

Today's RFID Update

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Editor's Note: Today's top story is a recap of last week's EPCglobal US conference that took place from Tuesday to Thursday in Atlanta. Leslie Downey covered the event, speaking with end-users, vendors, and EPCglobal representatives. Leslie is a principal consultant at [RFID Revolution](#), a start-up consultancy providing custom market research services to the RFID industry. The firm helps vendors and end-users of RFID products and services to grow their business and make sensible investments by leveraging critical information.

Also, RFID solutions provider Savi Technology of Sunnyvale, California, [announced](#) that its SaviTrack information network has been deployed to track the RFID-tagged goods of a Japanese CPG from a manufacturing plant in China to a distribution center in California. The company is heralding it as the first Asia-to-US container-tagging deployment for a major CPG supplier.

Lastly, business technology magazine Red Herring [reports](#) that the ever-controversial human-tagging firm [VeriChip](#) has donated its chipping services to the Katrina effort to help identify victims of the disaster.

EPCglobal and the RFID Tipping Point

"The tipping point", a phrase popularized by Malcolm Gladwell's 2000 book, *The Tipping Point: How Little Things Can Make a Big Difference*, was often repeated at this year's EPCglobal conference. While growth in conference attendance from 2004, at about 1,400, was flat, and a number of speakers from end-user companies acknowledged their continuing preoccupation with "just trying to make things work", the overall consensus seemed to be that RFID was here to stay. So, when will RFID's

big growth phase begin?

Will the tipping point be the accumulation of industry mandates? There were many pharmaceutical companies represented this year, having organized a year ago into an EPCglobal "Healthcare & Life Sciences Business Action Group" aimed at utilizing RFID to combat counterfeiting and diversion. Though most of these companies have fundamental business motivation, they are also mindful of the U.S. Food and Drug Administration's anti-counterfeiting initiative begun in 2004, calling for tracking drugs at the unit level in 2007.

The U.S. Department of Defense (DOD) announced that its proposed Defense Federal Acquisition Regulation Supplement amendment for RFID (DFARS Case 2004-D011), specifying passive RFID tagging of selected material to two distribution depots, will go into effect November 13—a big step on the path to universal tagging by DOD suppliers in 2007.

Meanwhile, Wal-Mart continues its RFID roll-out, joined by Target, Best Buy, Tesco, Metro, Albertsons, and other U.S. and European retailers. As evidence of growing worldwide interest, "there were attendees from 22 countries, many more than last year," noted Sue Hutchinson, Director of Product Development at EPCglobal US.

The development of Gen2-compliant products is another factor. EPCglobal announced that seven companies' products had been tested and received Certification Marks, and four testing facilities had been awarded Performance Test Center accreditations. Interoperability testing will follow. The September 7 announcement by two of the companies receiving Certification Marks, Symbol Technologies and Intermec, that they will settle their legal disputes concerning intellectual property (IP), lifted a cloud of uncertainty in the marketplace. Now, royalties to most of the companies whose IP is or may be used in Gen2 implementations have been clarified.

Market entry by a number of high profile multinationals will likely widen the scope of many RFID trials. Cisco proclaimed the end of separate RFID networks with the incorporation of RFID middleware functionality into its data-center switches and branch-office routers, facilitating rapid deployment while lowering cost of ownership. AT&T will soon begin customer trials of its managed, end-to-end, hosted RFID service, providing end-users the ability to deploy at their own pace, with low up-front investment. Siemens announced an entire family of UHF RFID products—readers, antennas, printers, tags, and middleware--intended as an "end-to-end solution" for supply chain applications. The company will also be providing comprehensive training to end-users and systems integrators.

Lower hardware costs driven by progress in manufacturing technology will undoubtedly stimulate demand. Alien Technology announced that it would be selling several of its Class 1 labels for 12.9 cents, when ordered in "relatively modest quantities" of 1 million or more. On an added note, results from Gen2 product performance tests are also encouraging.

More than anything else, the tipping point may be the increased realization on the part of RFID products and services vendors of the need to shift their marketing focus from "technology" toward "solving customers' business problems." EPCglobal and a number of vendors have developed models to help end-user companies identify and compare applications. One innovative tool still in development is EPCglobal's "Peloton", to facilitate the incorporation of industry data in such evaluations.

Vendors are commonly partnering to provide solutions. And because the needs of the various end-user markets are different, the solutions are increasingly specific to these vertical markets. A type of vertical market solution gaining currency is the "appliance." Groups of well-matched products are packaged together to provide a "service", like electronic proof of delivery in the retail market. A single vendor takes responsibility for the packaging, developing a standardized interface to enterprise resource planning systems (ERPs), and troubleshooting. The emphasis is on simplicity.

Indications are that the new realism may already be paying off. The end-users at the conference did not look like "tire kickers"; they were listening intently inside the vendor exhibits. Some vendors and market analysts are voicing renewed optimism. "Cynics will be astounded by the technology's increased maturity," said Peter Regen, Vice President, Global Visible Commerce, at Unisys. In 2006, Unisys projects a 400 percent increase in the outsourcing of support for RFID infrastructures.

If vendors can deliver real solutions, the tipping point may be close at hand.