags and to transition to EPC Class 1, Version 2 when products based on that specification are available (see [Wal-Mart Opts for EPC Class](#)

1, V2). It wants to deploy the technology in phases beginning next year, and it expects to achieve significant benefits. Suppliers are going along. Some even see huge benefits for themselves. The lack of serious pushback means other retailers will quickly follow Wal-Mart's lead.

People who still try to delude themselves about the future of RFID do so at their own peril. RFID represents an unusual business opportunity. At the risk of using a cliché, it really is a chance to take operational efficiency to a whole new level. That's not just my opinion; it's what I hear all the time from those who have actually deployed the technology. Including Wal-Mart. Here is what Mike Duke told the suppliers in Arkansas: "What we see with RFID is an infrastructure breakthrough."

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