



OTTO

Securing and tracking high-value goods using RFID tags

The Otto Group is a leading trade and services group with 123 companies in 19 countries in the principal economic regions of Europe, America, and Asia. Some 55,000 employees work in a global network. Otto is now the world's largest mail order group.

The project

On August 3, 2004, OTTO started a trial project in conjunction with the Hermes Logistik Group to roll out RFID technology. The project aims to test the suitability of the technology in practice, to track shipping operations from start to finish, and to minimize losses. OTTO attaches RFID tags to such high-value articles as camcorders and cell phones. The goods are then routed from the OTTO warehouse via order picking and the central loading hall in Hamburg to the 64 Hermes depots and, ultimately, to the customer. The RFID chip contains the consignment identity number and the return code for the article (though not any personal customer data), so that every article can be identified at

three points in this chain and in five selected Hermes depots using RFID readers.

Every article tagged with a transponder is accompanied by a letter telling consumers about the trial and about how transponders are used, along with a phone number if they have any questions about RFID.

The challenge

For the first time in the mail order business, high-value articles can be tracked from the OTTO warehouse to receipt by the service provider Hermes using RFID. The tagged goods are packed together with other goods ordered by the customer. RFID technology allows the valuable items in the packages to be checked from start to finish of the supply chain.

The pilot project underlines OTTO's role as an innovative and forward-looking enterprise. It aims to test the suitability of RFID technology in practice in the mail order environment. The goal is to track and reduce losses in the logistics chain.

Benefits for OTTO

- High-value goods can be tracked from the warehouse right through to receipt by the service provider
- The transfer of risk is unambiguously determined
- Losses are reduced
- Greater customer satisfaction because deliveries are more reliable
- Image as an innovative enterprise

Benefits for OTTO customers

- Delivery of goods is more reliable
- Easy traceability if customers have queries

The solution

In the Otto warehouse the transponder tags are electronically written with logistics information and are attached to the individual packaging of the article in the form of adhesive tags. Using the transponder tags, the data can then be recorded at defined measurement points en route from the warehouse to the service provider and can be stored in a database.

This permits all sorts of analyses: comparison with target data, tracking the route of a high-value article, etc.

Our services

We are helping OTTO to implement the test phase by means of:

- Consulting at process level and for technical requirements
- Design and Build for the solution
- Project management
- Partner management

Technical basis

- FSC-PCs device controllers and data servers
- Windows XP operating system
- Transponder technology based on DIN 15 693
- MOBY D system from Siemens A&D
- RFID printers from Zebra

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