From Operations to Strategy:
The Potential of RFID for the Automotive Industry

ABSTRACT
For the automotive industry RFID (Radio Frequency Identification) is more than just a barcode replacement. Major companies regard RFID as strategic relevant for supply chain management. This report analyzes the business need for RFID in the automotive industry and evaluates possible applications that address strategic challenges.

The automotive industry has been using RFID technology for many years to improve local processes like production control and asset management. Potentials for improving the supply chains are recognized, but there are only few activities that could support the deployment. Unclear business cases, technological drawbacks and missing standards are challenges for the adoption. Nevertheless, companies from the automotive industry can achieve quick benefits through increased handling efficiency and higher data granularity for their local processes. Building on those applications they can step by step develop an infrastructure that facilitates global supply chain applications.

Our recommendations show how companies from the automotive industry can achieve more benefits from RFID technology and avoid taking the risk to invest without clear idea about their return on investment. The results presented in this report are based on a survey Booz Allen Hamilton and the Auto-ID Lab at University of St. Gallen carried out jointly between November 2003 and January 2004.