

Forging Ahead with RFID, Despite Some Questions

July 06, 2004

Radio Frequency Identification (RFID) technology, the next step in supply chain management, is being embraced by a majority of companies in various sectors, according to a recent survey of IT executives.

In April 2004, BearingPoint, Inc., Software & Information Industry Association and CIO Magazine conducted a survey of 351 IT executives in sectors such as government, retail/wholesale, manufacturing, technology and financial services. The results, released in late June, indicate that executives feel RFID is a "revolutionary technology" that will change how their businesses manage their inventory, but less than one-half claim to have a "moderate understanding of RFID, and only 22% claim a "high" understanding.

Nevertheless, driven both by compliance to mandates by industry leaders and a desire to go beyond such requirements in order to gain an advantage over competitors, 58% of IT execs report that they will be in the trial/test phase of RFID implementation within a year, and 51% expect RFID projects to be deployed within two years. Fully 70% of respondents say their company is taking the first steps towards RFID compliance.

Many plan to use RFID to apply to back-end operations in the near term -- real-time location systems, supply chain pallet and case and asset management are all popular projected uses for RFID in the next 12 months.

US IT Executives' Near-Term Plans for Using RFID, April 2004 (as a % of respondents)

Real-time location systems	56%
Supply chain pallet	55%
Case and asset management	55%

Note: n=351 IT executives
Source: BearingPoint, Inc., Software & Information Industry Association, CIO Magazine, June 2004

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In two years, execs expect RFID to be used for smart shelving and mobile commerce.

US IT Executives' Long-Term Plans for Using RFID, April 2004 (as a % of respondents)

Smart shelving pharmaceutical	67%
Smart shelving retail	61%
Mobile commerce	55%

Note: n=351 IT executives
Source: BearingPoint, Inc., Software & Information Industry Association, CIO Magazine, June 2004

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Despite the movement of companies to implement RFID, IT executives still have some questions about the technology. Many want to wait for guidance from the government or industry leaders regarding privacy concerns before bringing the technology into contact with the consumer end of their businesses. Also, since RFID is still in its early stages of integration, the standards, benefits and degree of adoption of the technology remain unclear to many respondents. However, if deployment plans unfold as executives are predicting, with RFID active in some shops, in a few years these concerns may begin to subside.