

Martin Haas
Consulting Director
IDC Central Europe GmbH

RFID Today and Tomorrow

Press workshop “The small chip that packs a big punch:
Cutting costs with RFID”
Berlin, October 17, 2006

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IDC & RFID

IDC

- Founded in the U.S. in 1964
- In Germany since 1975
- Branches in 50 countries worldwide (27 countries in EMEA)
- 850 analysts worldwide (more than 200 in EMEA)
- Subsidiary of IDG (e.g. Computerwoche)

IDC & RFID

- Market research on RFID for approximately the last 3 years
 - e.g. RFID use in Germany, 2005 (200 interviews with companies in the manufacturing, transport/logistics and commerce industries)
 - e.g. RFID and EU Regulation 178/2002/EC for the food and beverage (F&B) industry
- 2 different angles
 - Vertical view (local, international)
 - Geographical view (especially countries)

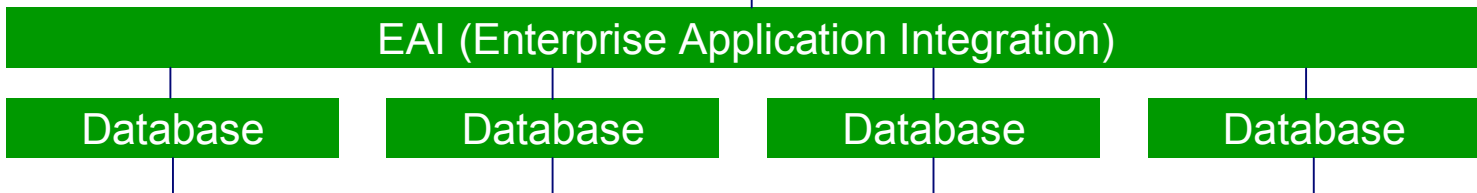
RFID ecosystem

Business process level

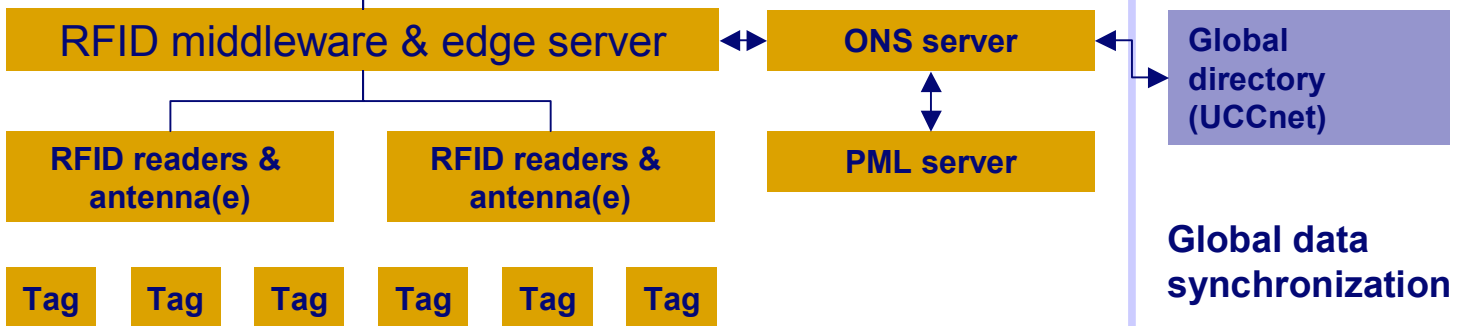


Supply Chain Management & Execution

Enterprise applications / System integration level



RFID level



Current challenges

- Costs of required infrastructure
- Performance capability of systems (e.g. read rate)
- Design of transponders (e.g. printability)
- Standardization (global)
- Frequencies (dense reader mode, LBT)
- Data security
- Data and consumer protection

