



Supply Chain Visibility and the EPCglobal Network

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EPCglobal Inc.

13th April 2005

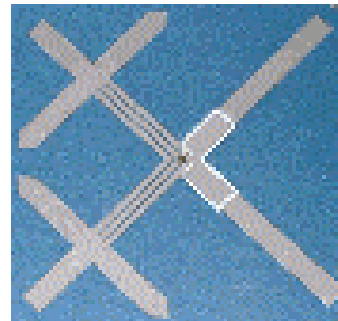
EPCglobal 

The logo for EPCglobal, featuring the letters 'EPC' in a stylized, overlapping arrangement with green and grey colors, positioned to the right of the word 'EPCglobal'.



Creation of EPCglobal

- Auto ID Center
 - Founded 1999
 - 6 Labs and 100 sponsoring companies
 - RF principles but new technology
 - Nov 2003 – baton passed to EAN.UCC joint venture
 - EPCglobal Inc. created





Creation of EPCglobal

- Auto ID Center
- **EAN.UCC**
 - Experienced standards making body
 - 30 years experience in barcodes
 - 1.1 million companies in 140 countries
 - Now GS1 (from Feb 2005)





From Auto ID Center to Auto ID Labs

- Auto ID Center
- EAN.UCC
- **Auto ID Labs**
 - Renamed post creation of EPCglobal Inc
 - 6 Labs
 - MIT - USA
 - St Gallen - Switzerland
 - Cambridge – UK
 - Adelaide - Australia
 - Fudan - China
 - Keio – Japan

