

Sage ERP X3 | White Paper

RFID: When is the best time to consider a solution?

by Bill Owens, External Consultant

It's rare to pick up a business publication these days without reading a story about RFID (Radio Frequency Identification). This new technology received scant attention until Wal-Mart's announcement mandating its implementation and use by their key suppliers. Since then, compliance mandates have been issued by other industry giants like Target and Home Depot. This has moved RFID up the priority ladder in many mid-market company IT budgets, much in the same way that Y2K compliance did in the late 1990's.

Basically, RFID merges sophisticated hardware and software to more easily identify inventory than manual bar-coding procedures do, especially in tracking pallets and cases of merchandise rather than individual boxes. A primary benefit of RFID is that it doesn't require bar-coded items to be in a reader's line of sight.

How does this impact the typical mid-market producer and distributor? Small companies are accustomed to reacting in some fashion to whatever larger players in their supply chains request. Some have already implemented simple bar-coding and data collection capabilities to satisfy individual partner needs. Consequently, these companies may decide that shifting to RFID has little or no benefit. The shift to RFID adoption hasn't occurred yet; it's still an emerging technology requiring some still-to-be-defined standards. But for many companies, the issue will be when, not whether, RFID adoption is in their future.

Ideally, mid-market companies should look at RFID's potential for bringing cost-savings and achieving competitive advantage rather than viewing it as something being forced on them. Sage has been working with warehousing and automated data collection systems for over twenty years. Many of their customers have taken a significant but necessary first-step by implementing radio frequency readers and other devices in their warehouses and shop floors, some in more sophisticated environments that perform value-added activities like directed putaways and consolidated shipping.

But the move to incorporating RFID should be taken with caution. Instead of a big-bang approach, we recommend doing a pilot site or activity first. This will prepare you for when you can fully roll out RFID, yet still benefit by reducing labor and increasing sales from real-time inventory tracking.

An ideal RFID project would involve implementing hardware, software and professional services. Contact Sage for a free assessment of how your business can benefit from this new technology.

Ideally, mid-market companies should look at RFID's potential for bringing cost-savings and achieving competitive advantage rather than viewing it as something being forced on them.