Status quo of the RFID market

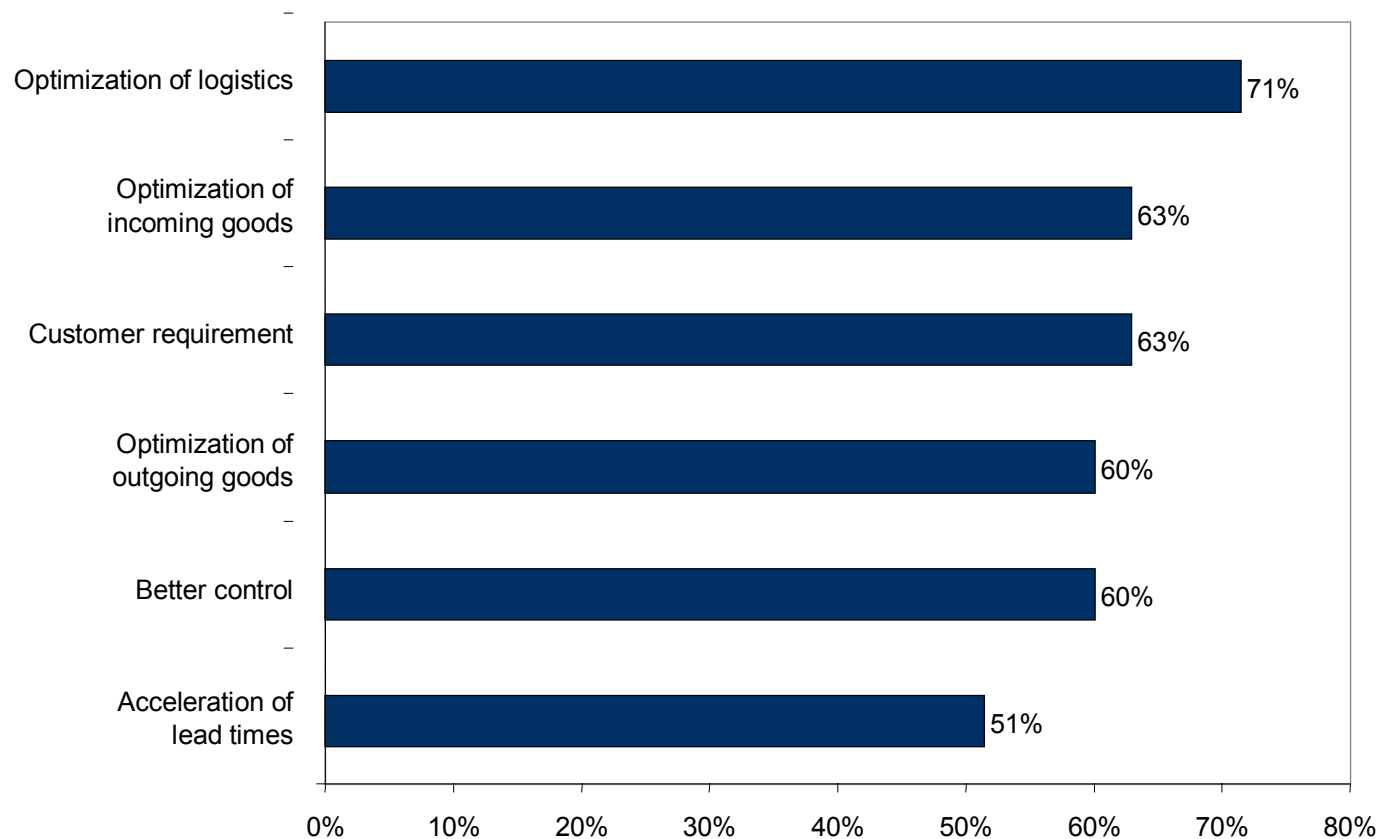
- Foundation of organizations and forums for clarifying the possible applications of RFID technology.
- Suppliers are currently hard at work building up reference projects.
- Most companies (especially in retail) that use RFID have probably implemented these projects at very reasonable terms.
- Objective and comprehensible cost/benefit analyses are a challenge.
- Estimating the market size and also forecasting future market development are thus equally difficult to substantiate.
- The focus is currently on research and development activities.

