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## Omron eager to grab bigger slice of RFID pie

By Wai Lang Chu, 02-Dec-2005

**Omron Corp aims to invest \$20 million in the next two years in an attempt to capture a larger slice of the RFID market, which is expected to swell from \$1.95 billion (€1.65 million) in 2005 to an estimated \$26.9 billion in 2015, driven by cost competitive technology.**

Omron hope to tap into the industry, particularly the drug manufacturing sector, which has started to implement radio frequency identification (RFID) tags in packages to overcome counterfeiting and in addition for tracking and managing inventory across the supply chain.

The move is in response to Wal-Mart's scheme that has seen its top 100 suppliers adopting RFID tags shipping crates and pallets destined for the retailer.

Wal-Mart has said it will expand this to cover its next 200 largest suppliers in 2006.

RFID has been seen as a solution to ongoing problems in drug production and manufacturing that has escalated in recent years.

One such problem is drug counterfeiting, which directly impacts consumer safety and is estimated to cost the industry over \$35 billion a year.

Unlike packaged goods, pharmaceutical drugs have high market values, unique storage requirements and small unit sizes that make it necessary to track individual bottles or even individual doses.

Omron has extensive RFID experience having previously been in the RFID business producing RFID inlays, an RFID chip and antenna combo, on a roll and supplies them to companies which package them for use.

*"We are interested in entering any market and doing business, particularly with the pharmaceutical industry, retailers and consumer electronics outlets,"* said James Seddon, a spokesman for Omron in Tokyo.

The use of RFID as a tracking device has also suffered from reliability issues that are only now being addressed. Producers and suppliers of RFID equipment have long stated the need to accept that a certain proportion of RFID tags will be unreadable, a view that is not shared by everyone.

Bill Gunther, president of George Schmitt & Co, a developer of RFID labelling technologies, recently spoke to **In-PharmaTechnologist.com**, stating that: *"I am very, very uncomfortable with the general industry mind set that anything less than 100 per cent accuracy is acceptable."*

Omron claims yields of between 95 per cent and 98 per cent with its RFID inlays, which is significantly above the industry average, it said. Omron said average yields are around 80 per cent - meaning roughly one in five tags is defective.

As part of this strategy, the company will move its RFID operations into a new division that will be directly under Hisao Sakuta, Omron's president and chief executive officer.

Offices have already been established in Schaumburg, Illinois, and in Amsterdam to target the US and European markets, respectively. The division is planning to open an office in Shanghai in March 2006 to target the Chinese market.

*"RFID is an important, global initiative which requires a large investment,"* Sakuta said in a statement. *"I believe RFID could be a major growth engine for the company."*

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