

Mastering the Tool

As you read wildly optimistic and scarily pessimistic reports about RFID in 2004, it might help to keep in mind that RFID is simply a tool.

By Mark Roberti

Jan. 5, 2004—Within the past few weeks, I have read that RFID is the most over-hyped technology of the 21st century and the most important technology since Thomas Edison invented the lightbulb. (To steal a line from humorist Dave Barry, I'm not making this up.) If you are just trying to figure this technology out, such absurd statements can make RFID more confusing than it needs to be.

It's useful to remember that RFID technology is a tool, like the bar code or the personal computer. It's potentially a very important tool that, like the PC, can have a fundamental impact on the way companies do business. But if you think of RFID as a tool, several basic truths become obvious.

RFID won't transform your company. Back in the mid-1980s, I worked at a small publishing company that went out and bought PCs for everyone, plopped them on the desks and waited to see productivity improve. It didn't. That's because the company didn't provide any training in how to use the new tool and didn't change its processes.

Some companies will deploy RFID because they have to. They'll slap RFID labels on cases and ship them off to Wal-Mart without ever seeing any benefit. Others will train staff, work with consultants to change business processes and encourage people to experiment and find new ways to benefit from the technology. RFID can help you transform your company, but it's how you use the tool that counts.

RFID is one of a variety of tools. For track and trace, supply chain management and other applications, RFID needs to be considered alongside other options. Bar codes will prove the more cost-effective tool for tracking many low cost items for a long time to come, just as a calculator is more cost-effective than a PC for simple math equations. RFID may need to be combined with other technologies for anti-counterfeiting and other uses.

One type of RFID tag won't work for every job. Just as you buy a table saw, circular saw, reciprocating saw and hacksaw for different purposes, there isn't one RFID tag that will fit every application. Low-cost passive tags are ideal for tracking cases of powdered milk, but you will also need read-write tags, semi-passive tags and active tags for other applications, including tracking materials in reusable containers or tracking large assets, such as shipping containers.

When RFID is linked to a network it becomes a tool that enables new ways of doing business. Today, an RFID tag is a very simple computer with a tiny database of information. When personal computers were linked to each other over the Internet, they became a platform for running businesses in previously unimagined ways. So it could be with RFID. If companies are able to gather real-time information on where their products are and share that with business partners, it will bring improvements in efficiency that are currently impossible to achieve.

How quickly RFID goes from being a tool that solves individual problems—such as difficulty tracking reusable containers—to one that provides the intelligence needed to run businesses in new ways is open to question. Regardless of what you hear or read this year—regardless of what the optimists or pessimists say—it makes eminent good sense to learn to use this new tool to your advantage. It will take time to master, so the sooner you start, the better off you'll be. If adoption proceeds slowly, you'll be able to find ways to use the tool internally. And if adoption snowballs, you'll be able to gain an edge on those who are still climbing the learning curve.

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