



The RFID Buzz

OK, so RFID is here to stay. But should you make the move now?

Some call it a saviour. Some a cure-all. But is RFID the next big thing? For the most part, it's too early to tell. However, experts say it's a technology to keep your eyes on – it won't be going away – so looking now at how it fits into your business is not a bad idea. But there are some bugs that need to be ironed out for sure – in some cases, quite literally.

According to Jeff Woods, principal analyst with Stamford, Conn.-based Gartner Research, Wal-Mart had some bugs in its system. The anecdote goes that during testing the company found that flies were affecting its RFID readings. "Whenever a bug would get zapped [in an electric bug zapper], it generated interference," says Woods.

And that's just one problem that could arise during implementation. Woods explains that there isn't a lot of real radio expertise out there. "We're dealing with radio waves and these are very complex things to engineer around. It just takes time to figure out all these problems." As for solving the bug zapper dilemma, Woods says you can move it, retune the readers or make the environment less sensitive to those kinds of interference.

Woods is also the author of *Prepare for Disillusionment with RFID*, a report that came out last June. Basically, he says, expectations are unrealistic. "There is no way that RFID is going to be able to live up to all the promises that are being made for it."

For one, many people think they'll be able to read stacks of tags on pallets of merchandise. But read rates at best are 70 per cent because tags may face the inside or there's interference (think the bug zapper).

In his report, which came about after speaking to hundreds of users per year, he estimates "that there will be a 50 per cent failure rate on some of these [RFID] projects." And that's across all industries. But still, he believes the technology has promise – it just won't be "as big as most people think."

David Wilkes does think it's the next big thing. Wilkes is senior vice-president of the Canadian Council of Grocery Distributors. He says there are issues with the business case, functionality and implementation. But despite that, he says, "the technology offers opportunities to increase efficiencies and accuracy of product movement."

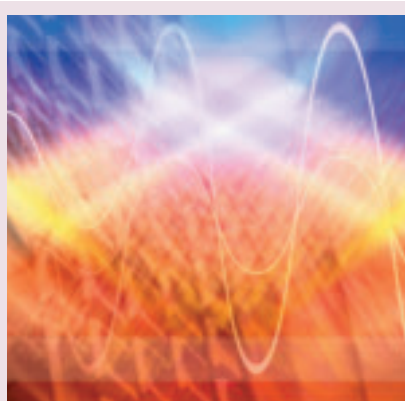
What the food industry should be doing is assessing when it's the right time to invest. "Not everybody has to be on the leading edge of this stuff," he says. But if you're building a distribution centre today, you might want to ensure it can accommodate RFID two years down the road.

Christian Stephan, partner with Deloitte & Touche in the Consulting Strategy and Operations Practice in Toronto, says you could potentially apply RFID "throughout the whole spectrum of the supply chain: from the supplier's factory to the supplier's warehouse to the retailer's DC to the stores to the shelves to the consumer and gather all the relevant supply chain and marketing information in the process without any human intervention." Theoretically, that's the promise,

but "there are hurdles." There are technical and cost issues, to name two.

For the food industry, Stephan suggests it look at operations, develop a business case, look at what benefits there are and also look at what processes may have to be changed in order to implement RFID. "I think that, yes, [food companies] probably should be looking at it. I don't think that at this stage they should invest or bet the bank on it. Bottom line is, this is a long term race and we're only at the very beginning."

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