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RFID

JOURNAL

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How Item-level RFID Is Essential For The New Era Of BOPIS... And All Retail Processes

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SML

| RFID

SML RFID TotalCare™ Introduction

- RFID Tags ...
 - Delivered over **2Billion** Inspire™ high quality encoded RFID tag to retailers in 2020
 - **Spectrum of tag offerings:** Stickers, Hang Tickets, Sew-ins, Packaging
 - **Most** Auburn RFID Lab **certified** inlays, including newest chips (M700 and U9)
 - New innovative tags: line of **Eco-Inspire™** and combination of **RFID + RF EAS** inlays
 - **Most** globally distributed set of **RFID service bureaus** in the world, “close to the needle”
- Item-Level RFID Enterprise Software
 - **Over 4,700 stores** live across a spectrum of retailers from 10's of stores to 1,000's of stores
 - **Over 200Million items** are counted on Clarity® **every week**, at over **95% item-level accuracy...** and many more operational processes in stores
 - Retailers and Brand Owners combined have **realized over \$1Billion in additional profit** due to “Increased sales”
 - Growing set of “**Sustainability**” and “**Balance Sheet**” **benefits** realized: One retailer has reduced the demand for over 400 shipping containers of product in one year... while increasing sales
- Customers are selecting SML RFID because of realized ROI, Technology and Team



2020 Crisis Impacted Every Point In Retail Supply Chains

Factory



Goods

DC



Goods

Stores



- In 2020 retail supply chains went through a most significant disruption A “pipe” flowing more than 3Billion units a month
- Add to this a dramatic change in consumer behavior
- Driving a new & essential look at inventory technology across the supply chain

Market Observations, Factory Operations

Before Covid Disruption:

- Little interest/motivation in leveraging Item-Level RFID for more accurate shipments
- Customers down stream not putting pressure on better more accurate shipments...because they could not measure accuracy

Factory Operations



After Covid Disruption:

- Realization that depending on old “SKU” based processes and technology will not support future down stream customers
- Growing activity in factory projects because of movement for highly accurate complete supply chain visibility
- Intelligent / more efficient processes using “item-level RFID”
 - “Packing Accuracy”
 - “Shipping Accuracy”

Market Observations, Distribution Centers

Before Covid Disruption:

- Little interest/motivation in leveraging Item-Level RFID for more accurate shipments
- Not adopting technology to do “100%” shipment receipt
- Customers down stream not putting pressure on better more accurate shipments...because they could not measure accuracy

Distribution Center Operations



After Covid Disruption:

- Realization that depending on old “SKU” based processes and technology will not support future down stream customers
- Growing activity in DC projects because of movement for highly accurate complete supply chain visibility
- Intelligent / more efficient processes using “item-level RFID”
 - Multiforms of “Receiving”
 - “Packing Accuracy”
 - “Shipping Accuracy”

Market Observations, Stores Operations

Before Covid Disruption:

- Various levels of realized need for better inventory accuracy
- Limited deployments of picking from stores for BOPIS, ones that have ~30% cancel rates
- DCs doing most e-commerce picking
- 90% of market still depending on once-a-year manual PI Counts ... <70% item-level accuracy, out of stocks, cancellation of BOPIS orders
- PI counts are only 94% accurate (at best) and decay +/- 3% weekly
- 10% of market leveraging item-level RFID for Stock Count, Receiving, Back-to-Front Replenishment ... >95% item-level accuracy

In-Store Operations



After Covid Disruption:

- More retailers realize that “SKU” based system will not support broad competitiveness
- Initial item-level counts after lock down with RFID were able to count in minutes to get an accurate baseline .. Daily, Weekly, Monthly
- 100% of our customers are deploying Item-Level RFID “BOPIS” execution in stores
- Intelligent / more efficient processes using “item-level RFID”
 - “Stock Count”
 - “Receiving”
 - “Find and Transfer”
 - “Mark-downs”
 - “POS”
- Revisiting “Labor Efficiency” value creation by using the technology
- Elevated market interest from DIY, Electronics, Food segments

Summary Comments

- **Inevitable migration** of retail supply chain and store operations systems from **SKU based systems** to **Item-based Systems** in Retailers... **New Era** systems to compete
- **Proven ROIs** for small, medium & large retailers, **less than 12 months**
- Numerous Retail segments and regions now **actively adopting** Item-Level RFID
- **Easy** to get started on Item-Level transformation, Pilot & build the business case
- **Start source tagging** your product, it is straight forward
- **Keep rollouts simple**, start with handhelds and get 80% of total Item-Level RFID ROI + 10% reduction in inventory with balance sheet and sustainability benefits

THANK YOU