The market participants in the RFID environment have so far pursued a largely joint objective: to build up the RFID market.

Competition and short-term profits have not yet come to the fore.

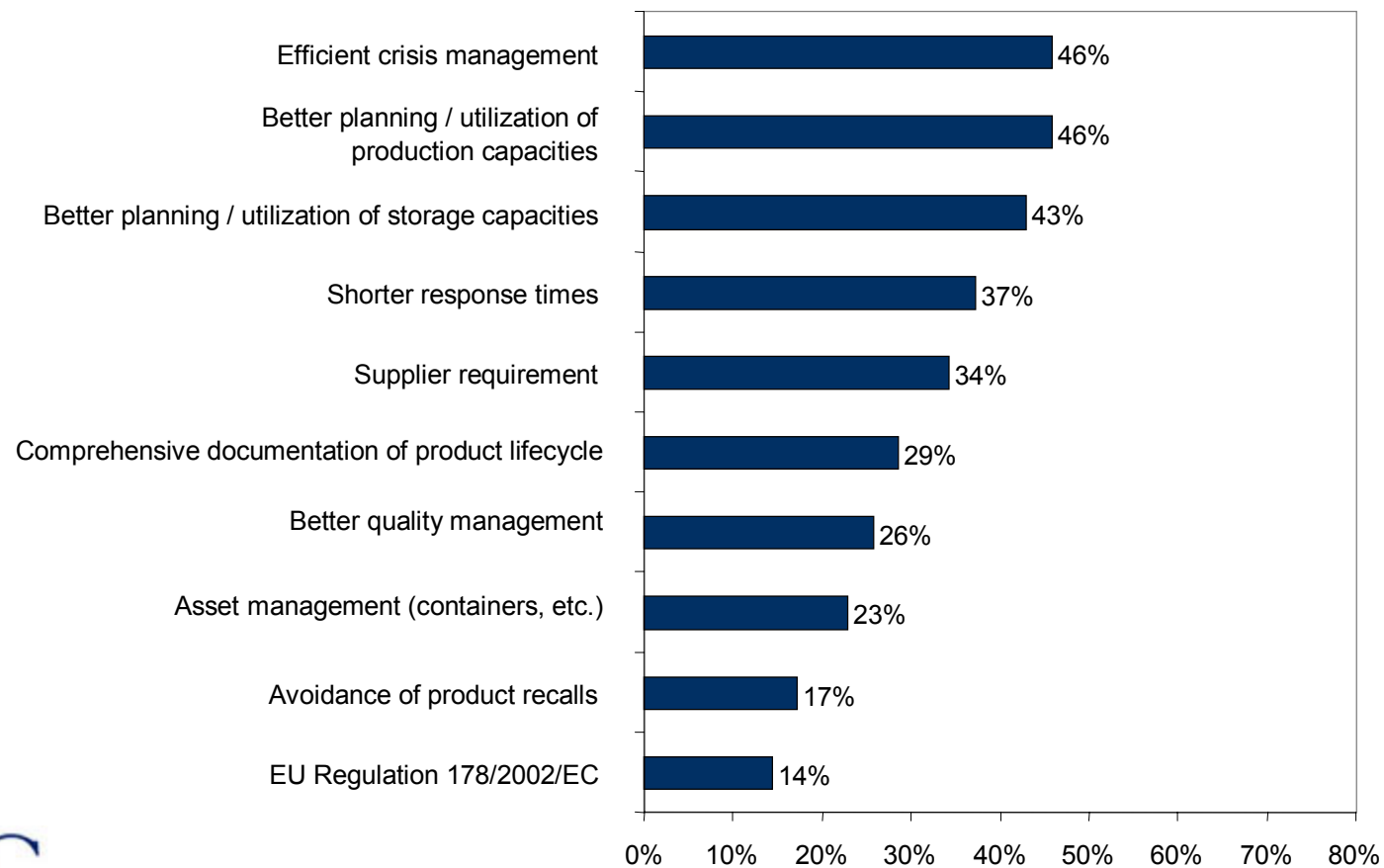
Primary driving factors for RFID (F&B)

What could be the driving factors in your company for looking into the benefits of introducing an RFID system or what were the triggers?



