

The Tiny Chip that will Change the World: *SmallSmartFast* and the Wal-Mart Suppliers Meeting- 11/4/2003

Linda Dillman, CIO, of Wal-Mart gave the skinny to a packed audience.

Here is what you must know!

- ✎ Wal-Mart roll-out strategy will be regional
- ✎ Wal-Mart expects pallets and case compliance on 1-2005
- ✎ All product rollout. The vendor must tag their entire offering
- ✎ Wal-Mart has already begun receiving tag'd items
- ✎ Expect the community to work together on this, since in reality Wal-Mart is not the only retailer committed to RFID
- ✎ Through 2005 Wal-Mart will ramp
- ✎ 2006 all suppliers must be compliant
- ✎ 2006 International compliance complete
- ✎ Wal-Mart spelled out the details of the compliance requirements by channel—Grocery vs. general merchandizing, transactions, etc.
- ✎ Motivators are accuracy and sales.

Commentary from ChainLink:

Supply chains will move to improved visibility providing accuracy of demand and the ability to understand at the customer and item level (ultimately) what demand and supply are all about!

Accuracy Accuracy Accuracy! It's the name of the game here for Wal-Mart. And all these big players from Wal-Mart to the DoD, Dupont, Bayer, the big ports and carriers, they would not be doing this unless it was going to have a profound effect—saving money, being more ready and responsive, being more aware. We are in the *SmallSmartFast* era where sensing, seeing and responding will supplant planning as the focus on business processes and technology.

Europe in general has been a leader in *smart* technologies with firms like Marks&Spence, Bennetton, etc leading the way in RFID. But more dramatically, the whole *smartcard* approach to financial transactions makes the whole end-to-end process—from product selection to checkout seamless.

Visualize the self-checkout at totally *SmallSmartFast* technologies—you breeze through with your products and your payments—fast lane!

This is ultimately a big investment for all. *Smartcard* upgrades to point of sales in the US could top \$11b.

There is no accurate number on the cost of RFID transformation in transportation, inventory and merchandizing processes—pallets, cases, and items. Software, readers, tags and network memberships all need to be thought through. It behooves suppliers of Retailers and DoD to truly think through your ROI and how you can leverage your investments. Otherwise, especially you smaller firms, you could sink under the mounting compliance requirements. But if you do think it through, you can translate the investment into improved position.

3rd Party Play

If you are a 3PL, make your move! Providing this kind of service to customers could be a BIG help to them and represent an expanding business opportunity for you. It makes a one-time investment in the *smart warehouse* leveragable across the whole list of customers—of course you knew that!

EMS—same idea. It is only a small leap to item level tracking. So think through this nested concept on RFID—not just pallet//case, but items and components.

Network applications vendors. We told you before!

Software Providers

If your software doesn't scale, you will be in big trouble. Items items everywhere! Real-time, all the time. Open architecture that can handle heterogeneous environments is the key.

We told you that before.

Join the webinar on December 9th on RFID for more discussions!

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