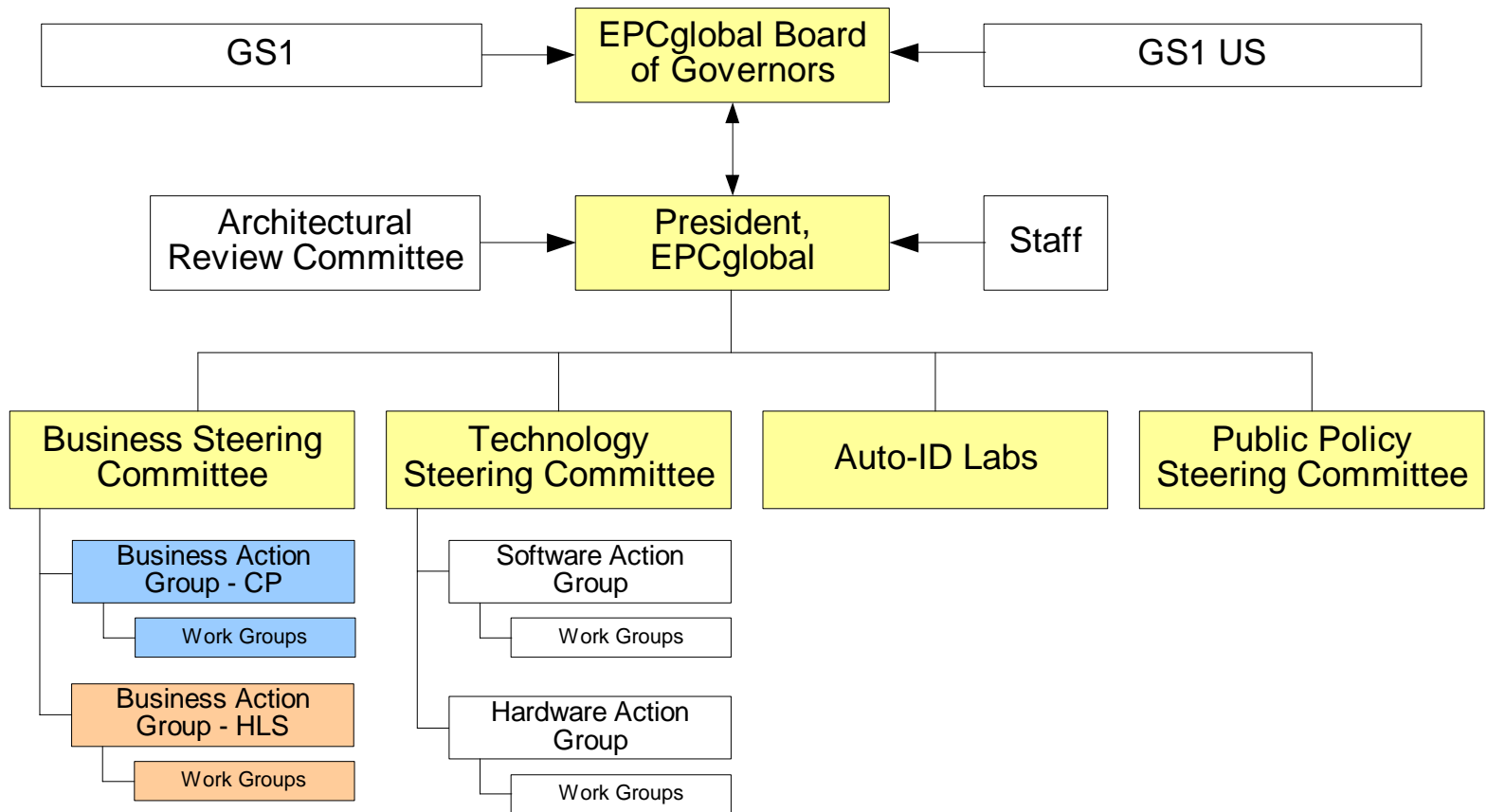


EPCglobal Purpose

- Take a global leadership role in developing and promoting multi-industry, user driven standards for collaborative commerce and supply chain management utilising EPC
- User driven organisation delivering added value to our customers and stakeholders through our activities
- Drive the global, multi-industry adoption of EPC



