

Companies benefit from alternative RFID uses

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Radio frequency identification is years away from mainstream adoption but it will revolutionise the supply chain, according to Trevor Peirce, leader of RFID at logistics provider DHL.

DHL carried out an RFID trial with Nokia which involved tagging mobile phone shipments. One simple benefit was that the logistics firm could automate its customer's alert system which told them of delays to a shipment.

Another benefit of RFID is in capturing more information than is possible with barcodes. "There is the potential for tag use on 'value-added' goods, ie temperature control, lifecycle of produce, or meats," said FedEx.

Although retailers had much to gain by the supply chain visibility offered by RFID, Chris Kulasingam, senior consultant at Deloitte Touche Tohmatsu, said manufacturers could also benefit. He suggested that RFID could act as a confirmation of delivery note.

Armed with this information a supplier might be able to negotiate better payment terms with a retailer, which could then fund development projects required to support the retailer's RFID mandate.

RFID could also act as a catalyst to revolutionise manufacturing, according to George Lawrie, senior analyst at Forrester Research. Currently manufacturing is planning-orientated with the focus on asset utilisation. RFID technology would stimulate event-driven manufacturing, Lawrie said.

With event-driven manufacturing, the tags would allow the manufacturer to react directly to product demand, using RFID-supplied information throughout the supply chain to gauge output requirements.

This will require enterprise IT systems that are more powerful than today's supply chain optimisation, forecasting and enterprise resource planning packages.

[Logistics firms hold back but are key to widescale RFID roll-out>>](#)