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2009 RFID Business Planning Service:

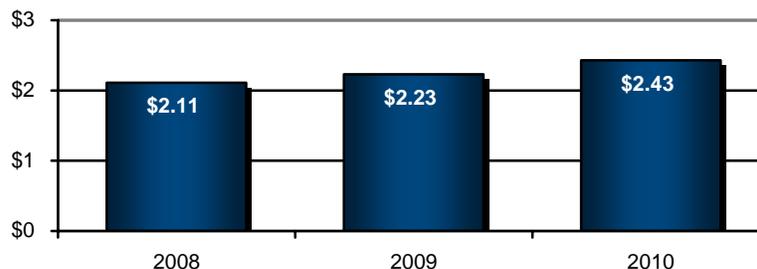
RFID Hardware Continues to Commoditize, But Is Becoming More 'Core'

Natick, Massachusetts – July 10, 2009 – The total RFID hardware market (transponders, readers, & printers/encoders) exceeded \$2.1 billion in 2008 and is expected to grow 7% annually (CAGR) through 2010 according to Track 1: Volumes 1-3 of VDC Research Group's recently published *2009 RFID Business Planning Service*. Although slow-going for the next 12-24 months, the pipeline of global pilots is expected to experience a high level of conversion (to deployments) over the next 5 years, driven primarily by smartcard, supply chain, ticketing, and asset tracking applications. The RFID hardware market is predicted to gradually return to historic growth rates (~30%) after the next 12-24 months. According to Drew Nathanson, Director of Research Operations, "RFID is no longer a 'sapling'. In fact, RFID's roots continue to branch out with more pilots and deployments across a broader range of vertical markets and applications. Sustainable, scalable and profitable growth is attainable, but currently elusive."

High-level, hardware specific insights from these volumes include:

- **Transponders:** By 2013, the APAC region will account for the largest share of the total global RFID transponder market, caused by a continued shift in tagging to the point of manufacture, a proliferation of supply chain applications in high-volume markets in 2011/2012, and facilitated adoption of smartcard applications due to government programs and increased end user comfort levels
- **Readers:** Reader revenue growth is expected to slow over the next 5 years, as many end users focus on expanding transponder volumes and extend their reader scaling and refresh cycles, suppliers continue to aggressively compete on price in an increasingly commoditized market, and growth of lower-cost embedded modules continues to increase.
- **Printers/Encoders:** These devices continue to be perceived as non-core for most current RFID installations; however, this perception is expected to change as RFID.

Exhibit 1
Global Shipments of RFID Hardware, Segmented by Region
(Billions of Dollars)



*RFID hardware includes: RFID Transponders, RFID Readers, and RFID Printers/Encoders

ABOUT VDC RESEARCH GROUP

VDC Research Group (VDC) is a technology market research and strategy consulting firm that advises clients in a number of technology markets including: AutoID & Transaction Automation, Embedded Hardware and Systems, Embedded Software and Tools, Industrial Automation and Control, Mobile and Wireless, and Power Conversion and Control. Using rigorous primary research and analysis techniques, the firm helps its clients identify, plan for, and capitalize on current and emerging market opportunities. We strive to deliver exceptional value to our clients by leveraging the considerable technical, operational, educational and professional experience of our research and consulting staff. During our nearly four decades of ongoing operation, we have had the pleasure of serving most of the world's leading technology companies, many high-profile start-ups, and numerous blue-chip early and later stage investors. Our products and services consist of research reports, annual research programs, and custom research and consulting services. Founded in 1971, the firm is located in the Boston area. Please visit our Web site at www.vdcresearch.com to learn more.

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