EPCglobal Inc. Organisation Chart



Virtual organization > 1500 people

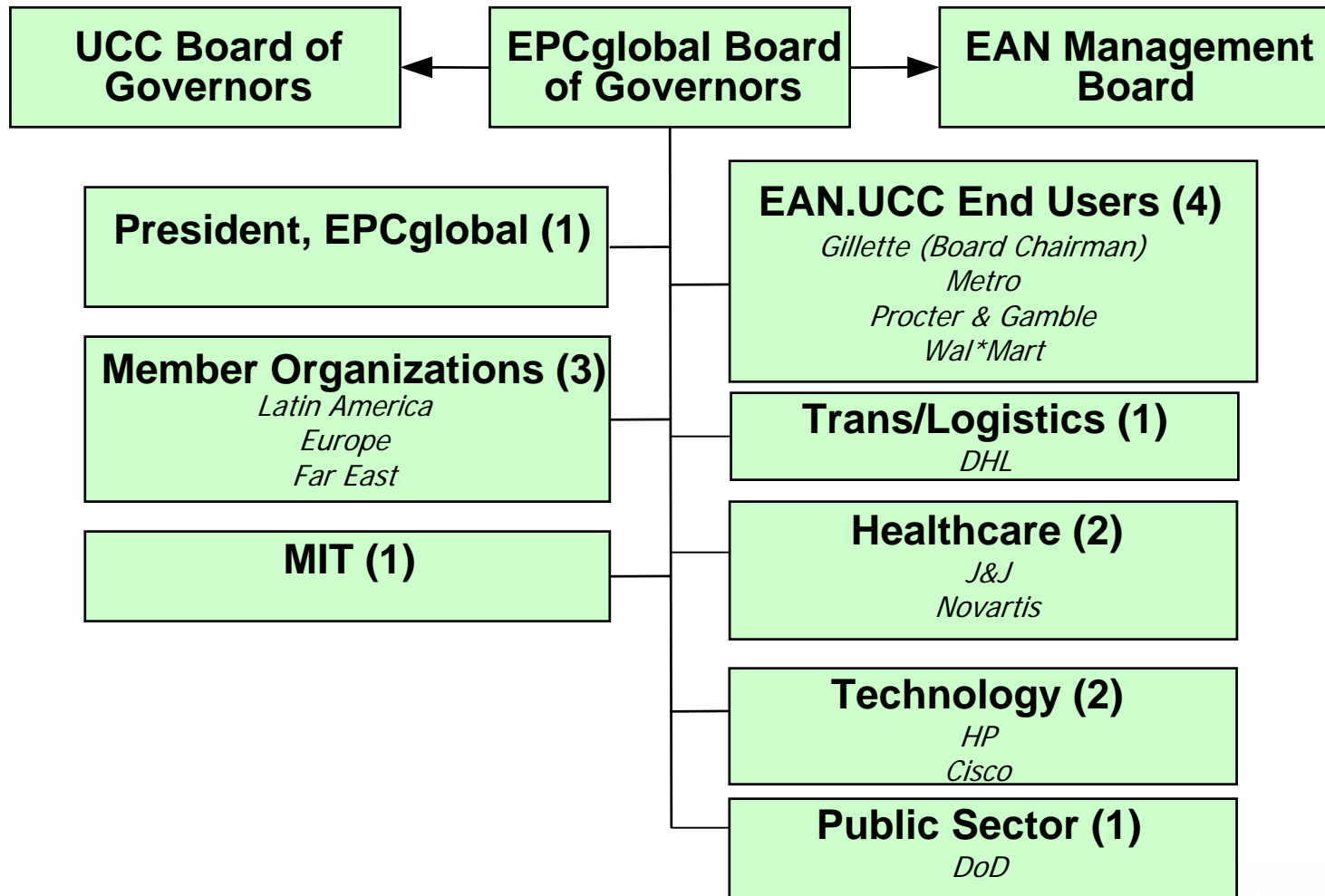


Business User Groups

- Business Action Groups (BAGs)
- Current:
 - FMCG (Fast Moving Consumer Group)
 - HLS (Healthcare Life Science)
 - TL (Transport and Logistics)
- Future BAGs
 - Automotive
 - Future Aerospace
 - Electronics



