

Alien Cuts Tag Price

The EPC tag and reader maker has dropped the price of its Class 1 label to less than 20 cents each for orders of 1 million.

By Jonathan Collins

April 1, 2004—EPC tag and reader pioneer Alien Technology has cut the price of its ALL-9238 EPC Class 1 label to less than 20 cents each for orders of 1 million—a cut of between 5 and 10 cents per tag over its previous pricing.

According to the company, the cut is key in the acceptance and adoption of EPC technology. "Users need to see that there is a roadmap toward the 5-cent tag, and step by step our volumes and production costs are going the right way to pass savings onto our customers," said Stav Prodromou, CEO at Alien Technology, which is based in Morgan Hill, Calif. "Other companies will have to either follow our pricing lead or cede the market to us."

The company, which announced its new pricing at the RFID Journal Live! show held this week in Chicago, says that it is taking orders at the new price immediately, for delivery within five weeks. The company also says it has aggressive plans to cut prices for its readers, with a new sub-\$1,000 reader set for launch this summer.

The ALL-9238 user-programmable label is about 0.5 by 4 inches in size and is targeted at general supply chain applications.

While the company maintains that higher sales volume will help reduce tag prices, much of its latest price cut for its user-programmable label comes from a new process the company will use on its production line in Morgan Hill. That process involves switching from using Alien's patented Fluidic Self Assembly (FSA) manufacturing process to create straps and antennas on single sheets with 817 straps each to a new process that manufactures the equipment on a continuous roll. Those new capabilities are in now beta testing and will come on line over the next four weeks. That will raise the company's strap/antenna production capacity from 1 million a month to 170 million, as well as cutting production labor costs, according to Prodromou.

The company also says that its plan to locate tag assembly and test operations in Fargo, N.D., will further boost its capacity for finished tags from 1 million a month to 4 million.

By the end of 2004, Alien is putting in place the capacity to assemble more than 1 billion RFID chips at its Morgan Hill, headquarters, on its way to 20 billion annual manufacturing capacity scheduled to come on line by early 2006.

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