

# Will "Slap-and-Ship" Work?

*A Pragmatic Approach to RFID*

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## Agenda

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- What is Slap and Ship?
- When Does Slap and Ship Work?
- The Path to an Integrated Solution



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## What is Slap and Ship?

- Tagging of products at the DC just before shipment to customers rather than at the production source
- Limited integration of data or the re-engineering of business processes
- Satisfies RFID mandates without much effect to people, processes or technology
- Enables a company to learn about RFID technology while carrying out a gradual implementation



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## Slap and Ship Defined

- Conceptually, Slap and Ship can be achieved as follows:



- Slap and Ship will require:
  - Additional DC Labor to support manual processes
  - RFID Label Encoders to write EPC data
  - RFID Readers to verify readability
  - Investments in IT hardware and software to support RFID



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## Advantages of Slap and Ship

|                    |  |
|--------------------|--|
| Low Cost           | <ul style="list-style-type: none"><li>• Avoid the huge expenditures required for full scale adoption</li></ul>   |
| Compliance         | <ul style="list-style-type: none"><li>• Implementation is relatively simple and does not require a significant amount of time</li></ul>  |
| Minimal Disruption | <ul style="list-style-type: none"><li>• No major changes to processes and infrastructure</li></ul>   |
| Learning Curve     | <ul style="list-style-type: none"><li>• Replicate best practices used by early adopters</li><li>• Use S&amp;S to measure the usefulness and effectiveness of RFID</li><li>• Allow technology vendors to prove out products</li><li>• Allow for clarity on standards to develop</li></ul> |



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## Disadvantages of Slap and Ship

- Hidden Costs
  - Change and training
  - Slow down in processing times
  - Morale hit
- A cost plus solution
- No ability to attain benefits or ROI value

**No Data Capture** + **No Process Change** = **No Benefit !!!**



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## The Sustainability Factor

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- Slap and Ship can be effective in the short run
- Long-term use will lead to competitive disadvantages
- As the industry moves towards a complete integration of RFID, Slap and Ship will not be sustainable

*Every organization must determine their own unique "Tipping Point" to move from Slap and Ship to an Integrated Solution*

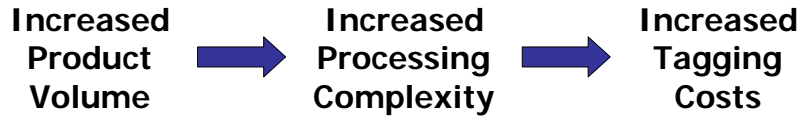


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## The Tipping Point

- Further retailer mandates are inevitable



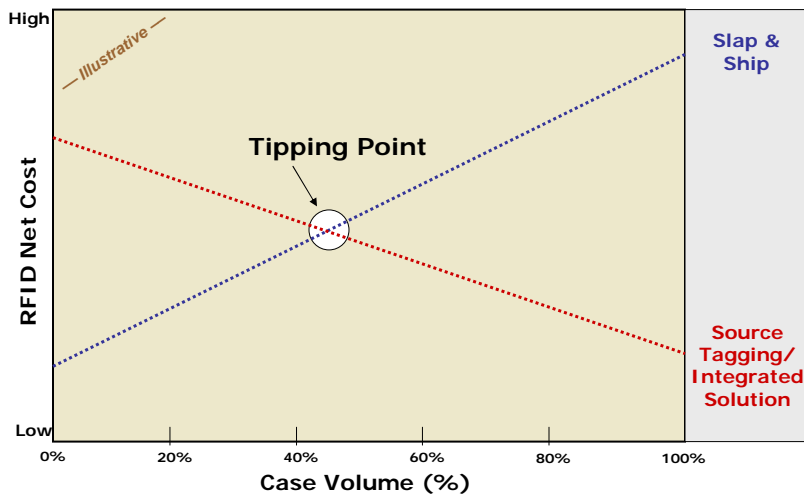
- Costs will rise with no benefits to recoup those costs
- An inflection point will be reached when source tagging provides enough benefit to outweigh Slap and Ship costs



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## The Tipping Point



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## Other Factors Driving Integration

- The Tipping Point is only one factor driving integration

|                                   |   |
|-----------------------------------|---|
| Tag Price                         | <ul style="list-style-type: none"><li>• When tag prices reach a certain level, it becomes beneficial for an organization to explore full RFID integration</li></ul> |
| Product Portfolio                 | <ul style="list-style-type: none"><li>• Organizations that produce high value items will be compelled to make the transition from S&amp;S</li></ul>                 |
| Technology Maturity & Reliability | <ul style="list-style-type: none"><li>• Many companies are waiting for the technology to become more stable/reliable before making an investment</li></ul>          |
| Competitive Landscape             | <ul style="list-style-type: none"><li>• As competitors adopt RFID they will start to achieve real benefits and build goodwill with key customers</li></ul>          |



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## Scaling up Slap and Ship?

