



# **The relationship between RFID policy and RFID adoption in the EU – a win- win situation?**

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## How much win-win is the question

- Win-win is the normal situation. The reasons are the rules and practice of EU-R&D Programmes and the goodwill of the decision makers.
- But there are nevertheless bottlenecks for optimizing the win-win relationship:
  1. Lack of consistent business models, especially for SMEs
  2. Unsolved or inadequately addressed data security and privacy issue questions



## Main findings I

- The measures to create a real European research structure are not sufficient enough to motivate the industry to participate.
- The big programmes of national support for regional cluster formation are not very well integrated:
  1. Clusters are real infrastructures for business opportunities like time-to-market, collaborative supply chain and so on.
  2. Clusters are not hindered by national boundaries. But they are more than Europe-wide consortia. They last longer than a single project and the level of interaction is higher.



## **Reasons for the moderate importance of clusters**

- The selection of cluster projects is opposed to the competitive allocation rules for research projects.
- There are pre-conditions for the constitution of cluster-relevant consortia.
- So far, there are no innovative EU projects having brought together cross-border regional or national clusters aiming at the creation of a real critical mass.
- At the end the real win-win potentials in existing clusters are not used to stimulate the RFID development and application as it could be with public support.



## **Why are clusters so relevant for the development and application of RFID?**

- Consortia of cluster-connected companies are not artificial like many other consortia in research programmes. They are based on real processes – needed for supply chain optimization as well as other business processes.
- Clusters are offering realistic opportunities to participate in state-of-the-art applications especially for SMEs. The risks for the single company will be more calculable than in individualized strategies.



## Main findings II

The unexpected turn of the Commission: EU looks to limit use of RFID tags.

- The turn comes along with the new attempt of the Commission to give recommendations for the “life” of RFID tags in retail.
- EU-Commission now votes for an opt-in solution. That means because of privacy concerns seen by the Commission RFID Chips should be deactivated at the checkout counter unless customers specifically choose to keep the tags functioning.



## Main findings II

The decision of the Commission is not accepted generally.

- BEUC, the European Consumer Organisation, stated: "They (the consumers) haven't asked for the technology, so why should they have the burden of protecting themselves?"
- EPCglobal has a completely different position: "So far we haven't heard from consumers with day-to-day concerns."
- The problem is that the Commission doesn't see that an opt-in solution will probably deter many retailers from adopting the technology.
- One of the biggest members of EPCglobal, the Metro Group, stated that the opt-in solution will be responsible for the fact that "IT won't come on consumer items. They are going to kill the technology with that."



## **The RFID technology will be switched off before the consumers will have had the chance to see the advantages for private use**

Potential for private use:

- Processing of warranties
- Traceability / call backs
- anti-theft protection
- Intelligent washing-machine
- Intelligent fridge
- Recycling
- ...

The turn of the EU-Commission is so serious that it has a potential to destroy positive win-win effects in other fields like supply-chain management and so on.



## Recommendations

- Integration of European with national and regional programmes. This includes cluster strategies, but also aims like a Europe-wide infrastructure of partially financed application labs for the support of testing, validation and certification.  
The provision of high-quality information on the business potential of RFID is also an important action field.
- Massive increase of the public acceptance of RFID by the stimulation of projects having great socio-political relevance in the fields of health care, security and eco-management. In addition, there are ways to support the importance of privacy by further programmes.



**Thank you.**



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