EPCglobal Board of Governors

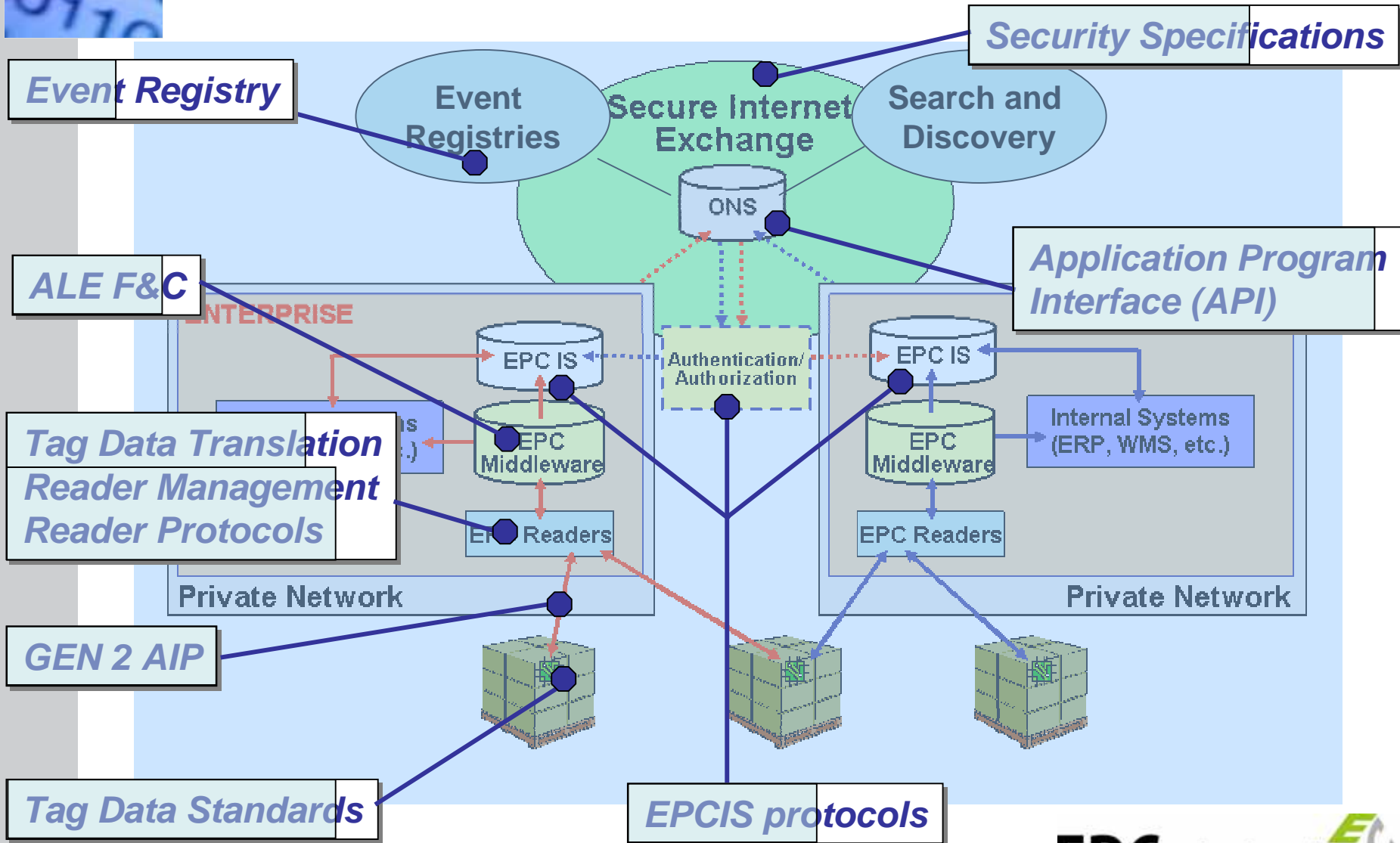


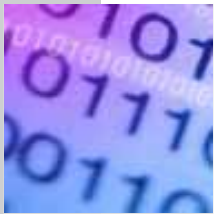


Gen2 & ISO

- Gen2 has been submitted to ISO expected end 2005
- ISO support of Gen2 is important in many countries
- EPCglobal's subscribers want global standards
- Constructive relationship with ISO is essential
- Success for EPCglobal depends upon
 - Being user driven
 - Being truly global
 - Standards credibility
 - Commitment to royalty free standards

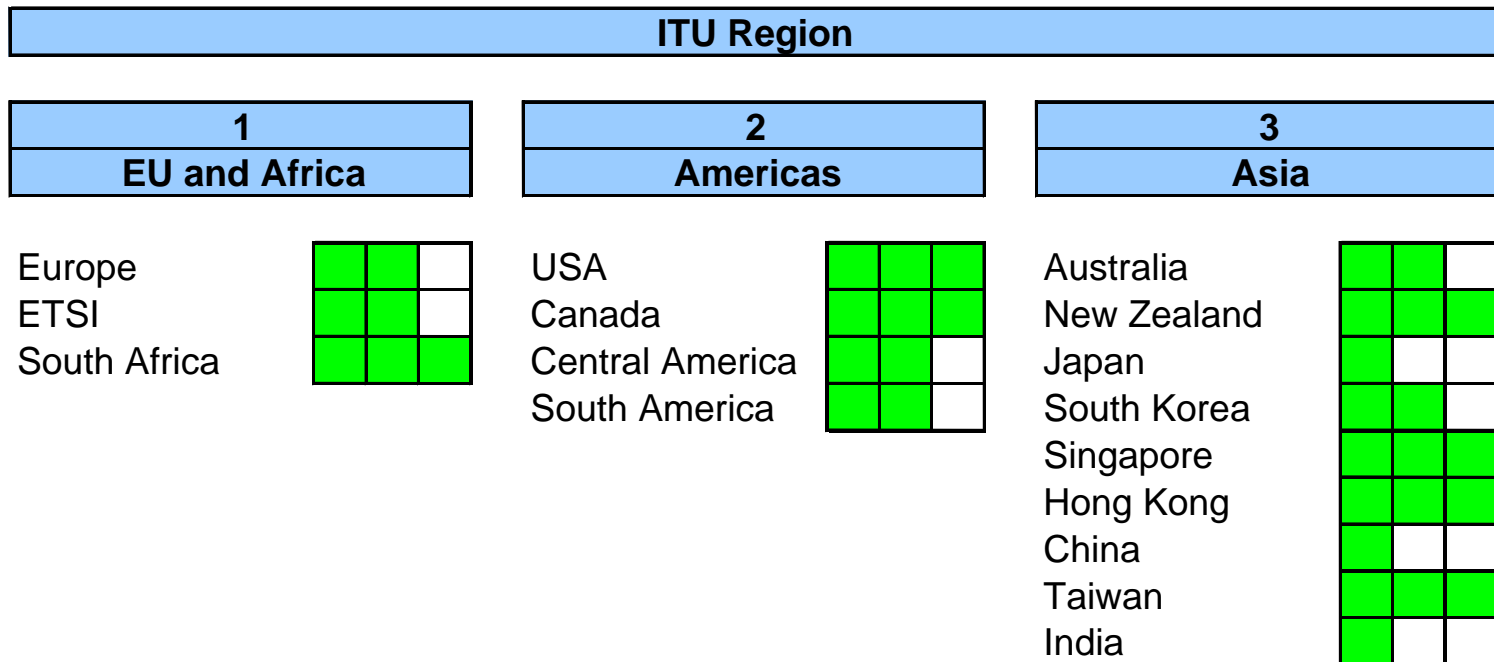
Network standards (Overseen by ARC)





