



IBM Lays Down Its RFID Gauntlet

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Nigel Montgomery

IBM, at the Global RFID ROI Summit in London (chaired by yours truly), laid down its Radio Frequency Identification (RFID) challenge to would-be combatants.

The Bottom Line: By creating a so-far unrivalled demonstration of extra-enterprise RFID, IBM is making a clear statement that it can not only provide support of retail mandate-related RFID, but can span the whole supply network.

What It Means: The demo provided live RFID activity through manufacture, to distribution centre, to retail store, and even to point of sale, then back into a core Enterprise Resource Planning (ERP) system (in this case, **SAP**). In so doing, it demonstrated RFID capability at the item, case, and pallet level. It's the first time that such a demo has been attempted; what's more, it worked very effectively.

Although many demos and pilots have tackled parts of the story, this took a single transaction through its various stages. An interesting inclusion is the read from and writing to **SAP** and **Retek** systems. The demo created a shipment document in **SAP** when the pallet is detected as being "good" at the packing station, then updated that shipment document in **SAP** when the shipment went on the truck (that is, at the shipping dock door). The whole object of the demo was to show reading and writing to these core systems. The **Retek** system became involved at receipt of the Advanced Shipping Notice (ASN) from the Electronic Data Interchange (EDI) network.

The demo, which AMR Research estimates to have cost IBM in the region of EUR 200K, was created, in conjunction with Philips, to support the Global RFID ROI Summit held at the ExCel centre in London this week. It took four months to build. The objective of the summit is to look beyond the piloting stage at how companies can seek tangible return on investment from using RFID technology.

Conclusion: Until now, most pilots have focused on narrow deployment, such as the ability to slap and ship tags to meet retailer inbound mandates, even if it delivered little return for the manufacturer. Following this early phase, the market is now beginning to show the signs of adolescence. Two years ago, AMR Research predicted that the first quarter of 2005 would see the emergence of the RFID infrastructure phase for RFID, where consolidation and standardisation around middleware, plus tag and reader technology, would kick-start wider adoption of RFID in future years. Recent announcements by **Sun** and the disclosure by Tesco of its plans, plus this move by IBM, clearly demonstrate that we are entering this second phase of RFID adoption. But the hard work isn't over. A demo is one thing—the real test comes when such systems are scaled up for real production. This is where many of the providers lack experience. No one has the experience of a complete end-to-end RFID implementation because, frankly, it hasn't been achieved yet. But this attempt by IBM to awaken supply chain managers to the opportunities of this technology should be applauded, even by its competitors.