# Executive Conference

**Hilton Chicago**
**March 29 to 31, 2004**

RFID JOURNAL LIVE!

From Promise to Reality

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# RFID and the Future of Manufacturing

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# RFID in Manufacturing: Current and Future

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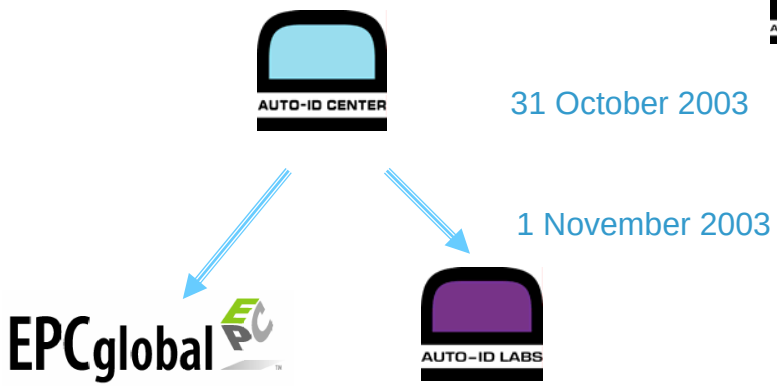
## overview

- Introduction
- RFID in Manufacturing
- Near Term Deployment
- Longer Term Deployments
- Concluding Comments

## EPCglobal and Auto ID Labs






## auto id labs

- Labs: MIT, Cambridge, Adelaide, St Gallen, Keio, Fudan
- Perform a coordinated program of fundamental and applied research, development, and education related to automated identification and the EPC System
- Key research areas
  - Standards and Regulations
  - Tag and Reader Systems
  - Information and Control Systems
  - Consortium Research

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## Auto ID Center Background

- Mission
  - Re-think the role and implementation of the barcode
  - Connecting information and physical flows (“ bits to atoms”) in the supply chain
- What do you need to do this?
  - Some way of automatic, reliable transfer and update of information based on physical operations
  - One single system for the whole supply chain
  - RFID as the key element .....



## Key Thrusts

1. **low cost tags and reader systems**
   -> reducing chip price = reducing amount of silicon required
   -> minimising information stored on chip
   -> ID on chip only, other information on data base
2. **business justification through multiple applications/companies**
   -> standardised tag/reader systems
   -> standardised data management and communication systems
   -> EPC network system as extension to the internet

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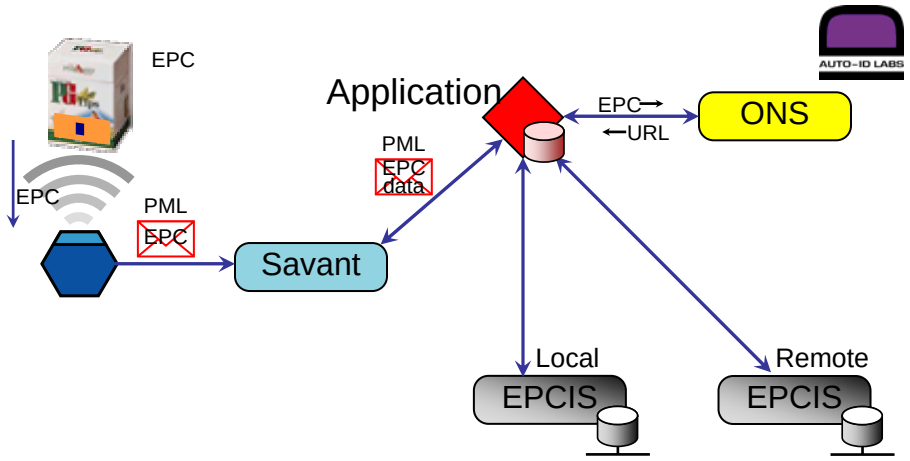
## EPC Network technology building blocks

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## Key Thrusts again

1. **low cost tags and reader systems**
   - -> reducing chip price = reducing amount of silicon
   - -> minimising information stored on chip
   - -> ID on chip only, other information on data base

tag specs
EPC
EPC/EPCIS

2. **business justification through multiple applications/companies**
   - -> standardised tag/reader systems
   - -> standardised data management and comms
   - -> EPC network as extension to the internet

tag/reader specs
Savant/PML
EPC/ONS/EPCIS

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## Stand Alone rfid v epc network

