



Attorneys at Law

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FROM THE STANDARDS BLOG:

STANDARDS, NEW FRONTIERS AND ROI

#8 December 1, 2003 - For all of this year, we have been reporting on the rapid developments occurring in the area of RFID (or Radio Frequency Identification) tags. While some analysts are saying "too soon" to prospective customers, others are noting that standards are key to lowering early-deployment risk.

For those who have not been tracking this area, RFID is a new standards-based wireless technology that enables tiny chips to be affixed to almost anything, to permit the item to be tracked. The potential for the technology has been trumpeted for everything from Homeland Security applications to concert tickets, but is most obviously suited for wide-scale adoption in the supply chain.

But while new technologies (some involve batteries printed as ink on film) and volume production may ultimately permit per-tag prices to drop to five cents a piece (or even a penny), the ROI on installing the necessary infrastructure to deploy an RFID system may still not be obvious in most circumstances.

All of that may change, however, as there are some major drivers behind the adoption of this technology that are rarely present in most early-adoption commercial situations. As we have previously reported, both Wal-Mart, and now the Department of Defense have announced that they will require vendors to adopt RFID technology, which will have a dramatic impact on driving down RFID unit prices. But the more expensive elements of RFID-based systems will be evolving rapidly for some time, thus offering the risk for early obsolescence for early adopter/purchasers of such systems.

What to do, if you're a defense contractor or a major supplier to Wal-Mart? One analyst identifies the following as a key element of any early-adopter deployment strategy:

"Invest in open standards, such as XML, as much as possible. If a company ties an RFID system to proprietary software processes, it will be locked into out-of-date technology almost as soon as its deployment is complete. An RFID project is an excellent opportunity to revamp proprietary systems and invest in open standards . [RFID: An ROI Black Hole, Barry Mason, Nucleus Research]

Once again, standards lower risk.

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Useful Links and Information:

Quoted Article:

RFID: An ROI Black Hole

By Barry Mason, Analyst, Nucleus Research

Few technologies have as much potential to impact a wide array of businesses' decisions as radio frequency identification (RFID)...Is this yet another case of a mad rush to adopt a technology without a proven ROI?

For the full story : <http://www2.cio.com/analyst/report1956.html>

Other recent articles:

Physical Markup Language (PML) Core Specification Version 1.0 for EPC Objects.

The Cover Pages, November 10, 2003 . . . EPC is an enabling technology designed to transform the global supply chain through a new, open global standard for real-time, automatic identification of traded items.

For the full story: <http://xml.coverpages.org/ni2003-11-10-b.html>

Feds, Wal-Mart Drive RFID Adoption

eWEEK, October 28, 2003 . . . The Department of Defense last week instituted a policy to require its suppliers to install radio frequency identification (RFID) tags on individual parts and pallets by 2005, a federal stamp of approval on the technology

For the full story see: <http://www.eweek.com/article2/0,4149,1365701,00.asp>

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<http://www.consortiuminfo.org/blog/>