

Premier German Retailer Karstadt Successfully Deploys In-Store, Item-Level RFID for Complete Visibility of Apparel Goods and Better Store Operations

New Sensormatic® iREAD™ Platform from ADT Helps Top Retailer Execute a Simplified RFID Approach for a Potentially Faster and Better Return on Investment

Düsseldorf, Germany – December 6, 2007 – The Karstadt Warenhaus GmbH chain of premier German department stores has successfully and cost-effectively deployed item-level Radio Frequency Identification (RFID) in its apparel stock management system.

With a highly disciplined, pragmatic approach to its deployment of the technology, Karstadt avoided the higher cost and complexity of conventional item-level RFID configurations, helped by ADT's new Sensormatic iREAD RFID platform. This platform is a EPCglobal Gen 2 standard-compliant breakthrough in item-level RFID stock management architecture. It combines power, control and data distribution infrastructures, greatly simplifying the installation and operation of such a system.

In a pilot at its 30,000-square-meter Düsseldorf store, Karstadt seeks to improve its overall store efficiencies, while enhancing its customers' shopping experiences through improved availability and management of its goods. Both benefits come from having complete stock visibility via RFID tags attached to its goods before arriving at the store.

Karstadt, one of Germany's top retailers with 86 department stores and 32 sporting goods stores, is a leader in putting advanced technology to work in retail environments. In the pilot, its logistics provider is attaching small RFID tags on 50,000 men's jeans, sweaters and shirts from six suppliers at its hub, where it already attaches Sensormatic Electronic Article Surveillance (EAS) anti-theft tags and price labels.

In-store, the RFID tags are read in five places: at the point of receiving; between the back room and front of the store; on shelves; with mobile devices used to resupply stock; and at the point of sale, where the RFID tag is removed to ensure customer privacy and data protection.

This way Karstadt store management can tell in real-time where each apparel item is and which styles and sizes are selling best. If those styles and sizes are getting low in number, more can easily be ordered before an out-of-stock situation occurs that could potentially send disappointed customers to competitors.

According to Rainer Jilke, Karstadt's Departmental Head of Process Organisation Purchasing and RFID Manager, his company's real-world evaluation of item-level RFID could lead to a chainwide deployment based on a positive return on investment (ROI).

"With ADT's Sensormatic iREAD RFID platform, initial deployment was easier than it otherwise might have been and ongoing operating costs are lower," he said. "When we add in all the other benefits, we expect it will help tip the balance toward a positive ROI much faster."

Karstadt expects to realize the following operational benefits that will improve efficiencies and operating margins, while ultimately enhancing the customer shopping experience:

- Faster inventory-taking can enable Karstadt to manage inventory better. For example, without RFID, a full inventory count for such a store size with 300,000 articles can take up to 3,800 hours. That is why inventory is usually conducted just once a year. With the item-level RFID inventory system, retail staff can count items in an apparel department once week or even once a day – just by querying the system.
- Greater inventory accuracy via regular stock counts can help Karstadt employees locate misplaced items much faster, increase product availability and drive sales.
- More efficient price management will potentially reduce the time needed to find items to discount in the store, speeding up the discounting process and reducing margin erosion.
- Improved visibility of how often customers remove items from shelf displays will offer merchandisers valuable usage statistics.
- Better and automated shipment reporting capabilities can help Karstadt identify shipping errors on goods delivery, enabling faster and more cost-effective corrective action.

In deploying item-level RFID in its pilot store, Karstadt eliminated separate power, control and data distribution infrastructures by using the breakthrough Sensormatic iREAD RFID platform from ADT. It avoided deploying a costly and complex system of antennas and cables and eliminated the need for multiple RFID readers and unique control software usually required when dealing with such a large number of in-store item-level read points.

Along with easier installation, this highly simplified, scalable approach means capital and operating expenses have been significantly reduced. As a result, it is anticipated that Karstadt can realize a much faster and greater overall return on its investment.

Tony D'Onofrio, Sensormatic Vice President of Marketing and Channel Support for Tyco EAS / RFID, applauded Karstadt's highly disciplined, pragmatic approach to its in-store, item-level RFID pilot deployment. "Karstadt clearly realizes the potential payoff from item-level RFID depends on an approach that's simple yet flexible and can scale," he said. "It adopts technology very carefully, then deploys it in the most practical way to benefit both its customers and the company. Proving the Sensormatic iREAD platform in their pilot is a milestone for the retail RFID industry that should help unleash many more deployments among other retailers."

About ADT Security Services

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