



# The DATA CAPTURE Report

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## Special SCAN: The DATA CAPTURE Report Reprint

### Alien's CEO Sees Encouraging Market Signs

The more we speak with industry leaders, the more we believe the RFID market is alive and well despite troubles in other sectors of the economy. In a recent conversation with us, **Alien Technology** CEO George Everhart outlined some of the reasons he is so optimistic about the future of RFID.

When evaluating a market, sometimes, there's no place like home to begin looking for signs of change. Everhart has seen enough changes in Alien's sales to believe the market is finally beginning to see the ramp-up that was expected several years ago—a ramp-up...not the explosion some predicted.

"In the first half of our fiscal year—Oct.-Mar—we've seen opportunities continuing to pop up in major parts of the market," Everhart told *SCAN/DCR*. "A huge part of this growth has been outside the United States. But, in our third fiscal quarter, the lion's share of our sales have been at home in the U.S. We're finding that some bigger companies are willing to spend money to save money. When I say bigger, I'm talking about major household names. Most of these customers don't allow us to give out their names. They look at RFID as a competitive edge in their businesses.

"There are other internal factors that strengthen my opinion," Everhart continued. "For instance, our second quarter is usually weak. This year, we set a sales record for the company during the second quarter. Volume is now coming on strong in both supply chain and closed-loop applications. And, operations people are getting involved in the RFID review process...not just IT personnel."



George Everhart,  
CEO, Alien  
Technology.

Everhart told us Alien has also uncovered some rather large specialty applications requiring RFID technology. However, we failed to coax him to give us any hints as to what they were.

"There are several sizeable applications within the U.S. and a couple big ones on the international front," said Everhart. "Because they are so new, we aren't ready to announce them. [laughter] As you know, our competitors also read *SCAN/DCR*."

Like most of his peers, Everhart is very pleased with the work **Sam's Club** has been doing to promote its RFID initiative. "If Sam's Club's results show good things...and I expect they will, others will line-up to adopt the technology," he stated. "Sam's has a better model than most other retail

initiatives. It really provides a strong incentive for suppliers to comply.”

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**“In the next 24 months, the market is going to shift into high gear—not a big explosion, but we’ll see significant growth in sales. As we go through this period, we need to remember that when one vendor wins...all should be happy. It’s a big market, and the fact that it is growing is good for all.”**

**George Everhart, CEO, Alien Technology.**

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### **Talking Turkey**

On Aug. 6, Alien Technology announced that **LCWaikiki**, a retailer based in Turkey, recently implemented an Alien® RFID solution for garment tracking at its flagship store. **STS Technology**, a leading Turkish RFID systems integrator, installed an STS/Alien RFID garment tagging application at LCWaikiki’s outlet in downtown Istanbul. STS used an RFID/EAS combo hard tag to tag each of the twenty-four thousand articles of clothing LCWaikiki sells for men, women and children. Using the RFID system, LCWaikiki has been able to markedly improve efficiency in stocktaking and stock transfer and improve ROI.

Each article of clothing at the LCWaikiki’s deployment is tagged with a single hard tag that encases both an EAS (electronic article surveillance) anti-theft sensor and an Alien UHF/EPC compliant Gen 2 Squiggle-Short inlay. The RFID portion of the tag enables LCWaikiki to track all processes, including stock receipts, stockroom/sales replenishment, inventory management, product detection, customer returns, stocktaking, and store-to-store transfers.

As a result of its RFID deployment, LCWaikiki has seen a 60% time reduction in stocktaking and a 70% time savings in the transfer of stock from the storeroom to the sales area. This improved efficiency translates into significant cost savings for LCWaikiki, and helps the company maintain its very competitive prices.

In an Alien press release, Stephen Crocker, Alien director of channel sales for EMEA and India, commented, “A typical RFID installation addresses the automation or streamlining of a particular process, but the LCWaikiki deployment is unique in that Alien’s RFID solutions are being used as the central data capture method for storing all retail data. The LCWaikiki project represents one of Europe’s first full-scale RFID installations in a retail environment, and is a highly effective application that addresses LCWaikiki’s business needs and provides measurable return on investment. The next phase in the project involves rolling out the solution to all 190 of LCWaikiki’s stores.”

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Everhart told *SCAN/DCR*, "Turkey is a good market for RFID, because many of the businesses don't have installed AIDC systems. It makes it easier to jump directly to a technology that ultimately may be the best solution. We have found that our prospective clients there are very receptive to RFID."

### **Maintaining partner relations**

Like so many other vendors, Alien recognizes the value of a strong group of partners. To keep those partners happy, vendors must adhere to a strict code of ethics. "First, we never steal a deal from our partners," said Everhart. "We help them gather customer information by going into prospective buyers' facilities. We encourage Alien employees to work with partners to develop the best possible solutions to meet end user needs. It's important to get engaged early on and develop the right solution the first time. At this stage of industry development, we cannot afford to have any disaster stories floating around.

Continuing, Everhart stated, "Partners, and particularly value-added resellers, are key to industry growth. In many cases, integrators identify specific

verticals within more general horizontal markets. And, when you see enough sales in a new vertical, it becomes a special segment. We, in turn, can begin to develop specialized products that cater to that segment."

### **Comment to peers/competitors**

Closing, Everhart shared some general thoughts about the RFID industry. "As we supply technology to the market, what we are really doing is playing a part in providing a solution," he confided. "We're past talking about technology. Today, we are talking about problem solving. Solutions to problems...that's what customers are willing to pay for.

"In the next 24 months, the market is going to shift into high gear—not a big explosion, but we'll see significant growth in sales. As we go through this period, we need to remember that when one vendor wins...all should be happy. It's a big market, and the fact that it is growing is good for all."

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