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Money for RFID

I was speaking recently to a hospital executive who was exasperated. "We know RFID could save us time and money. We know we need it. The [hospital] president gets it. But there just isn't any money in the capital budget for a new project, no matter what the return on investment."

The hospital executive isn't the only one frustrated by the

lack of funding for RFID projects. I hear similar stories from many people working in health care and in other industries as well. To find out how companies strapped for cash are financing RFID projects in the wake of the economic recession, we sent reporter John Edwards on the hunt for money. He learned that companies are moving forward with their deployments by thinking creatively (see 7 Strategies to Fund RFID Projects).



Photograph:
Tom Hurst

Some companies, mostly in Europe, receive funding from government agencies that have been forward-thinking in their support of businesses using RFID; governments in Asia and other parts of the world also kick in funds, especially if they're convinced RFID will help create jobs. Other companies, including some retailers and manufacturers, are forming partnerships to share costs.

It's also possible to reduce expenditures by leasing equipment, renting software or outsourcing the entire project. There are pros and cons to each option, but the opportunity to deploy a system without paying a huge sum of money up front is a big win for most businesses. The total cost of ownership of the system may be higher in the long term than buying the equipment outright, but it means achieving real business benefits almost immediately, instead of years from now.

It's also important to balance costs and benefits—a strategy the construction industry is taking to heart (see RFID Cements Its Place in the Construction Industry). Skanska USA Building,

which designed and constructed the New Meadowlands Stadium in East Rutherford, N.J., for the New York Giants and New York Jets football teams, used RFID to achieve supply-chain visibility—and save \$1 million, by ensuring that critical materials were in the proper location at the right time. RFID is also helping the construction industry fight counterfeiting, improve on-the-job worker safety and reduce costly road excavations.

Of course, RFID tags on busy construction sites are prone to damage from rough handling and heavy equipment. But vendors are responding with a new class of rugged tags that can withstand such punishment. There are also rugged tags that function well when exposed to extreme temperatures, harsh chemicals, pounding pressure, dust, rain, shock and other hazardous environmental conditions. As a result, companies in various industries—including chemical, industrial laundry, manufacturing, oil and gas, utility and waste management—can achieve benefits that just a few years ago seemed impossible (see Product Developments).

The pace of RFID innovation is clearly accelerating, and the benefits of deploying the technology have been proved. Don't let a lack of capital funding prevent you from moving your RFID project forward.

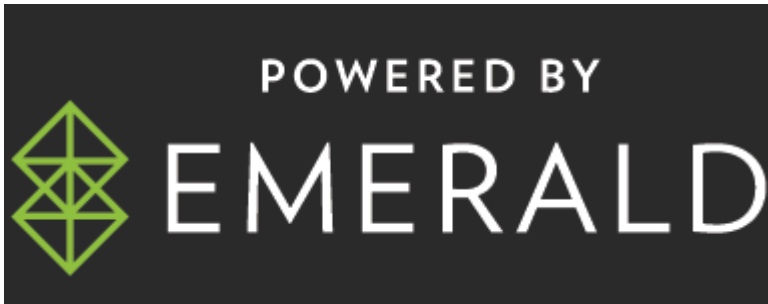


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