

# Playing Global Tag

**Tracking cargo as it moves from port to port, RFID has become a key player in the transportation business.**

**Y**our next trip to the store might seem trivial compared to the journey the items you're about to buy had to endure. With clothing from India, furniture from Indonesia, and just about everything from China, the world has become a giant supermarket. Thanks to the Radio Frequency Identification (RFID) tags that track much of that cargo as it travels from port to part, it's also become an efficient one. RFID has made it possible for all the participants in the process to easily move merchandise from far-flung factories to outlets close to home.

"Once matured, RFID may very well become the glue that holds a supply chain together," says Rick Blasgen, president of the Council of Supply Chain Management Professionals (CSCMP), a 9,000-member organization based in Oak Brook, Ill. An RFID label may look like any other, but under its surface is a small radio with a computer code that identifies the shipment's owner, contents, and destination. At each stage of its journey, the tagged cargo passes through scanners that read the label and transmit data to shippers. "It's the next step after bar code labels," says Blasgen.

"You shouldn't even think about doing this tracking and bookkeeping with a pencil and paper," says Doris Hall, chief information officer for BAX Global, a \$2.9 billion, Irvine, Calif.-based shipper with 12,000 employees and operations in 136 countries. "With RFID tags we always know where the goods are." Purchased on Jan. 31, 2006, by Deutsche Bahn AG, the German national railroad, BAX Global is now part of a company with unprecedented international reach.

When everything works correctly, RFID can cut cargo-handling costs by about 10%, says Yossi Sheffi, professor of engineering and director of MIT's Center for Transportation and Logistics. There's an even bigger payoff, however, because once you know where a shipment is, it's easy to change its itinerary to avoid a typhoon, sidestep a port strike, or alter its destination

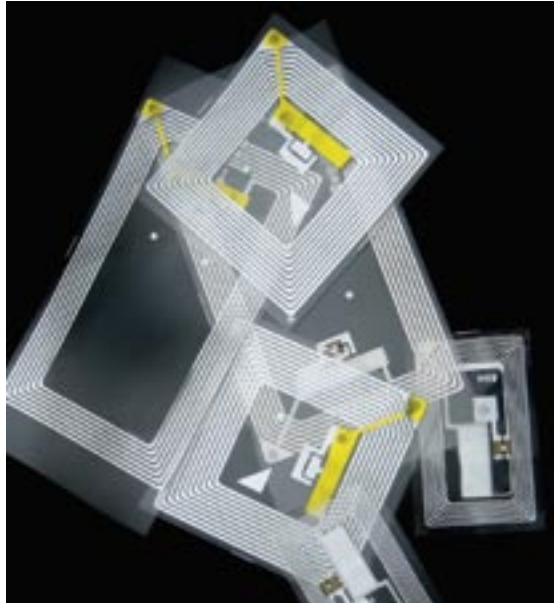
to correct for an inventory shortfall. "The world is still a very large place," adds Sheffi, "but RFID's ability to track cargo makes it small enough to manage."

Driven by mandates from the military, pharmaceutical companies, and large retailers like Wal-Mart, RFID has become a booming business. According to IDTechEx, a consulting firm in England, sales of radio tags are expected to grow from last year's one billion units to as many as 700 billion in 2017. By that time, the entire market—including scanners, software, and services—could be worth \$25 billion, up fivefold from 2006. "RFID will have a huge impact on global commerce," says CSCMP's Blasgen.

How it all comes together can be seen at BAX Global's Singapore dock, which has become a demonstration lab for the technology. Using RFID scanners located on entrances, exits, cranes, and conveyor belts, the BAX Global Ware-

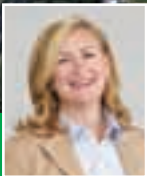
house Management System updates a cargo's location each time it moves. "Every movement is registered on the system and shows up on our computers and those of the cargo's owner," says BAX Global's Hall. "Complete visibility is our customers' No. 1 priority. RFID makes it happen, whether the shipments are across town or across the ocean."

—Brian Nadel



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Yossi Sheffi, MIT Center for Transportation and Logistics



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