Regulatory infrastructure

- Spectrum allocation to allow use of Gen2
- UHF spectrum (860-960 MHz) and power regulations (2w erp/4w eirp)
- Significant progress made:





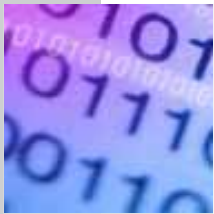
The benefits of event related information

- Potential to change process
 - bar code replacement alone will not deliver ROI
- Supply chain effectiveness, for example:
 - Lower inventory
 - Promotional forecasting and fulfillment
 - Order reconciliation
 - Shrinkage
 - Returnable assets
 - Receiving process
- Retail store, for example:
 - Availability at point of purchase
 - Back of store processes



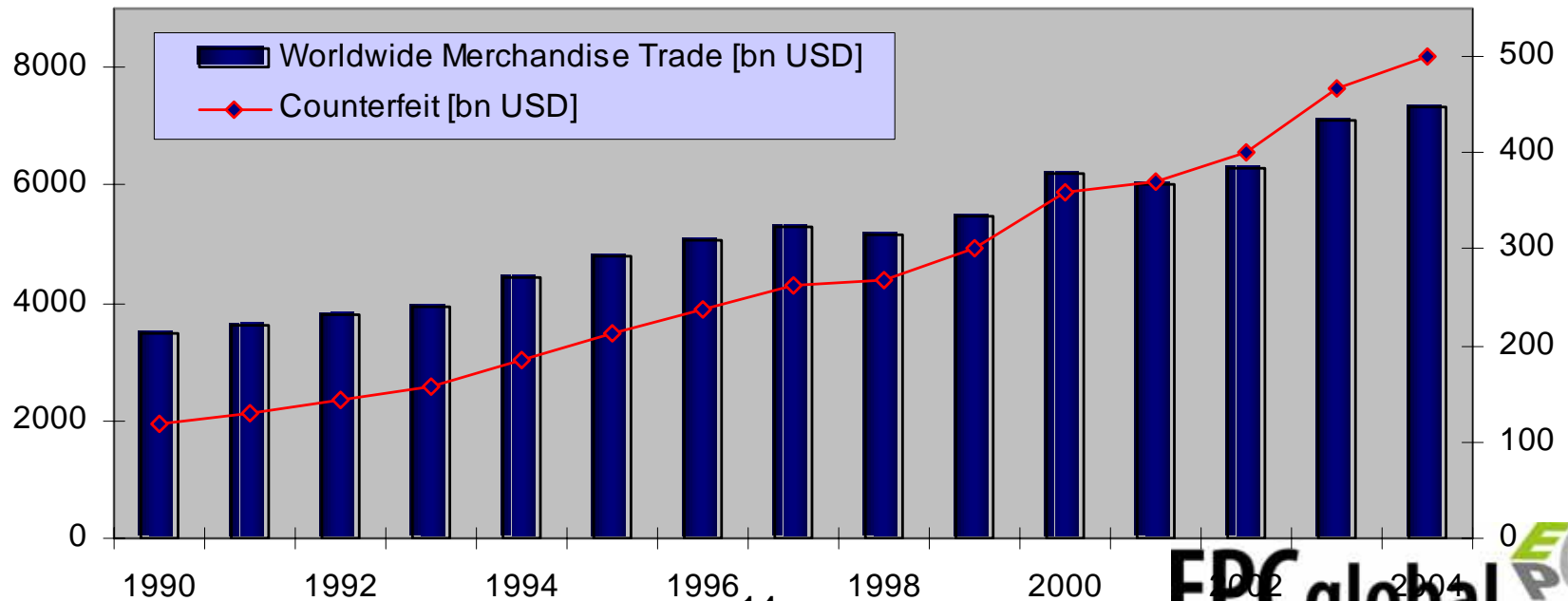
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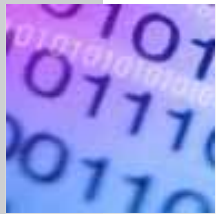
- Track and trace – new possibilities
 - Know where anything is and authenticate it at any point in the supply chain
 - Product recall
 - Pedigree – particularly pharmaceuticals
 - Customs processes – speed up clearance
 - Anti counterfeit



Counterfeit – increasing constantly

- Most industries affected consumer goods, music, software and luxury goods but also many other sectors.
 - Approx. 5 percent of all **car spare parts** are illicit products
 - 5 to 8 percent of **pharmaceuticals** are fakes
 - Up to 12 percent of all **toys** sold in Europe are plagiarised