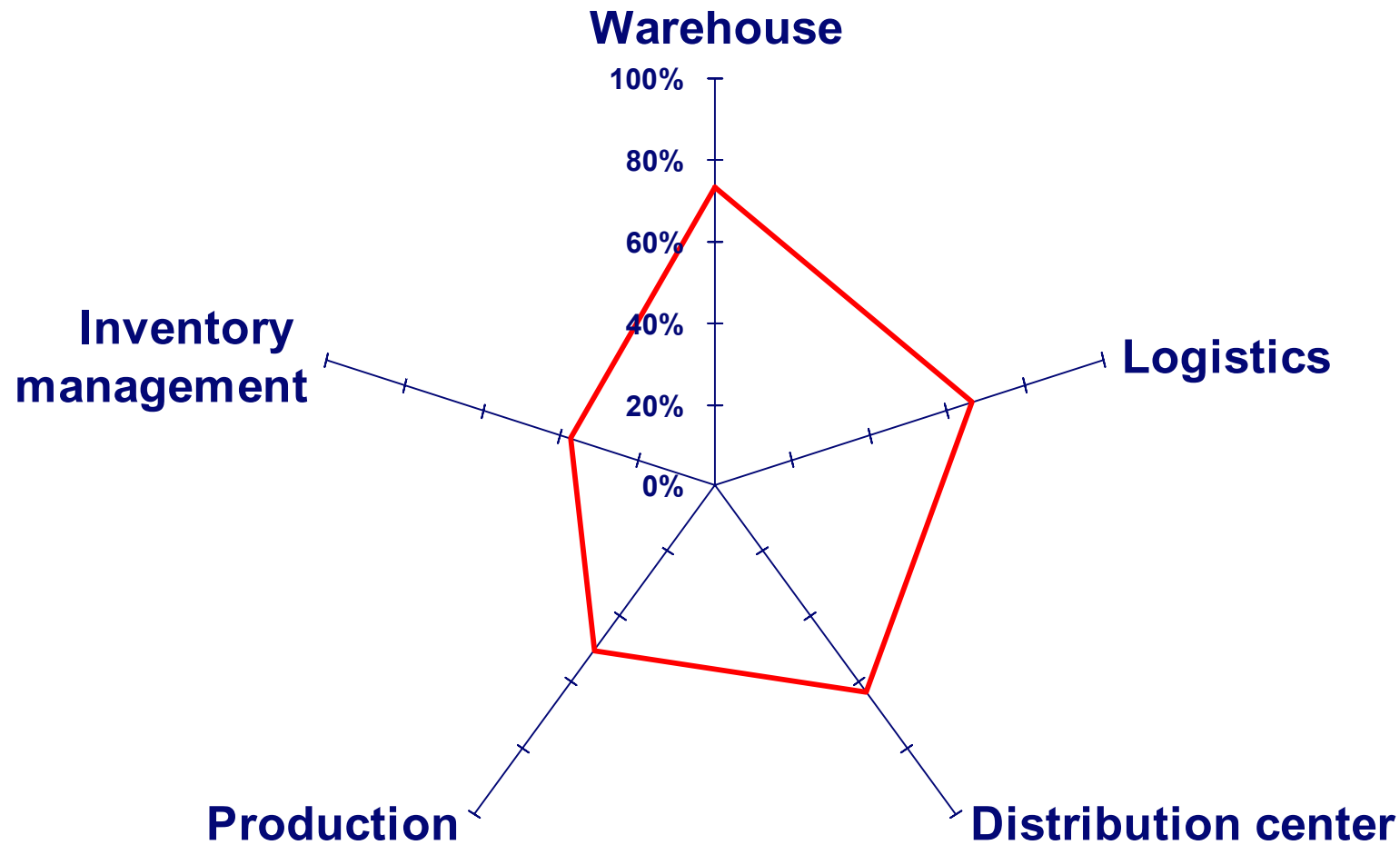
Secondary driving factors for RFID (F&B)