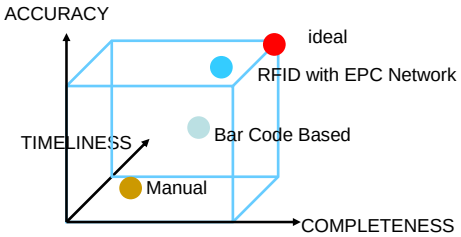
| | Tolling | Library | Asset | Baggage | EAS | Supply Chain |
|---|---|---|---|---|---|---|
| **Complexity of Information on Tag** | M | L | H | L | L | L |
| **Single or Multiple Applications for Each Tag** | S | S | S | S | S | M |
| **Volume of Tags** | L | L | L | M | M | H |
| **Expected Life of Tag** | H | H | H | M | M | L |

Source: Hodges, McFarlane, Radio Frequency Identification: Technology, Applications and Impact, OECD Report, Dec, 2003



## enhanced product information

- value of EPC Network is in enhancing the quality of information available to make decisions
- information quality dimensions
  - accuracy
  - completeness
  - timeliness




- benefits only extracted when *information is turned into action*
- *... automation*

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## rfid in manufacturing


Little direct attention lately but

- most technological advanced element of the supply chain
- sophisticated IT systems geared for real time data
- manufacturer is increasingly responsible for the products life cycle
- manufacturer is often the central hub of the supply chain
- decoupled from the privacy concerns
- potential gains in terms of cost reductions (short term) and value add (longer term)

