

Search for:

- [Subscribe](#)
- [Search](#)
  
- [Subscribe](#)
- [Search](#)
  
- [News](#)
- [Insights](#)
  - [Editor's Notes](#)
  - [Expert View](#)
  - [Trends](#)
  - [White Papers](#)
  - [Ask The Experts](#)
- [Industries/Topics](#)
- [Events & Resources](#)
  - [Events](#)
  - [Event Recordings & Videos](#)
  - [Get Started](#)
  - [RFID Journal Glossary](#)
  - [RFID Journal Awards](#)
  - [Magazine Archive](#)
  - [FAQs](#)

Select Page

## RFID and the Big Picture

A decade ago, I wrote an article about Emerson Electric, which had embraced electronic commerce as a way to integrate its diverse companies and lower its procurement costs (see Case Study: Emerson Electric Inc. and Innovation). The firm had grown through acquisition, and had different divisions buying the same items at sometimes dramatically different prices. Emerson's senior leadership realized that if it adopted a

common e-commerce platform, it could integrate purchasing and leverage greater buying power, thereby lowering costs and gaining an advantage over its competition. So rather than one unit buying 50,000 items for, say, \$200 each and another purchasing 1,000 of the same asset for \$300 apiece, the company could instead buy 51,000 units, each priced at \$200. Doing this over tens of thousands of products could add up to millions of dollars in savings.

I bring this up now because I am beginning to see businesses take a more strategic approach to deploying radio frequency identification. Rather than viewing the technology as a way to solve a single business problem, some companies are starting to understand that RFID can be used to achieve a larger end goal—unifying disparate business units into a more efficient whole, for instance.



For conventional retailers, RFID provides the kind of inventory visibility that enables them to improve efficiencies and cut costs, so that they can compete with their online-only rivals. Macy's is a good example of this. The U.S. department-store chain wants to boost inventory accuracy, but it has a larger goal in mind: It wants to be an "omnichannel" retailer. That is, it wants customers to be able to buy an item through a phone or online and then pick it up at a store, or to purchase a product via phone, have that item shipped from a nearby store to their home and, if it doesn't fit, return it to the store. To achieve this fundamental change in how it does business, the retailer requires highly accurate inventory

monitoring and visibility. RFID is the technology that can offer Macy's that ability.

I know of one manufacturing company that, like Emerson Electric, grew through acquisition. The company operated different IT systems and business processes across its many units. After installing new SAP enterprise resource planning (ERP) software across its enterprise, the firm realized that its many different business processes made it difficult to make SAP work without a great deal of customization. The company is now implementing RFID to track work-in-process (WIP) and finished inventory, in order to ensure that all units perform similar tasks according to the same process. RFID business processes are, in a sense, becoming the common language across the various manufacturing units. Health-care organizations are also employing RFID strategically. One hospital, for instance, is transforming how it handles patients, from the moment they check in until when they are checked out and billed. This means better bed management, which increases revenue, as well as reducing the amount of time spent waiting to have an x-ray or other procedure done, which improves customer service. The next step is to expand the real-time location system (RTLS) to equipment and automatically bill a patient for any equipment used within his or her room. The hospital is not just trying to improve bed management, customer service or asset utilization—rather, it's taking a holistic approach to hospital management, in order to become more efficient in all areas, thanks to the visibility that RFID provides.

Last week, I suggested that one way to get around an executive within an organization who is against RFID is to shift the focus from solving a single problem to achieving a larger goal (see Getting Past Dr. No). This, in general, is a good strategy to adopt, and it is encouraging to see companies starting to marry a new technology to a new way of doing business. These "big-picture" projects are likely to achieve

better results than conventional RFID deployments that simply solve one problem, such as finding lost or missing assets or improving poor inventory accuracy.

I've always said that RFID is not a strategy in and of itself, but rather a powerful technology that can support a firm's overall strategy (being the lowest-cost retailer, providing better customer service and so forth). Now, it's clear that RFID can also be a tool to achieve larger strategic objectives.

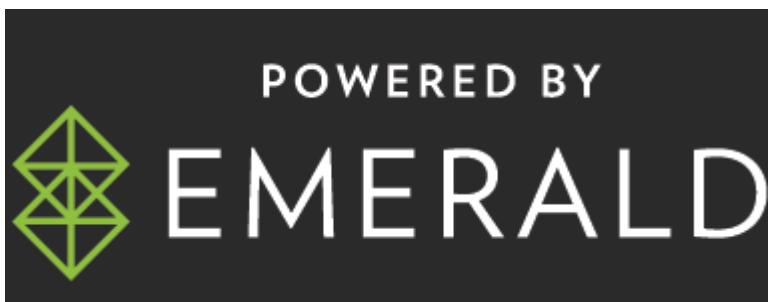
*Mark Roberti is the founder and editor of RFID Journal. If you would like to comment on this article, click on the link below. To read more of Mark's opinions, visit the RFID Journal Blog, the Editor's Note archive or RFID Connect.*



- ABOUT
- ADVERTISE
- CONTACT

#### FOLLOW US ON

- Follow
- Follow
- Follow
- Follow



© 2024 Emerald X, LLC. All Rights Reserved

ABOUT CAREERS AUTHORIZED SERVICE PROVIDERS Your Privacy

ChoicesTERMS OF USEPRIVACY POLICY