

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

## The Coming IT Boom

May 19, 2003 – Earlier this month, I flew down to sunny Florida to attend Intermecc's annual user conference, where I spoke to some of the company's top executives for this week's vendor profile (see Intermecc: Practical RFID Solutions). Larry Brady, chairman of Intermecc's parent company and president of Intermecc itself, told me Intermecc's revenue has increased more than 10 percent per quarter for the past three quarters. He

asked whether others are seeing the same kind of results. I said most of the news I hear from RFID sellers and potential buyers is still pretty gloomy.

News reports on IT spending are all over the map. In a story headlined "Positive growth for IT spending," Frontline Solutions concluded that "information technology spending will increase anywhere from 2 percent to 3.5 percent this year as technology markets slowly recover from the downturn of the past few years." The magazine based this conclusion on projections by Aberdeen Group, Gartner Dataquest and International Data Corp.

InformationWeek, however, reported on May 13 that a survey by Morgan Stanley & Co. indicates IT spending this year will be relatively flat. Just two weeks earlier the same magazine ran a story that said: "Tech Spending Shows Signs of Life." And a story in *USA Today* last week concluded: "The sluggish economy is keeping companies from investing as much on new technologies that could eventually save them millions. One victim: RFID, or radio frequency identification."

So have we turned the corner? Or is tech spending going to be sluggish for a couple of more years? To be perfectly honest with you, folks, I don't have a clue. I doubt anyone really knows for sure. But I do know that RFID is going to spark the next IT spending boom, and that it will begin within the next three or four years.

How can I be so confident? Simple. Companies have installed some very powerful software over the past few years. What they need is a better way to get information into those applications so they can track products, assets and people. Most companies will invest money in technologies that will provide a return on investment within a year, even in difficult times.

My optimism about the future was reinforced by a couple of

things I heard at the Intermec conference. Intermec has a partnership with IBM, and I got the chance to sit down with Adel Al-Saleh, IBM's general manager of global wireless of e-business. Here's what he had to say:

"The [economic] environment is forcing companies to look inside of their organizations to see where they can take cost out and how they can be more productive, how they can reach operational excellence. That is going to be the case for the next several years. We see that both in the economic forecasts and in the marketplace. Spending money for the sake of new revenue growth or spending it for the sake of technology is history. People are going to spend money on things that improve their efficiencies, improve their return on capital and their return on investment."

He added: "RFID is one of those key technologies that allows companies to achieve operational excellence."

On the last day of the event, James Taylor, a noted technology futurist, gave a great lecture in which he touched on a number of key trends shaping the economic, political and technological landscape. But one thing he said really struck me. He said that companies are not investing in technology to create new opportunities. "You are no longer in the growth business," he told the audience. "You are in the risk management business."

Risk management. What is risk? It's exposing your company to potential loss due to the absence of good information. No IT system can predict the future, but RFID is all about providing accurate, real-time information. RFID not only helps companies to reach operational excellence; it also helps them to mitigate risk by giving managers a clear picture of what is really going on in a factory, warehouse or retail outlet. Eventually, it could provide better information on demand, if smart shelves are widely deployed.

I'm not at all surprised by the lack of big investments in RFID today. Most companies are either completely ignorant about RFID, or they are just beginning to learn about it. Most haven't done pilots or upgraded their infrastructure to handle the flood of data that they'll get from an RFID system. That work is just beginning to be done by smart companies. The rest will follow in a year or two (or more).

The boom will come when companies are comfortable that there are open standards that protect their investment and when a few leaders prove the technology delivers a compelling return on investment. It will involve not just investments in tags and readers, but in servers, storage devices, routers and software. I firmly believe we will see investments in IT that will rival the more than \$1 trillion spent in 1998, 1999 and 2000.

Companies need a compelling reason to start spending on technology again. Right now, one doesn't exist. But as RFID matures over the next couple of years, they will have a technology that will enable them to cut costs, increase revenues and reduce risk. And they will certainly invest major dollars in such a technology. Of this I am certain.

*Mark Roberti is the Editor of RFID Journal. If you would like to comment on this article, send e-mail to [mroberti@rfidjournal.com](mailto:mroberti@rfidjournal.com).*

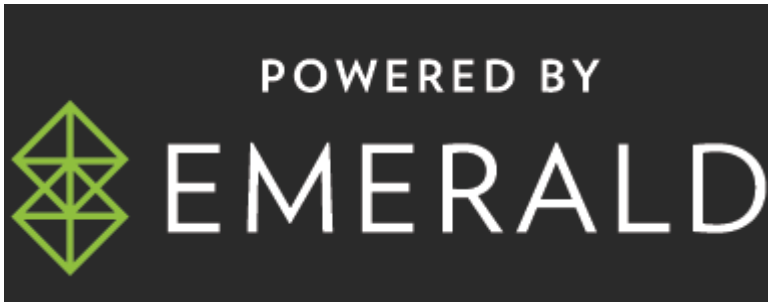


- ABOUT
- ADVERTISE
- CONTACT

FOLLOW US ON

- Follow

- Follow
- Follow
- Follow



© 2024 Emerald X, LLC. All Rights Reserved

[ABOUT CAREERS AUTHORIZED SERVICE PROVIDERS](#) [Your Privacy Choices](#) [TERMS OF USE](#) [PRIVACY POLICY](#)