## drivers for manufacturing

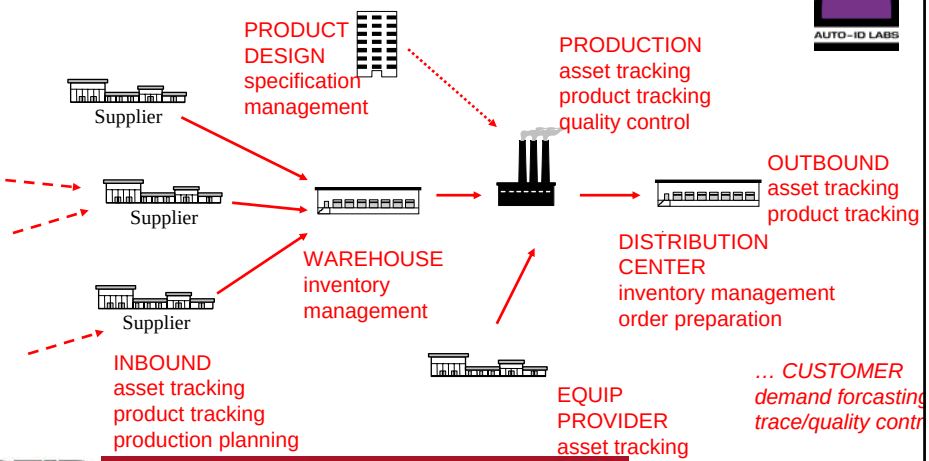
Zero Term – Compliance Driven

Near Term – Cost Driven

Medium Term – Value Driven



## deployment areas

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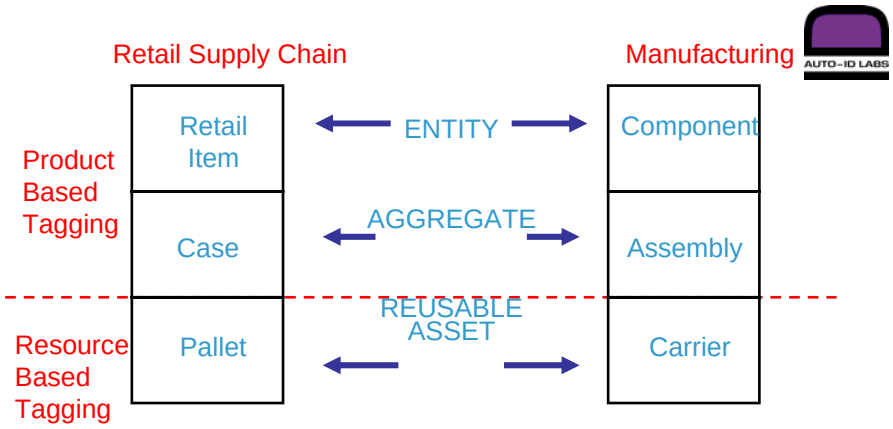
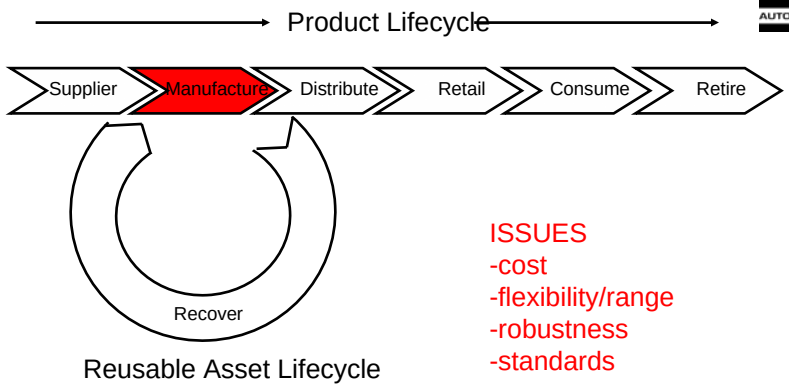
## tag deployment






## tag deployment




Reusable Asset Lifecycle

ISSUES
-cost
-flexibility/range
-robustness
-standards

## Integration with existing systems

- Systems Integration Challenges
  - Physical hardware
  - Information systems (e.g. middleware)
  - Business process

- Also consider levels (or extents) of integration
  - Connected – replacing barcodes with EPC Network data
  - Coordinated – enhancing existing processes with EPC data
  - Coherent – redesigning processes from scratch to leverage EPC



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## drivers – zero term

Compliance

- dominant theme at present
- response to retailer demands
- shipping & receipt of goods application

Little direct benefit to manufacturer
Involvement critical however

» little choice

» influence adoption pathways – hardware/software

» relatively steep learning curve



## drivers – near term

Cost Reduction

- inventory management
- warehouse management
- raw materials management

Delivery Performance

- OTIF: aggregate tracking - WYSIWYG
- Quality Assurance: specification/product trace

Some Competitive Advantage to early adopters

One off inventory reduction gains

Permanent gains in staff levels, delivery performance

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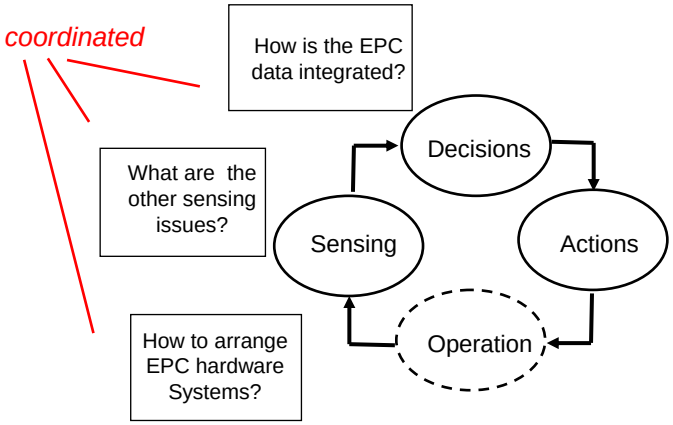
## manufacturing Systems Integration






## example: fmcg manufacturer

Tagging of navigation points, readers on forklifts to ensure high speed loading accuracy

- Product Information: speed or accuracy c.f. bar code
- *RFID System:* HF (in concrete)
- Deployment Area: outbound
- Tag Deployment: Floor!, Assets – pallets preferred!
- Integration: connected

## example: auto part manufacturer

Tagging of seat carriers for OEM compliance and ensuring high OTIF

- Product Information: accuracy
- *RFID System:* HF
- Deployment Area: outbound, (production)
- Tag Deployment: Carrier system
- Integration: connected, (coordinated)

