

RFID: ARE YOU READY?

With only six months left before the Wal-Mart deadline hits, RFID production is in overdrive and technology vendors are crunching numbers to make sure production quality is top-notch while staying within the financial means of wary end-users. But what about VARs? Do integrators really understand RFID, and can they find a value add to tack onto solutions revolving around this new technology?

[WRITTEN BY GEORGE KORONEOS]

Are VARs really ready for RFID? “What we are seeing is a coalescence of companies moving to standards,” explains Dan Mullen, president of AIM, Inc., the global trade association for the AIDC industry based in Pittsburgh. “You have a lot of need to know from different communities. The consumer goods manufacturers need to understand what to do to comply with the mandates, the retailers or the Department of Defense (DoD) is trying to understand what they can do with the technology, and the tech vendors are working through the standards process so they can produce tags and readers. Most of those technology vendors will use the reseller network to really get this out to the marketplace.

“Resellers need to understand what the opportunity is—what the technology is, because they need to know how to make it all work and put it into a system for people to buy,” says Mullen.

According to Mike Dempsey of Red Prairie, VARs implementing RFID can be categorized into two segments: those

who are under mandate by Wal-Mart and the DoD to create EPC (Electronic Product Code) compliant solutions, and those who are looking to incorporate RFID in their standard solutions.

“There are number of suppliers, such as Intermec, Texas Instruments, Philips, who have a fairly well established stable of VARs reselling their RFID product,” Dempsey says. “They have been doing RFID for the last 10 or 15 years in the non-EPC space. Those are VARs that have established themselves and have done real projects.” Those VARs are seeing an increase in growth of their non-EPC sales thanks to accelerated interest in RFID sparked by Wal-Mart.

According to Sarah Schabacker, business development manager at Datamax, some VARs haven’t jumped onto the RFID train because their end-users are not yet calling for it. VARs not affiliated with Wal-Mart or the DoD are not under mandate to learn about RFID, unless an installation calls for it.

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“RFID is just another technology tool for VARs to incorporate into their suite of technology tools, and offer a group of those tools to an end-user based on their needs,” Schabacker says. “If a VAR isn’t addressing any customers who need RFID, then it might not make sense for them to be interested in it right now.”

But for the many integrators riding full steam into the world of RFID, new value must be added, and it’s often difficult to figure out what to add to a fairly infant technology. “At this point, the value add that’s important to RFID is really the technical knowledge and the ability to integrate,” explains Stuart Itkin, vice president of marketing at Zebra. “How does one set up reading systems around a conveyor to make sure that the end-user is getting acceptable read rates? How do those readers get connected? How do you interface this into the existing IT infrastructure? What are the business improvement issues that are inherent to building palates such that you get acceptable readability rates? It’s knowledge on the technical side and the business process side that the reseller can bring to enable the end-user to be successful.”

What Lies Ahead

Vendors agree that most VARs are hesitant to move on RFID because of fears of learning how to use the new technology

and the cost of the initial launch, including the purchase of all new equipment, RFID readers, tags and software.

“We’re in this hype phase of RFID, and [some VARs fear that] it’s being oversold and eventually might crash,” says Datamax’s Schabacker. “They are afraid that the bitterness of the solution not performing to its supposed capabilities will reflect back on the company that implemented the system.”

VARs also need to decide whether to dive into a pilot program based on the presently available Class 0 (read only) and Class 1 RFID (write once, read many) tags or wait to see if the new Class 1/Generation 2 (multi-read/write) tag becomes the new standard. Wal-Mart has stated that it will accept Class 0 and 1 tags and the company has purchased readers that can reportedly handle both protocols. “If you’re going to play in the Wal-Mart world, you’ve got to move ahead and use one of those tags,” Dempsey says.

Microsoft’s Bjarne Shøn says that the type of tag a VAR should use depends on its intended use. If a company’s RFID solution calls for a simple implementation using Class 0 tags, then that is definitely an option. Shøn suggests VARs invest in one of the small RFID toolkits that can be purchased from companies like TI, and build a small solution to test RFID.

Company’s like Datamax are offering hardware components that are either backward compatible or can easily be modified to handle the latest generation of RFID technology. Its RFID printer, for example, has field installable and field swappable RFID modules to upgrade easily between classes.

Will They Be Ready?

The question then on everyone’s mind is whether VARs will be ready for the full RFID rollout in 2005. According to Red Prairie, the answer is yes.

“I think VARs are going to play a very important role because as an industry there is a dearth of good people who understand how to install the technology,” Dempsey

RFID spending for the U.S. retail supply chain will grow from \$91.5 million in 2003 to nearly \$1.3 billion in 2008.

SOURCE: IDC

explains. “We are looking at a real crunch of people between now and the end of 2006 (when all these systems must be installed), and I really think that the VAR community will benefit substantially from this, because they add a lot liquidity to a market that is understaffed right now.”

Jan Svoboda, product manager at SATO America, believes some VARs will be more ready than others. “For VARs, the

key is to become educated and understand the advantages, capabilities and shortcomings of RFID and then try to look through the forest of offerings and come out with a solution that best serves their customers," Svoboda says.

According to some vendors, the forest isn't quite as dense as VARs might think. Many companies are offering a range of programs to help VARs maximize their RFID solutions.

Zebra offers a structured reseller program that requires certification for resellers in various technology areas including RFID. According to Itkin, the company provides the technical and application training that allows the VAR to address the needs of the end-user as it relates to Zebra products.

"It's important to us as a manufacturer that the reseller providing an RFID solution is trained and capable to make that work," Itkin says. "From the end-user side, the risk is disappointing expectations that could tarnish the manufactur-

ers' reputation."

In order to properly provide solutions that meet end-users needs, Printronix has established an entirely new channel focusing specifically on RFID. VARs looking to enroll must have completed two previous RFID projects, or be software vendors that have built RFID into their projects. Through the program, integrators can resell Printronix on-going consumables such as labels and ribbons as well as maintenance and professional service packages.

Most importantly, "what we are trying to do is match our retail channel with a solution provider that already knows how to use RFID," explains Guy Mikel, director of business development at Printronix. "If a reseller has a customer that is interested in RFID, we will match them with one of our integrators. The reseller can sell the product, and the integrator can do all the integration services." **V**

RFID-related services will grow quickly at first, approaching \$270 million in 2007, but growth will slow after 2005.

SOURCE: IDC

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