

RFID Journal LIVE! 2006

May 1-3, 2006
MGM Grand Conference Center
Las Vegas, Nevada



Putting RFID to Work

May 3, 2006



10 Things a CEO Needs to Know about RFID

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1

RFID can be a disruptive or sustaining technology

- Wal-Mart is using RFID to sustain its business
- RFID could be disruptive to high-end retailers, such as department stores



2 RFID is infrastructure

- RFID can be a point solution used to solve one problem, such as tracking assets
- CEOs need to think of it as infrastructure that can be used to solve many problems
 - Excess inventory
 - Poor replenishment
 - Theft
 - Counterfeiting



3 RFID alone won't solve your supply chain problems

- If you have problems in your supply chain, RFID alone won't fix them
- You need to fix execution, infrastructure, data synchronization and other problems *before* or in tandem with an RFID roll out
- RFID can provide data to identify problems and can be the catalyst to address problems

4 Investing in tags and readers is only the beginning

- Companies are moving toward real-time data systems
- Your current IT infrastructure and business processes are not real time
- You need to invest in middleware, enterprise applications and decision support systems that work in real time

5 Collaboration is key

- Supply chain benefits come from sharing data with supply chain partners
- New business processes must be developed to enable players to act on that data



6 Success requires cultural change

- People must be trained on the new technology
- People must embrace change
- Innovation must be encouraged
- Real-time thinking must be engendered



7 An RFID strategy must be implemented globally

- Policies must be set for what equipment to buy, what applications to deploy and so on
- One person should manage the policy
- A method for sharing learnings should be established



8 There is no formula for calculating the costs and benefits of RFID

- The costs for infrastructure are always high in the beginning
- The benefits are hard to calculate
- It's a strategic investment where you "launch and learn"
- You will discover benefits serendipitously



Focus on the data, not where it comes from

- RFID needs to be part of an ecosystem of data collection devices
- You want to integrate data from:
 - Bar code systems
 - Sensors
 - Handheld computers
 - PLCs and other existing devices

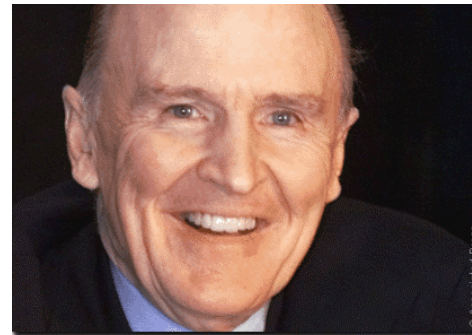


10 Reassess the deployment periodically

- RFID is an emerging technology and various factors affecting an implementation might change quickly
- What should you do if the price of tags drops more quickly or more slowly than expected?
- What happens if China creates its own standard?

Implement RFID the Jack Welch way

- Welch created corporate-wide campaigns
 - Six sigma quality, Workouts, E-business
- RFID has the potential to transform companies, but only companies that embrace change
- Go from good to great



Questions?

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