What could be the driving factors in your company for looking into the benefits of introducing an RFID system or what were the triggers?

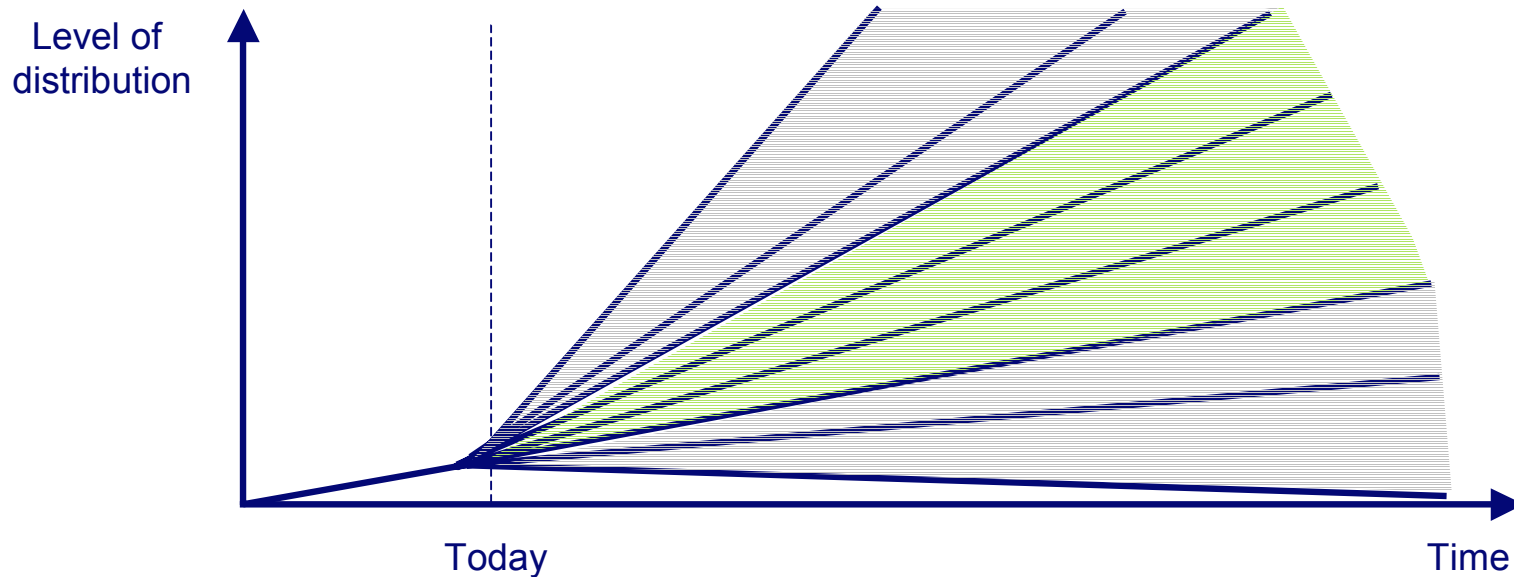


Primarily affected business processes

Question: Which business process is most affected by your RFID implementation?