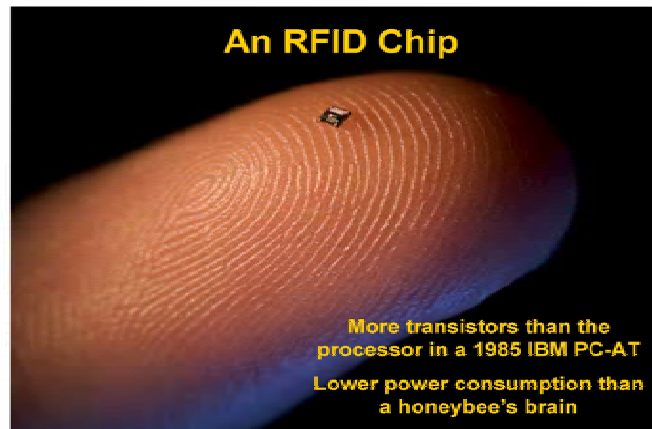




The Business Case

... "If you had to pick just one technology that could really make a difference [to businesses], it would have to be RFID," says Glover Ferguson, chief scientist at Accenture Ltd

- **So why are there so many questions about the business case?**
- New technology, new possibilities





The Business Case

- New technology, new possibilities
- Conceptual benefits and transformation scenarios are clear
 - Supply Chain – decrease costs, reduce capital investment, increase revenue.....over time!
 - Track and trace
 - Future benefit areas
 - Benefits that are challenging to quantify e.g. improved customer relationships
- Generic business cases
 - Early stage in use of the technology
 - Normalized data



Conceptual benefits are generic ...Real benefits are specific

- Not a “plug and play” technology
- Size of benefit often = amount of work done to find it
- Hundreds of pilots..... but constant development required
- Competitive advantage is being achieved.....but not publicized
- Prices going down.....but only one element of the ROI calculation
- “Wait and see” is a strategy that relies on “seeing”
- Professional analysis, creativity and innovation bring results



World beating strategy.....

“I don’t skate to where the puck is but to where it’s going to be” Wayne Gretzky





Skating to where the puck is in 2005

- Wal Mart – next 200 suppliers (137 already done)
- Best Buy – Top 100 supplier rollout
- Target – Top 100
- Albertsons – Top 100
- US D of D – 2005 Supplier Enablement Rollout
- Europe
 - Many pilots in progress and well advanced
 - Tesco, Metro, Carrefour, Ahold, Rewe, Spar, Dehaize, ICA
 - No specific directions yet given in the same way as USA



Work Plan 2005 – 7 Imperatives

1) Standards and Technology

- “The Year of the Network”
- Facilitate technology adoption
- Enable EPC usage across target industries

2) Public Policy

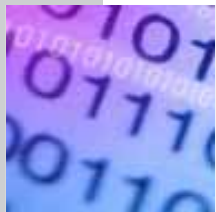
- Address issues effectively across the world
- Provide input to regulatory bodies

3) Auto ID Labs

- Alignment of research activity with user needs

4) User Adoption

- Drive increased adoption of EPC standards
- Contribute to subscriber base growth



Work Plan 2005 – 7 Imperatives

5) Regional Balance

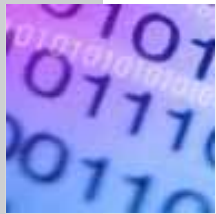
- Balance of focus and activity across the world
- Enhanced support for GS1/EPCglobal member organisations
- Industry development globally

6) Long term planning

- Clear processes, measures and control
- Development of 3 year plan - July
- Development of 2006 plan - September

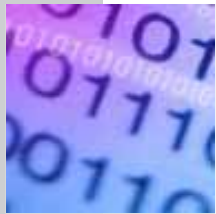
7) Community harmonization

- Alignment within GS1, particularly GDSN and GSMP
- Review of subscription model
- Outreach to trade associations and other standards bodies



Summary

- Momentum continues to develop rapidly
 - Regionally and across industries
- 2005 - “The year of the network”
- EPCglobal extending global scope of activities
- Strong business cases amongst leading companies
- Hardware prices are falling
- *.....but there’s still a long way to go!*



EPCglobal

***“The past creates
experience, the
future lies
untouched, but
what we do today
is the key to our
destiny” Anon***

