



# The DATA CAPTURE Report

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## Special SCAN: The DATA CAPTURE Report Reprint

### UID Market Promising But Filled With Questions

**ID Integration Co-Founder/SVP Gary Moe credits new AIM NA "USA" committee with taking at least some of the mystery out implementation.**

It's no secret that SCAN/DCR has been touting UID as one of the most promising AIDC markets for the next 10 years. We have written countless stories documenting how leading players like **Hand Held Products, Cognex, A2B Tracking Solutions**, and others are leading the charge in developing this relatively new burgeoning sector. But, there are still many lingering questions about why UID implementation isn't happening at a quicker pace.

**ID Integration** is one of the leading integrators in this market with over 14 years experience in direct part marking (DPM) systems. Fortunately, we were able to lure ID Integration Co-Founder/SVP Gary Moe to the phone to answer some of the questions we have received from our readers.

When we asked Moe what's holding back adoption, he quickly replied, "There's a lot of things. But first, let's define UID. In a nutshell, it is a government/**DoD** requirement to mark items

with a 'unique identifier' embedded in a 2D Data Matrix code. The marking is applied directly to an item and is to remain with the item throughout its lifecycle. The Defense Federal Acquisition Regulation Supplement (DFARS) contains the rules used by the DoD and suppliers to the DoD to comply with UID policy when solicitations are issued. DFARS is a supplement to the Federal Acquisition Regulation (FAR) which is the body of regulations that is the primary source of authority governing the government procurement process.



**Gary Moe, founder and SVP, ID Integration.**

"Now, let's address your question," Moe continued. "One of the biggest problems facing UID adoption is that this is an unfunded government mandate. With the war in Iraq and everything else going on, there just is no money to fund the program. Another problem

is that the clause requiring UID often doesn't make it into government contracts. So, if suppliers don't see UID as a requirement, they don't do it."

Moe told us other factors are affecting adoption as well. Much like RFID, UID could provide countless benefits to both suppliers and the

government. But, also like RFID, many suppliers haven't identified the uses for DPM that could provide the ROIs they're looking for.

Actually, the benefits are very similar to RFID. The purpose of giving an item a unique identifier is to enable cradle-to-grave tracking and monitoring. On the manufacturing floor, DPM could help identify when a particular lot of parts had an exorbitant amount of scrap. This can help manufacturers in several ways. First, if they know immediately that half of the lot was scrapped at a particular operation, production control managers can get a replacement lot going through the shop. At the same time, the process control engineering team can determine why the parts were scrapped and take measures to make sure it doesn't happen again.

Tracking and monitoring...that's what UID is all about. And just as we have shown that UID/DPM can help in the manufacturing area, it can also help after items leave the supplier's dock. Okay, everyone understands the benefits of supply chain tracking. But, UID can provide other benefits to users—and indirectly, to manufacturers, as well.

Let's say the military uses multiple suppliers for the same helicopter part. UID can be used to determine the life cycle of each manufacturer's product. The DoD may find that one supplier's parts last longer than another's. So, at least one supplier would be happy to know that UID helped to identify its parts for superior quality.

UID could be used to determine how parts function in different geographic areas. A part may function fine in the state of Washington, but does it work the same in the deserts of the Middle East?

The problem with all this is that suppliers just haven't been able to identify these benefits. So, they complain about the costs, question the need, and simply ignore the technology if it is not listed as a requirement on their orders.

### **AIM North America to the rescue**

You've heard the problems; so what's the answer? [We can almost hear our readers collectively hollering: "Education!"] Last fall, under the auspices of **AIM NA**, leading players in the UID/DPM market formed a new committee dubbed **USA—the UID Suppliers Alliance**. The USA committee has three main goals:

- Develop a clear, consistent message on all aspects of UID requirements
- Communicate and educate influential government leaders about the benefits of UID compliance
- Establish a plan for success.

In a Dec. 11, 2007 **AIM** press release, UID Committee Interim Chairperson, Peter Collins, president, A2B Tracking Solutions, stated, "The purpose of the UID Supplier Alliance committee is to increase access to senior DoD leadership, thereby driving the adoption of UID from the top down. In the process we intend to educate the military and their

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contractors about the enormous business benefits of implementing UID across the military and throughout enterprises.”

In addition to forming the USA committee, AIM has been making other great strides. Moe couldn't say enough good things about the work **AIM Global** has done, especially with regard to the *AIM Direct Part Mark Quality Guideline*. DPM-1-2006 is intended to handle the variety of marking techniques and part materials used in DPM applications. [See *SCAN/DCR 11/23/07 and 12/14/07 for a two-part write-up by Carl Gerst III, Cognex sr. director & business unit manager, ID products.*]

“The recently approved DPM-1-2006 spec will be a key factor in driving UID adoption,” said Moe. “It addresses all types of DPM marking and verification processes. ID Integration helped draft the government UID plan, and I can assure you these AIM specs will be helpful.

“AIM is doing a great job of educating users out on the shop floor,” Moe continued. “But, we need to educate high-level, senior leadership in companies...the people who make the purchasing decisions. We view our affiliation with AIM as an important part of our business plan. AIM may be able to help show users what to expect when adopting a DPM system. Most users don't realize a DPM can be installed for as little as \$20,000 to \$50,000. Often, these costs include the necessary engineering that is required to install a system. Parts that fall under the required UID marking spec will have to have their engineering drawings modified.”

### A huge market

Marking new parts/items as they are manufactured is only half the UID plan. The second part is marking legacy parts that are in the field. “The **Army** believes there are 100-400 million parts in the field that would fall under the umbrella of what should have a UID mark,” said Moe. “But, there are some people within the DoD that believe the number could be 10 times that number—as many as a billion parts. Things like Humvees, tanks, and ground support equipment are all critical to the support of our soldiers in the field. We must make sure there are replacement parts for these items as they are needed.”

ID Integration has a division called **Jet City Laser (JCL)** which helps users get started in UID. It provides pre-printed labels and nameplates. Although JCL is doing well, Moe said he is beginning to see more actual DPM adoption; companies are doing their own marking internally.

“There are a lot of small-job shops that still don't use computerized inventory systems,” Moe closed. “This whole UID initiative will push AIDC, and in turn, computers and networks, to the shop floor. In addition, ERP systems can only provide value if they have accurate and current data...the type of data our systems provide. This will be a huge market for years to come.”

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