

**SPEECH BY MR S ISWARAN, MINISTER OF STATE  
FOR TRADE AND INDUSTRY, AT THE OPENING OF  
THE NATIONAL RFID CENTRE,  
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INSTITUTE OF MANUFACTURING TECHNOLOGY  
(SIMTech)**

Distinguished Guests,

Ladies and Gentlemen,

**Introduction**

1. I am very pleased to be here this morning at the **Opening of the National RFID Centre** – a multi-agency initiative to help companies exploit the full potential of RFID technology.

2. Radio Frequency Identification (RFID) uses radio frequency communication to automatically identify, track and manage objects, people or animals through a paired reader and tag.

3. RFID has been used in operations for years, in order to tag and track items. However, it was mainly limited to closed-loop or proprietary solutions, such as tracking items within an internal distribution network. Today, with the development of technology to reap benefits from a RFID-enabled environment, the industry is set for exponential growth.

4. According to IDTechEx<sup>1</sup>, the cumulative sales of RFID tags up to 2005 totalled 2.5 billion. However, in 2005 alone, 600 million tags were sold and this figure is expected to more than double to 1.3 billion tags in 2006<sup>2</sup>. IDTechEx also forecasts that the total market value of RFID technology applications including systems and services, will increase 10-fold in 10 years from US\$2.77 billion in 2006 to US\$26.23 billion in 2016.

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<sup>1</sup> IDTechEx is a knowledge-based consultancy company providing research and analysis on RFID, printed and organic electronics and smart packaging.

<sup>2</sup> According to IDTechEx report.

5. Of this more than US\$6 billion of spending will be on active RFID. As the wider benefits of RFID technology are being documented and appreciated, it is expected that RFID will experience broader industry adoption with business value-focused solutions. The trends indicate that industries with the greatest opportunities to use RFID include retail, aerospace and defence, while the fastest adopters are in the healthcare, logistics and pharmaceutical industries.

6. The major initiatives and developments of RFID in UK, Europe, USA and Korea are strong indicators of the significance and impact of this technology, especially on buying. For example, in the UK, a National RFID Centre sponsored by the Department of Trade and Industry has been set up to encourage the growth of a network of specialised RFID technology centres.

7. In Europe, a similar initiative was recently launched in Brussels to expand the use of EPCglobal<sup>3</sup> applications. Known as Building Radio Frequency Identification solutions for the Global Environment, or BRIDGE in short, it aims to bring together representatives of the RFID vendor, end user, and the research and academic communities, to advance the realisation of the EPCglobal network.

8. Nearer home, the Korean Ministry of Commerce, Industry and Energy launched an 'RFID Leaders Group' to help develop and foster the use of RFID in industrial applications. Comprising leading RFID enterprises, it plays an important role in technology development and investment to spearhead the introduction of RFID in Korea.

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<sup>3</sup> EPCglobal is a not-for-profit standards body and a global leader in supporting fast, low cost, high quality RFID supply chain implementations. (EPC stands for Electronic Product Code)

9. In the US, the Standards organisation, EPCglobal US<sup>4</sup>, recently announced three new “value models” to help companies understand the financial impact of deploying EPC-based RFID solutions within their organisations. Each model addresses a particular market segment, namely chemicals, aerospace and retail pharmacy.

### **The RFID Scene in Singapore**

10. In Singapore, strong emphasis has been placed on RFID to position Singapore as a leading adopter of the technology in the region. Over the years, government agencies have launched various schemes to promote RFID development, trials and adoption.

11. For instance, since 2004, A\*STAR and IDA have collectively set aside a budget of S\$20 million to drive RFID

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<sup>4</sup> EPCglobal US is the first organization of EPCglobal system, a not-for-profit standards body and a global leader in supporting fast, low cost, high quality RFID supply chain implementations

pilot and trial projects. I am happy to note that, together with the private sector, pockets of such projects have been conducted, and experience gained, in various vertical segments including Logistics, Service and Hospitality, Retail, Manufacturing and Defence.

12. The National Library Board, Land Transport Authority, and Singapore Airport Terminal Services have demonstrated by example how RFID can be adopted to great effect both in the public and private sectors. Today, in fact, most Singaporeans won't leave their home without an ez-link<sup>5</sup> card! It is, therefore, timely for more of our local industries to make the strategic move now from pilot trials to full RFID deployment.

## **Rationale for early adoption of RFID**

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<sup>5</sup> EZ-Link Pte Ltd, a subsidiary of the Land Transport Authority, was formed in Jan 02. Its core business is the sales, distribution and management of ez-link cards as well as the clearing and settlement of ez-link card transactions generated in transit and non-transit (retail/merchant) applications.

13. Early adoption of RFID is an important step in our efforts to promote the 'knowledge economy' and to enhance capacity in industry, the public sector and society in general. The need for early adoption is self-evident. The improved efficiencies and value-add brought about by the technology with attendant cost savings and revenue growth, are key pull factors.

14. More importantly, over the next decade and beyond, a significant portion of the world's manufacturing output will be produced in Asia resulting in a surge in the supply chain activities of MNCs in the region. Singapore needs to be "RFID-ready" in order to be recognised as the ideal location for such supply chain management.

15. It is not enough to simply enthruse companies to consider adopting RFID in their business processes. They may then merely regard it as an "add-on" of RFID tags to

their products. Companies must also learn to derive full value from RFID technology by re-engineering their business processes and model, to get the best return on their investment. It is the fusion of technology, business and process innovation that is necessary to achieve the desired operational and business outcome.

## **Set up of National RFID Centre**

16. Our government agencies recognise that they must support industry in promoting and investing in RFID by product and process innovation, and technology and solutions innovation across industries and at the national level.

17. I am happy that the agencies have come together through this National RFID Centre to provide a national focal point to help local companies, especially the SMEs and users, to exploit the full potential of RFID. The National RFID Centre aims to quicken the pace of adoption of the technology through partnership with industry.

18. The centre will focus on five key industry verticals of Manufacturing, Logistics, Retail, Healthcare and Hospitality.

The five main functions of the National RFID Centre are to:

i) provide adequate funding and resource support;

- ii) create a IRFID focused interest group with linkages to a wide network of local and overseas RFID labs;
- iii) conduct training for potential end users and solution companies;
- iv) demonstrate novel RFID technologies and solutions from leading technology partners and solution providers and,
- v) create a knowledge base of RFID solution models that can be leveraged upon across industries to shorten the learning curve and deployment time.

## **Conclusion**

19. I commend the various founding agencies, A\*STAR, EDB, IDA and Spring Singapore for recognising that RFID is a critical enabler to sharpen our competitive edge, and for taking the lead in driving this national effort.

Such a centre is important to bring together the business community including technology partners, vendors and potential end users, as well as research and academic institutions to create innovative solutions and to drive adoption.

20. I would also like to congratulate the various industry players, academic institutions and end users, who are present today for the MOUs and adoption projects signing, for their foresight in adopting RFID in their business models.

21. RFID is here to stay. Looking ahead, we must be able to continuously think of potential uses for RFID beyond the basic applications. I understand that Levis Jeans has a trial project to install RFID tags on its clothing; and for the World Cup this year, FIFA used RFID technology on all its 3.2 million tickets to ensure only genuine ticket holders get access to the games at their 12 official venues!

22. The potential applications for RFID are only limited by our imagination. And, I look forward to many innovative projects being rolled out as a result of the collaborative efforts between our National RFID Centre and industry.

I wish the Centre every success! Thank you.

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**[ Estimated delivery time : 8 minutes ]**