

Product Tracking

Use of New Technology Can Enhance Business Productivity

Summary

Background

Business is always looking for new ways to minimize product loss and expedite product delivery to consumers. Technology giants like IBM and HP are investing hundreds of millions of dollars in Radio Frequency Identification (RFID) tags to advance the tracking of items from bar codes to smart tags packed with data. Some well-known and widespread uses of RFID technologies in the United States include EZ Pass on highways and bridges and Speed Pass at gas stations.

Government and businesses in the United States and around the world use secure Smart Card ID technology for the transfer of critical information, securely, conveniently and efficiently. A major stumbling block to eventual widespread use is the issue of privacy. Opponents believe the technology will lead to customer profiling.

Current State/Federal Policy

California law prohibits financial institutions from sharing or selling personally identifiable non-public information to unaffiliated third parties without obtaining prior consent from consumers. State law also prohibits stores with club card programs from collecting driver license and Social Security numbers from applications and selling or sharing such information. Federal law prohibits video stores and libraries from sharing or selling customer records without obtaining prior consent. Beginning in 2009, the state will enforce increased monetary penalties and jail time for those convicted of trying to access information from RFID cards.

Impact on Business, Employers, Economy

Several major retail operators have required manufacturers to implement the use of RFID tags at the case and pallet level. Businesses hope to save billions of dollars through theft control at shipping and warehouse points. Another benefit of product tracking is knowing in advance when and where replacement shipments will be needed, thus allowing for route preplanning to avoid congested areas, reducing time in transit and reducing pollution from transit sources. Use of the technology also will limit the spread of counterfeit products moving through the system and expose fraudulent products returned for cash, both problems that plague many retailers.

Anticipated Action

In 2008, legislation imposing a variety of precautions and limiting the use of RFID technology in government-issued identity documents was stopped. Also, a bill requiring schools to obtain written consent from parents before using student identification cards with embedded RFID technology to track student attendance and whereabouts on campus was vetoed by the Governor. There is reason to anticipate that similar and perhaps more restrictive legislation will resurface at the state level in 2009.

CalChamber Position

The California Chamber of Commerce supports research, development and integration into the marketplace of new technologies that have the potential to enhance business productivity and limit losses.

Reasons for Position

- RFID tags will aid in theft control and identifying counterfeit products.
- Reduces traffic congestion by pre-planning routes and times of deliveries.
- Warranty and product recalls will be more effective and efficient in the future.
- Consumers will benefit by the swift replenishment of products on the shelves.

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