

# DOD Updates RFID Policy

The Department of Defense sets deadline for contractual clause and initiates supplier tagging incentives.

By Jonathan Collins

April 1, 2004—The U.S. Department of Defense says that in October, it will publish the details of a new contractual clause for suppliers agreeing to deliver supplies with passive RFID tags, according Ed Coyle, chief of DOD Logistics' Automatic Identification Technology Office. The new clauses and contracts is part of the DOD's plan, announced six months ago, to require its 43,000 suppliers to put passive RFID tags carrying Electronic Product Codes (EPCs) on pallets and cases, as well as on single items costing \$5,000 or more, delivered to the DOD beginning Jan. 1, 2005.

As a further incentive to suppliers that tag their shipments, the department is introducing a fast-track billing process enabled by the quicker processing of deliveries, Coyle explained to supply chain and RFID executives attending the RFID Journal Live! conference held this week in Chicago.

For existing long-term DOD supply contracts that will extend beyond the January 2005 EPC implementation deadline, the DOD says it will have to selectively look at and possibly renegotiate those contracts.

The DOD is moving forward with pilots to prove the business case for using EPC tags on goods moving through its supply chain. The department's RFID pilot at the Norfolk Ocean Terminal, Fleet Industrial Supply Center in Virginia is already being expanded, Coyle told the RFID Journal Live! audience. Initially, RFID tags were put on small packages as they entered the Norfolk Ocean terminal. Soon, all shipments within the terminal will be tagged.

Next, EPC tags will be fixed to shipments at the Defense Logistics Agency (DLA) Distribution Center in Pennsylvania. Those tags can be used to confirm shipment at DLA and control both inbound and outbound functions at the Norfolk Ocean Terminal. "You have the tags applied at one location and used at another," said Coyle. "That cuts the cost from 40 cents per tag for one process to 20 cents for each process."

The goal is to reuse the tags as many times as possible to reduce the overall cost of tagging. So far, the DOD has found that the technology is well received. "Warehouse men love it [EPC] because it's simpler and better than scanning bar codes," said Coyle.

The DOD is planning to finalize its technology requirements for RFID deployment by June. Suppliers will have an opportunity to help shape those requirements at the [DOD RFID Summit for Industry](#), a conference that will be held in Washington, D.C., April 6 to 8.

In May, the DOD will then publish new acquisition regulations that require EPC tagging. The public will then have at least six months to comment on the new regulations. "We would like to get submissions from industry bodies," Coyle told *RFID Journal*. "Then we can do our best to accommodate the needs of the industry and go forward in a spirit of cooperation."

RFID Journal Home

Copyright ©2005 RFID Journal, Inc. All Rights Reserved