

# IBM and Philips Pair Up

Two tech titans join forces to develop and deploy RFID and smart card systems for retailers and manufacturers.

By Jonathan Collins

Jan. 27, 2004—Bringing together two of the biggest names in technology, Royal Philips Electronics and IBM have announced a partnership to jointly develop RFID systems and smart card applications for retailers and for manufacturers of consumer packaged goods.

By teaming up with IBM, Philips says it can build on its strength as a developer and manufacturer of RFID chips and offer an end-to-end solution for its retailing and consumer goods manufacturing customers. “We don’t offer a full range of services, but with IBM we can deliver the one-stop shop solution companies are looking for,” said Christophe Duverne, vice president of marketing and sales for identification products at [Philips Semiconductors](#).

The two companies believe that the combination of their global reach and established reputations will draw customers who are unwilling to entrust their RFID deployments to smaller RFID specialists. Philips is giant global provider of chips for RFID tags and labels and for contact and contactless smart cards. IBM launched its first RFID offering, composed of consulting and implementation services and specialized software, in September (see [IBM Introduces New RFID Services](#)). The computing services colossus brings to the partnership not only its Global Services systems integration unit but also the company’s huge technology resources and installed user base.

Neither company, however, has plans to become a producer of RFID readers, and despite the one-stop-shop goals of the partnership, each company will still have to turn to additional partners and vendors to deliver complete RFID systems.

According to Philips, the company aligned itself with IBM to better address the growing opportunities for RFID deployment. It maintains that the RFID market is moving from early adopters to the mass-market acceptance, and with that shift, business customers desire to turn to global suppliers with deployment expertise in RFID and system solutions as well as project management.

No money will exchange hands as part of this nonexclusive partnership, and the companies say they have no plans so far for joint marketing of their RFID services. What the partnership will do, they say, is lead to each company introducing their prospective RFID customers to one another’s services. “We will bring each other into different opportunities,” says Faye Holland, worldwide RFID leader for [IBM Global Services](#).

The first customer to grow from the partnership is Philips itself. The company hired IBM Global Services to build an RFID system for the manufacturing and distribution facilities of its semiconductors division in Taiwan and Hong Kong. Work on that RFID system, which will track wafer cases at the carton level, started with a business case study in November, and the system’s deployment is expected to be completed by the middle of 2004.

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