Supply Chain's Strong New Link

By Rick Carter, Editor-in-Chief

You'll learn in this month's cover story that RFID is not the only noteworthy trend in warehousing and distribution, but it is getting the most attention. Since Wal-Mart's 2003 demand that its top 100 suppliers apply RFID tags on shipping cases and pallets by January 1, 2005, the race has been on to learn what it is, how to use it and how to pay for it. Wal-Mart, the Department of Defense (DOD) and other major purchasers, have decided RFID's benefits are worth pushing for. They see it as a key to unlocking new efficiencies regarding product tracking and product information.
RFID systems include four basic elements: a tag or label, which is affixed to a product or equipment to be tracked; an "interrogator," which reads and writes information on RFID tags; a controller, which collects information from the interrogator; and software that makes sense of the information from RFID tags for users. What places RFID light years beyond bar codes is that its labels don't depend on a line of sight to be read. If they're within range of the interrogator, their information is accessible. And depending on the type of tag used - active or passive - the amount of accessible information can be significant, and available long-term.
The comparatively affordable passive tag (25 to 40 cents each) is designed to return minimal information, such as an identification number or a product code, while the self-powered and more expensive active tag ($25 and up, each) can store and transmit larger amounts of information over time, as required.
What does this mean for you? Forgetting about cost for a minute (system and tag prices will drop), in maintenance alone, RFID will help you monitor equipment, track tools and other assets throughout your facility, as well as record service activity.
Right now, Wal-Mart's pushing for the simpler, passive system so it can save time moving goods through its warehouses. Vendors will make this happen by using RFID label printers to print labels they'll apply to cases and pallets.
But the system is not without challenges, beyond the obvious cost factor. For example, not every product is neatly packaged. A recent example in RFID Journal (one of the many newsletters that have sprung up to cover RFID) describes how Goodyear Tire & Rubber Co., a Wal-Mart and DOD supplier, was stymied by the fact that it could not get labels to stick on its tire products, which are shipped individually, unboxed. The solution was to invest in two RFID systems: one that makes a disposable label for lighter (automotive) tires, and one that makes a durable version that will be embedded directly into the heavier truck tires it ships to DOD customers.
Goodyear isn't looking for immediate cost savings from RFID, according to the report, but expects them as tag costs drop. No matter who your customers are, you'll probably have your own RFID stories in coming months if you want to remain as competitive as possible.

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