Indirect gains in better asset utilisation



## near term characteristics

- Product Information: cost/accuracy
- *RFID System* Components: ID, tags, readers
- Deployment Area: outbound, warehouse
- Tag Deployment: asset, limited aggregate
- Integration: connected, coordinated

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## drivers – longer term

Value Adding
- rapid customer response
- customisation
- enhanced offerings (information support)

Product Extensions
- service life management
- disposal

Potential for significant differentiation

Alignment with/ Influence on core business strategy

Reengineering

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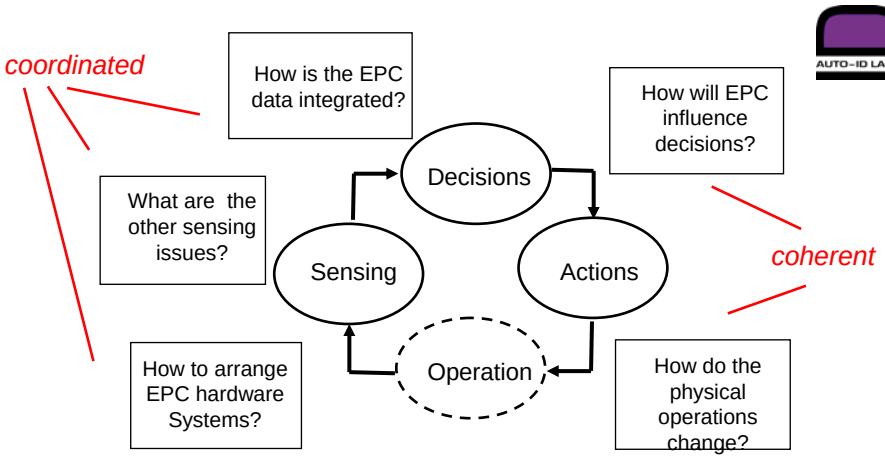
## manufacturing Systems Integration






## example: aero manufacturer

Tagging of parts, paperwork and tools to reduce complexity and improve system performance in aircraft assembly

Indirect gains in better asset utilisation

- Product Information: accuracy, *(completeness)*
- *RFID System:* UHF
- Deployment Area: inbound, production
- Tag Deployment: Reusable containers
- Integration: coordinated, *(coherence)*

## example: auto manufacturer

Tagging of vehicle carriers for enabling customisation of each recreation vehicle to specific order needs

- Product Information: completeness
- *RFID System: U*HF
- Deployment Area: inbound, production
- Tag Deployment: Carrier system
- Integration: coordinated, *(coherent)*




## example: laboratory packing operation

Order driven packing operation enabling order specification and ammendment.

Production driven directly by customer preferences

- Product Information: timeliness, completeness
- *RFID System:* HF *(UHF changeover)*
- Deployment Area: inbound, production
- Tag Deployment: Item/Aggregate tagging
- Integration: coordinated, *(coherent)*

## example: laboratory packing operation



## longer term characteristics

- Product Information: completeness
- *RFID System* Components: middleware, network
- Deployment Area: production, inbound
- Tag Deployment: aggregate, item
- Integration: coherency

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## Concluding Comments

- Barriers
  - non standard deployments
  - complex tagging situations
  - effective integration (*middleware problem*)
  - removing artificial constraints to extracting benefits

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## Concluding Comments

- Manufacturing and Wider Deployment
  - Manufacturing gains from upstream/downstream deployments and vice-versa
  - Multiple applications / shared product oriented information
  - key is to view RFID as a network extension
  - …. manufacturer responsibility in EU legislations



## Manufacturing Special Interest Project

- **Aim:** Provide a focus for common research and development issues in manufacturing RFID deployment
- **Typical Themes**
  - RFID Deployment – technology /operations considerations, constraints
  - Systems Integration – Bar Code, Other Sensors, Middleware
  - Reeingeering – rethinking BIS, control and operations
  - Adoption Support – business cases, standards, cross sectoral learning
- **Location:** Based at Cambridge – teaming with other labs and key organisations
- **Register:** for information, events and project details at
  **http://www.autoidlabs.org/manufacturing**

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