



The DATA CAPTURE Report

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Special SCAN: The DATA CAPTURE Report Reprint

RFID...It's Like Magic!

About a month ago, **Impinj**, **Checkpoint Systems**, and **Reva Systems** jointly announced that **Galeria Kaufhof**, working with the **METRO Group's** Future Store Initiative, has adopted an end-to-end, apparel-inventory system utilizing a UHF Gen 2 RFID infrastructure. The three well-known AIDC industry vendors say this is "the first complete supplier distribution to in-store point-of-sale RFID deployment using UHF Gen 2 standards-based systems."

Several years ago, *SCAN/DCR* readers may remember that **Benetton**, an Italian apparel manufacturer made a similar attempt to roll out an RFID tracking system, but the company quickly retracted its announcement after consumer groups—like **CASPIAN**—put unrelenting pressure on the store to change its strategy. [See *SCAN/DCR* 3/28/03 and 4/25/03.]

So what's different now? For an answer to our question, we contacted Bill Colleran, CEO of Impinj. Colleran told us, "Much has changed since Benetton



Bill Colleran, CEO, Impinj, Inc.

tried to launch its RFID tracking system. UHF item-level technology is completely different. We now have the Gen 2 standard in place, and we have products that have proven themselves in the market.

"There's also less fear of the technology," he continued. "People are more comfortable with the technology. One thing that helps is that RFID embedded labeling is being done on hang tags, which can be removed at the point of sale. Benetton was embedding RFID in the actual labels that were sewn into the garments."

The magic of it all

One of the biggest things affecting consumer opinion is that RFID is becoming a "fun" technology; it's like magic. In fact, the Kaufhof installation is

employing a new RFID product dubbed "the magic mirror." "It has some really cool features," said Colleran. "Let's say a shopper is standing in front of the magic mirror and holds



up a shirt to see how it looks. The next thing you know, a screen appears telling the shopper what pants and belts might look good with the shirt. Consumers are drawn to new technology and fancy gadgets. Plus, it really does provide value.” [Note: For this editor, it sounds like having my wife in the changing room with me.]

Continuing, Colleran explained, “With this technology, retailers can do all sorts of things to boost their sales. One cosmetic company realized a 30% increase in revenue using this type of marketing.”

The Kauffhof implementation covers a wide breadth of applications that all lead to increased efficiency and a better bottom line:

- Management of inbound goods receipt
- Back room real-time inventory management
- Fixed and handheld readers tracking real-time sales floor inventory
- A Smart Mirror showing complementary clothing choices or accessories
- Smart Shelves with monitors indicating available garment size and style choices
- In-aisle product information triggered by scanning items
- RFID-enabled point-of-sale terminals delivering efficient checkout.

One thing leads to another

The magic mirror is just the tip of the iceberg, according to the Impinj leader. “I believe a lot of neat stuff will evolve,” he stated. “For instance, retailers can make sure that the mirror only suggests items that are currently in stock. **Dell** adopted a system that offers sales on better models if one particular computer is out of stock. Buyers may be able to get a larger hard drive for the same money if they buy a model that is on the shelf.”

UHF making headway

In the last issue of *SCAN/DCR*, **TAGSYS** announced that it is deploying item-level UHF RFID for **Levi Strauss** and UHF tunnel scanning technology for **Throttleman**. We asked Colleran if he views this as some type of shift in the UHF vs. HF debate. “It’s nice to see TAGSYS involved in UHF,” he replied. “It’s good for the industry. If we can settle on UHF technology for item-level apps, it will get rid of confusion in the end user sector. UHF will be the clear choice.”

“I believe this is an endorsement for what Impinj has been saying for a long time,” he continued. “There’s nothing HF can do that UHF can’t do better.” [Editor’s note: Although TAGSYS has deployed several UHF item-level installations, we believe its CEO, Elie Simon, may not agree that HF is never a better choice—particularly in some pharma apps.]

The ramp-up begins

Colleran sees a huge expansion beginning in the RFID sector. Impinj is readying itself for the “boom” by beefing up its channel, hiring sales leaders for the EMEA regions, and

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announcing support for the **Microsoft** BizTalk Server 2006 R2. "The rise in RFID use is happening, in large, because ecosystems are now being put in place," he told *SCAN/DCR*. "The Metro Store/Kaufhof installation is a good example.

"I think the big theme in 2008 is going to be vertical applications. There have always been 'themes of interest' in RFID. There was Gen 2, mandates, and HF vs. UHF. In 2007, we convinced the world that RFID works, and that it can provide huge value at the item level. Now, we must look for vertical markets that are a good fit for the technology."

Partners

As the joint press release noted, the implementation for METRO Group's high-end

Galeria Kaufhof department store in Essen, Germany is a milestone for the retail industry. Delivering consumer-facing RFID applications that are integrated from the distribution center to retail smart shelves and cashier checkout stations, is a major achievement. But, Colleran was quick to note that it often takes a strong network of partners to achieve great things.

"We weren't alone in this project," said Colleran, "This project succeeded because we combined our technology with best-of-breed solutions from Checkpoint and Reva Systems. I cannot stress enough the importance of a strong partner network."

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