- An end-to-end Slap and Ship solution is feasible, however this is not a reasonable path forward
- Scaling will expose the shortcomings of Slap and Ship
- A number of issues will make it unprofitable to scale
  - Labor costs and inefficiencies
  - Warehouse storage requirements
  - No ability to capture benefits

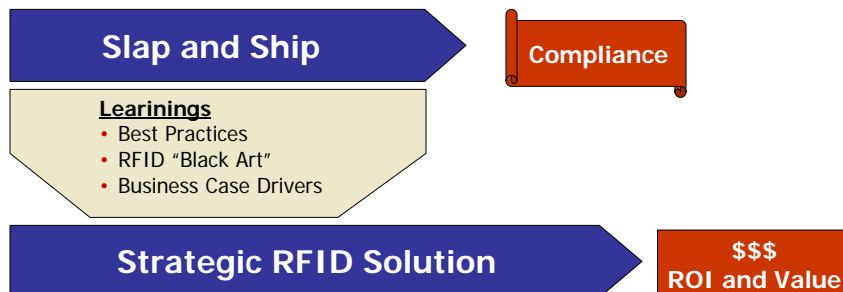


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## The Path Forward

- Slap and Ship should be used to:
  - Quickly reach RFID compliance
  - Support a wider and concurrent Strategic RFID Solution



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## Beyond Slap and Ship

- A Strategic RFID Solution is required
  - Future viability must be envisioned and designed
  - This is a longer undertaking, start now
  - Use Slap and Ship learning's
- Strategic RFID Solution Components

|                                     |   |
|-------------------------------------|---|
| Beyond Compliance RFID Applications | <ul style="list-style-type: none"> <li>• Determine how RFID can drive business benefit</li> <li>• Bundle achievable ROI Benefits</li> </ul> |
| Business Case                       | <ul style="list-style-type: none"> <li>• Understand costs required to attain ROI</li> </ul>   |
| Decision Framework                  | <ul style="list-style-type: none"> <li>• Develop 'trigger points' to understand when to strategically deploy and adopt RFID</li> </ul>      |
| Global RFID Policy                  | <ul style="list-style-type: none"> <li>• Develop an Holistic Global technology blueprint</li> </ul>   |
| Adoption Roadmap                    | <ul style="list-style-type: none"> <li>• Create the plan to incrementally build out RFID</li> </ul>   |

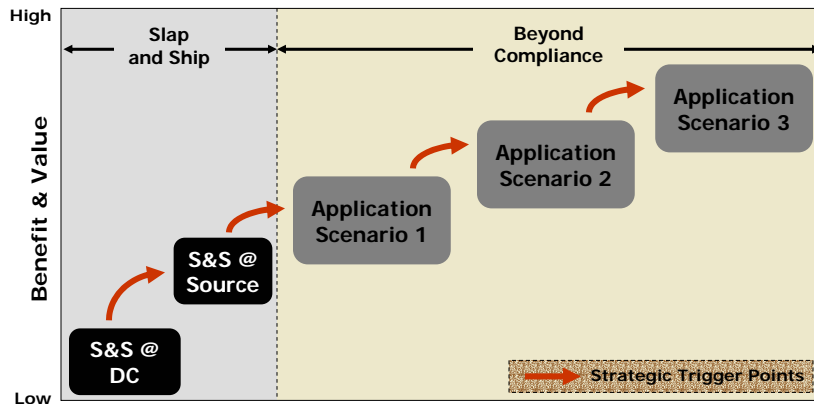


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## Beyond Slap and Ship

- Strategic RFID will require an incremental approach



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## Conclusions

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- Slap and Ship is an effective starting point for RFID adoption
- Leading companies are using Slap and Ship as part of a broader Strategic RFID Solution
- Start planning for “Beyond Slap and Ship” today



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## Questions

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