

RFID News and Comment for the Week of March 5, 2009

EPCGlobal gets Consultative; Conair broadly Deploys RFID, Creates New Solutions Company; RFID Growth Predicted, but Supply Chain Apps still Lag

SCDigest Editorial Staff

This week's news of note in RFID.

EPCGlobal Launches Consulting Services, Lowers Fees: In an interesting set of moves, the EPCGlobal organization announces last week it was modestly entering the consulting business, as well as revamping its existing fee structure.

EPCGlobal is a spinoff of the GS1 organization that manages bar code and related standards and other educational programs, largely for the consumer goods to retail supply chain. EPCGlobal itself, which picked up the RFID work of MIT's auto ID Labs in 2003, does largely the same in the area of RFID, managing the EPC set of standards and educational standards.

Last week, the organization said it would begin offering short consulting programs to members and non-members around RFID, with the primary aim to help companies get started. The one and two-day offerings are focused on helping companies understand RFID technology and applications. It says its experience in working with many companies has enabled it to understand the sorts of information and insight companies need to get started on RFID. The services are available for current EPC members and non-members, and are inexpensive, priced in the \$3000-5000.00 range, according to an EPC spokesperson.

We're not sure that at the end of this mostly educational day or two that companies really will be able to walk away with an "adoption roadmap," but we also don't doubt many companies can use this type of education.

Separately but we believe in the end relatedly, EP-

By eliminating the misreads associated with bar code scanning on its conveyors systems, Conair says it has been able to significantly reduce the sortation time and labor needed each day.

CGlobal says it is revamping its fee structure. In general, EPCGlobal collects user fees in two ways: from companies paying a yearly fee to be an EPCGlobal member, and then a separate fee for each EPC number it needs register.

The new model appears to lower the upfront investment, and scales the annual fee more aggressively based on size of a business, making it more affordable for smaller companies to join (see graphic page 2), although as company revenues grow the subscription is certainly not cheap.

We generally pay close attention when a non-profit starts to "muscle in" in service areas that are normally the domain of for profit companies, in this case consulting companies that might provide similar "jump start services." However, we don't think many of those companies are as well equipped to do what EPCGlobal can in terms of overall education, and in most cases may not even want to.

With EPC still sputtering in the consumer goods to retail channel, its clear EPCGlobal is making moves to try to get the engine running a little faster, but there's nothing wrong with that

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New EPCGlobal Annual Subscription Schedule

<i>Subscription Level</i>	<i>Annual Sales Volume*</i>	<i>Subscription Fee</i>
1	Less than \$100K	\$300
2	=>\$100K and <\$500K	\$500
3	=>\$500K and <\$1M	\$800
4	=>\$1M and <\$5M	\$1,200
5	=>\$5M and <\$10M	\$2,000
6	=>\$10M and <\$100M	\$4,000
7	=>\$100 M and <\$500M	\$10,000
8	=>\$500M and <\$1B	\$20,000
9	=>\$1B and <\$10B	\$30,000
10	=>\$10B and <\$25B	\$40,000
11	=>\$25B and <\$40B	\$60,000
12	=> \$40B	\$80,000

* K = \$1,000; M = \$1,000,000; B = \$1,000,000,000

Conair Sees Business Opportunity in RFID

Personal and kitchen appliance maker Conair made some news this week as well that it had not only significantly deployed RFID in its Asian manufacturing operations and logistics flows back to the US, but taken its learnings to start a separate company last year to develop RFID solutions to the wider market.

Conair says it tags at the item level at a Chinese factory, and then – very interesting to SCDigest – uses the tags for conveyor-based sortation in its DC. Many companies have eschewed automation in China due to limited pay back due to generally low labor costs, but with labor costs rising there Conair says that by moving from manual to auto-sortation, it has been able to significantly reduce the sortation time and labor needed each day - by as much as two-thirds.

RFID is then used to also track the products into shipping containers, which are themselves “e-sealed” with RFID and tracked as they move into the US.

This is clearly some advanced use of RFID, and recognizing that, Conair has formed a separate company, [United Security Applications ID](#), to develop and market similar RFID-based solutions.

The web site is very basic and we couldn't find an address for the business, leading us to wonder if the business may be Asian-based (though there is a US phone number).

This is an interesting development – more soon.

ABI Says RFID to See Good Growth – but Supply Chain Apps not a Key Component: The researchers at ABI said that overall global RFID growth should be good in 2009, up 11%, and as much as 16% if you exclude RFID-based “immobilizer” systems in cars, the volumes of which are suffering in the auto downturn just based on lower production numbers.

As we've noted before, you have to often take these types of market numbers with a grain of salt, without fully understanding what is included in the numbers and what methodology is used to make the estimates, but regardless what struck us was that supply chain applica-

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tions are still not yet an important driver of market growth.

ABI says the double-digit gains will come primarily from contactless ticketing, contactless payments (particularly in North America and Europe), item-level tracking in fashion apparel and footwear, asset management (not only corporate assets, but also returnable transport items, tools/parts, and work-in-process), baggage handling, real-time location systems (RTLS), and electronic identification documents."

So, in that list we have item-tracking in apparel/footwear and logistics asset tracking, both supply chain related applications, but clearly the main drivers of growth for now remain in non-supply chain deployments.
