

Driving RFID-implementation means setting standards on both side of the Atlantic

By Claus Garbisch



Since the late 1990s Deutsche Post World Net/DHL have run more than 50 pilots to evaluate the potential of RFID in logistics. All divisions: Mail, Express, Global Forwarding and DHL Exel Supply Chain have investigated the opportunities of this technology. In recent trials we were able to do an audit of RFID tagged trailers in a yard in minutes, instead of several hours. Within our warehouse processes we have been able to prevent personnel from picking either the incorrect product or too many items for a specific order. Inbound, outbound and return flows can be more easily tracked. Inventory stock takes can be improved spectacularly in terms of speed and accuracy. Examples like these help us to test the potentials of this technology in daily business and to develop solutions for our customers. TAG-Fit for instance is a product we apply for Consumer Packaged Goods (CPG) companies to enable them being RFID/EPC-compliant to retailer initiatives.

Today we work together with colleagues from other logistics and transportation companies to standardize RFID technology and network strategies to support an international chain of custody and enhanced supply chain visibility. This work is done in the Business Action Group "Transport and Logistics" of EPCglobal and is decisive for a common roll out in the logistics industry and towards our customers across all sectors all over the world.

Although RFID is not yet 'Plug-n-play', RFID enables asset management to expand at a very quick pace (e.g. returnable containers, trailers, sea containers). Used since 1930s, companies can now expand their visibility to their corporate assets due to the lower prices and the increasing performance of RFID technology.

In the near-term high value products, pharmaceuticals and corporate assets will likely be good candidates for being tracked with RFID and other peripheral technologies due to the current price point of the RFID technology. Besides these applications, compliance to customer RFID initiatives is currently the primary driver of RFID adoptions. Therefore Deutsche Post World Net/DHL is working closely with several of its customers to develop migration and implementation strategies. For CPG-companies it is most likely to start on pallet level before implementing this technology on item or case-level.

In terms of research our main focus is actually on reducing RFID costs and improving RFID performance. A successful development requires reliable 'Plug-n-play' devices and the availability of a global supply and support network. A RFID system deployment is also going to be achieved by implementation planning and business case maintenance and development. In this respect, Deutsche Post World Net has decided to create an international research centre in close cooperation with specialists from IBM, Intel, Philips and SAP. The "DHL Innovation Center", which

will be inaugurated in fall 2006, will allow us to develop tomorrow's RFID solutions for our customers today.

Regarding return on investment, RFID applications are still process, technology and application dependent until integrated solutions become widely available in the market. From a more global perspective, the exchange of RFID data between trading partners is necessary to enhance visibility and improve demand planning activities.

Therefore common standards on frequencies, data structure and processes have to be established. In this respect the position of the European Union and of the U.S. is crucial. As the two dominant trading partners, the development of common industry RFID standards operable on both sides of the Atlantic is fundamental in order to see within perhaps 3-5 years RFID technology being used more frequently in supply chain applications and in all other sectors.

But the development of RFID applications should not be hampered by premature and specific regulation. The concerns which may be raised by some RFID applications in relation to individual people should be carefully appreciated. While the majority of RFID applications don't raise questions in regard with privacy rules or security legislation, the U.S., and, in particular the existing legal framework in the EU provide sufficient answers to such concerns. A specific legal framework would restrict the benefit of RFID not only for the economy in terms of efficiency and quality but also for the consumer while the massive roll-out of RFID applications is still some time ahead. As for common industry standards, the industry is ready and able to develop if required self-regulatory mechanisms in order to prevent any misuse of RFID applications.

Deutsche Post World Net invites its partners and its customers to develop and drive RFID applications for the benefit of all.

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