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ISV Completes A \$20,000 RFID Install For An Electronics Manufacturer

This ISV (independent software vendor) expects to grow sales revenue by 20% in 2007 with the help of RFID (radio frequency identification) installations.

Business Solutions, October 2007

Written by: [Mike Monocello](#)

RFID is everywhere. Some form of the technology has found its way into car keys (as a theft prevention measure), pets (for identifying lost animals), and smart cards used for quick, contactless payment. Still, due to what is perceived as high costs and a lack of mainstream education, widespread adoption has been slow. Therefore, many of the large-scale RFID implementations, thus far, have been mandate-driven by companies like Wal-Mart or the DoD. Many companies have complied with mandated initiatives by going no further than meeting the minimum requirements. Doing so ensures compliance, but often provides little internal benefits. The good news is that in many cases, RFID installations often can be expanded to provide internal benefits with little to no increase in the original project investment. VARs have a great opportunity to help existing clients get compliant and then slowly expand the project later. You don't have to be a traditional RFID VAR to get involved, either. Take, for instance, Vormittag Associates, Inc. (VAI). The company is an ISV specializing in ERP (enterprise resource planning) software. When its client Haier America was forced to comply with Wal-Mart's mandates, VAI decided to get involved.

Haier has been a client of VAI's since 2000 when the ISV sold the manufacturer its ERP software. In 2006, Haier began working through the process of becoming compliant with Wal-Mart's RFID supplier mandate. The mandate forces suppliers to affix RFID tags to all shipping containers received by Wal-Mart, increase warehouse efficiencies, ensure products are in stock and on shelves, and improve customer service. Shortly after speaking with Wal-Mart regarding the initiative, Haier realized it would need the help of experienced professionals, and turned to VAI. "Haier looked at other RFID software packages but found that they were either too expensive or lacked the ability to integrate with the company's existing ERP software," says Michael Morano, project director of VAI. "We presented Haier with the price of the necessary software and hardware, and the company accepted."

Print RFID Tags From An IBM System i Mainframe

To fulfill the needs of the mandate, VAI selected CYBRA MarkMagic bar code label, RFID tag and forms printing software, a Printronix SL5304r RFID printer, and Avery Dennison RFID labels. The MarkMagic software was chosen for its ability to run on IBM System i servers, which Haier uses to host its ERP package. The ERP package, S2K Enterprise for Distribution, was slightly modified by VAI to integrate the MarkMagic software and access Haier's data. The total cost of the solution was \$20,000.

One hurdle the ISV faced throughout the install was getting clarification on compliance requirements from Wal-Mart. "The retailer does provide documentation, but it was difficult to get in touch with people for more information when we had questions," says Morano. Very early in Haier's planning process, the supplier attended an RFID conference that EPCglobal U.S. hosted and Wal-Mart attended. Morano advises going to one of these conferences as early as possible to learn more about the compliance requirements and make contacts with people at Wal-Mart whom you can call if you need help.

Morano believes the most challenging aspect of the installation was that the ISV had no prior experience with the Printronix printer Haier selected for the project. "To get the printer to print and encode labels as we needed, it was necessary for us to do some research," explains Morano. "We coordinated a conference call with Printronix and CYBRA where both vendors provided us with the knowledge needed to solve our problem."

While Haier now is compliant with Wal-Mart's RFID mandate, the company knows that with some additional research and technological investment, internal benefits can be obtained. VAI currently is working with Haier to determine the

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exact next steps; although, at minimum, the ISV expects to install RFID readers throughout Haier America's warehouse to provide some internal supply chain visibility. In addition, VAI has many other smaller customers who will soon need to comply with Wal-Mart's RFID mandate. While not VAI's primary source of revenue, RFID business is expected to play a significant role in the company's expected 20% sales revenue growth in 2007.

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