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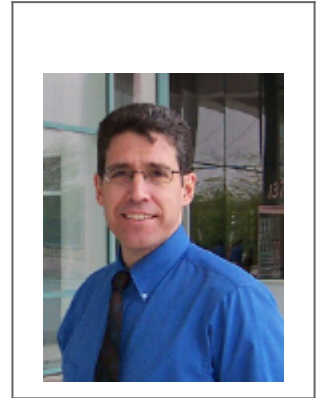
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What's Your Model?

By Mark Roberti

Aug. 18, 2003 – During the Internet craze, executives from startup companies would meet each other at glitzy conferences and ask: “What’s your model?” As a long-time business reporter, the question always sounded odd to me. I was used to a very simple model—you provide a product or service in

exchange for money. The Internet never really changed that, but it created new opportunities for companies to sell products and offer services in new ways. Radio frequency identification will do the same.



Last week, we reported that International Paper, the world's largest paper and forest products company, had flipped the switch on a totally automated RFID warehouse system. The manufacturer plans to deploy the system internally to achieve new efficiencies. But it also plans to offer the system to other companies that want to manage inventory in their warehouses (see [IP Unveils RFID Enabled Warehouse](#)).

It might seem unusual for a major paper manufacturer to get into the RFID consulting and system integration business, but it makes sense. IP spent two years learning how to make RFID work in a difficult warehouse environment, and it has acquired technology and experience that is very valuable. This newfound knowledge enables the company to offer value-added services instead of selling a commodity with low margins.

There are going to be many opportunities for companies to get into new businesses or to create new RFID-related products and services over the next few years. IP is looking to create RFID products not just in the warehouse, but all the way through the supply chain to smart shelves in stores. The Intelligent Systems division of MeadWestvaco, another paper and packaging

company, has developed networking technology that makes it possible to control hundreds of antennas with one reader (see [Tesco Tests Low-Cost RFID System](#)).

Sony and Philips Semiconductors are testing an RFID security and payment system that will merge the online and offline worlds (see [Sony, Philips to Test RFID Platform](#)). The system is designed to enable people to download electronic funds, opera tickets to an RFID smart card.

In the more distant future, there may be opportunities for makers of store displays to own smart shelves in stores. They could profit by supplying data to the retailers and manufacturers. Printing and packaging companies could add value to their products by creating interactive RFID labels that are used not just to track products, but to display information about them, such as where they should be shipped.

There's no doubt that some of the new business ideas that emerge will be half-baked, just as so many of the Internet companies were founded—and foundered—on concepts that lacked any real business value. And companies need to do more than come up with a clever business model; they have to deliver valuable products or services. That may not be easy, but there's no better time to be in business than when a technological advancement or other change opens up new opportunities.

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