

Omron Healthcare Inc. partners with Kuehne + Nagel and Avicon to unlock RFID's ROI

SITUATION

Omron Healthcare Inc., looking to establish a competitive advantage by enhancing its relationship with Wal-Mart, volunteered to be in the initial January 2005 wave of suppliers for the retailer's widely publicized radio-frequency identification (RFID) tagging mandate.

But the company – which supplies blood-pressure monitors, electronic thermometers, weight management products, portable nebulizers and other devices for the medical professional – required a partner to help develop and implement a reasonable-cost solution to ensure that its product could be tagged with electronic product code (EPC) tags at the case and pallet level

Omron Healthcare partnered with its third-party logistics services provider, **Kuehne + Nagel**, to create a scalable outsourced solution to RFID. However, Kuehne + Nagel had not previously provided the valued-added service required – the application of RFID tags at the point of shipping.

SOLUTION

Following its April 2004 formal volunteering for the Wal-Mart compliance program, Omron moved quickly with Kuehne + Nagel and **Avicon**, a premier RFID solutions company, to evaluate technologies. The solution combines RFID readers and antennas from **Omron Electronics** (an Omron Healthcare sister organization), Alien RFID tags and ConnecTerra's RFTagAware Edgeserver infrastructure software, in combination with Avicon's epcExpress™ RFID software framework integrated into Kuehne + Nagel's warehouse management system (WMS). Integration to the WMS is limited to automatic printing of RFID tags for RFID orders.

By September, hardware had been procured and software development was underway. Two months later, warehouse testing began, using the finished software and installed equipment. The first pilot shipment of 64 cases was shipped to the Wal-Mart distribution center December 3; live RFID shipping began, as scheduled, in January 2005.

The initial installation was in Kuehne + Nagel's multi-client distribution center in Alsip, Ill., outside Chicago, where Omron occupies about 80,000 square feet of the facility. Initially 30 SKUs were selected for RFID tagging, although the solution can manage much larger product portfolios. Typically, 100 cases are handled per order. The number will increase as Wal-Mart and other retailers expand RFID capabilities in their own distribution centers.

RESULTS

Initial benefits to Omron are focused on meeting Wal-Mart RFID compliance requirements. The company hopes to realize future value from product-movement data reported by Wal-Mart as its product moves through the retailer's supply chain.

Omron Healthcare's Mike Mobley, acting Supply Chain Vice President, said, "Using Kuehne + Nagel as our outsourced contract logistics provider, in combination with Avicon's expertise, provided us with an expedient, cost-effective and efficient RFID solution that positions us as a leader in innovative supply chain solutions.



Omron Healthcare, Inc.
1200 Lakeside Drive
Bannockburn, Illinois 60015
(847) 680-6200
www.omronhealthcare.com



KUEHNE+NAGEL

Kuehne + Nagel Contract Logistics
22 Spencer Street
Naugatuck CT 06770
(888) 856-8726
www.kuehne-nagel.com



Avicon Group, Inc.
69 Milk Street, Suite 222
Westborough, MA 01581
(508) 836 8750
www.avicon.com



Sensing tomorrow™

Omron Electronics, LLC
One Commerce Drive
Schaumburg, IL 60173
(847) 285-7011
www.info.omron.com