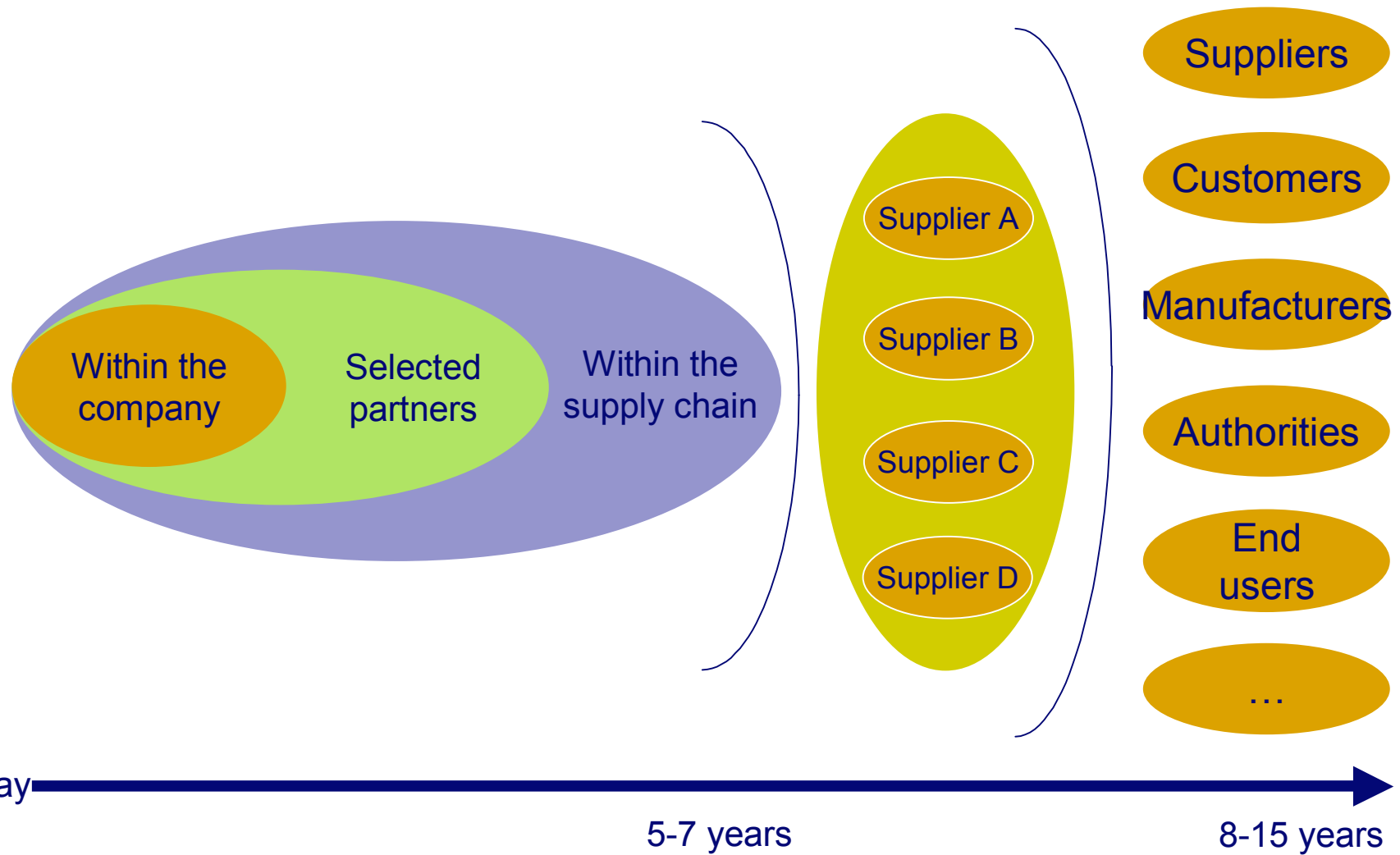


Scenarios for the future development of RFID use



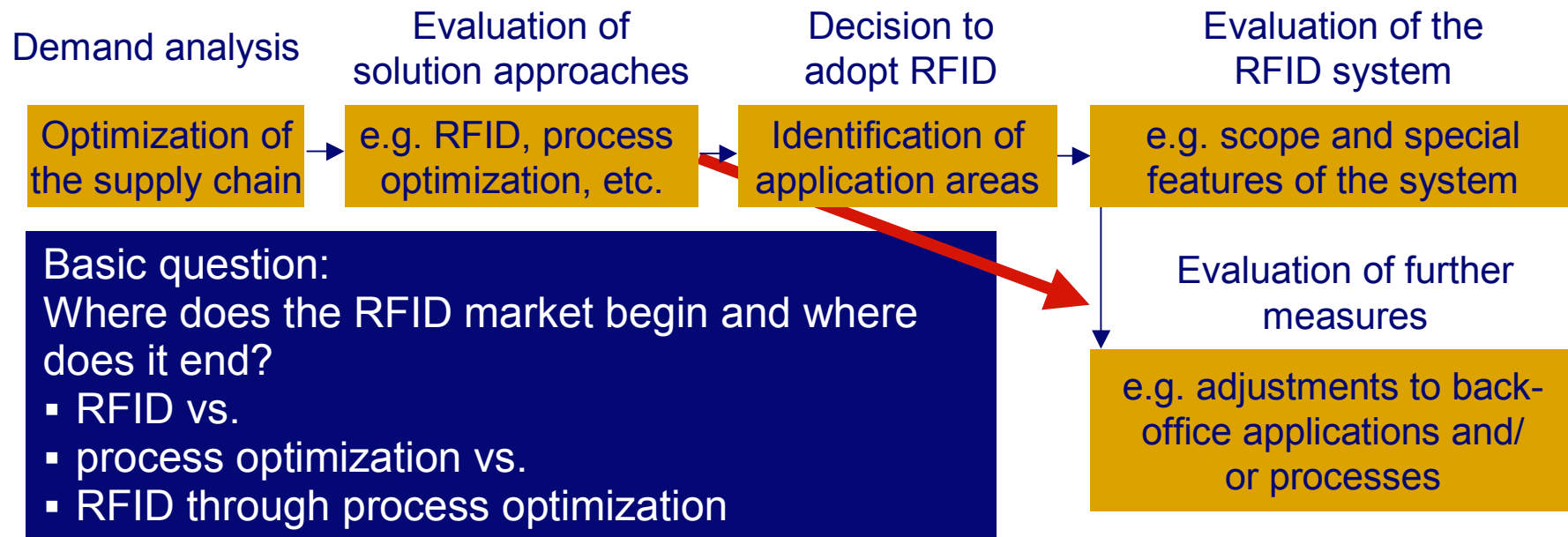
- In the next few years, IDC is not expecting any sporadic developments in the distribution and acceptance of RFID technology – for one thing because of the investment required in the infrastructure.
- The current technological maturation process and the impression that the various market participants are pursuing a largely similar objective makes an extremely flat or even downward development seem unrealistic.
- Against this background, IDC assumes a healthy market growth.

Expected development of RFID use



Volume quantification of the RFID market

- The basic requirement for a realistic calculation of the volume of a market segment is a clear (and largely accepted) definition of the relevant market and not just of the technology.
One of the key factors in this is the delimitation from neighboring markets.
- In the RFID environment, this delimitation is currently still very difficult.
The following example should illustrate this:



Outlook

- RFID will not completely replace barcode technology in the coming years, even though the necessary potential is there.
- RFID projects are complex because the technology has to be integrated into the business processes – a task which should not be underestimated.
- A further challenge is to acquire the urgently needed business cases for the cost-effective use of RFID.
- The prices of labels, readers and other essential components will fall due to the increased number of projects, larger projects and increasing standardization.
- Most of the counter-arguments will disappear or at least diminish with increased market acceptance and the constant improvement of RFID technology.
- The providers will have to deal with data-protection issues early on (especially at the interface to the end user).

Thank you for your attention

Martin Haas

Consulting Director
IDC Central Europe GmbH

