

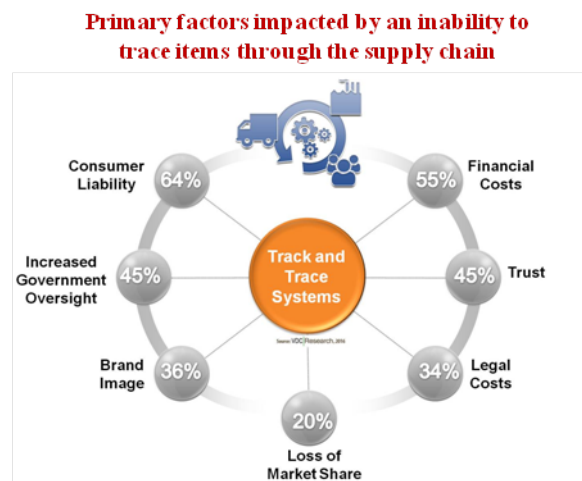
Fast-Approaching Regulatory Deadlines and Recall Preparedness Will Drive Greater Adoption of Traceability Solutions, According to VDC Research

Improving supply chain efficiencies, recall preparedness, and regulatory compliance, listed as key drivers for traceability solution investments.

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A string of food-borne illness outbreaks, faulty automotive parts, and damaged pharmaceutical drugs paired with poor recall execution and the inability to track and trace products effectively through the supply chain have caused significant long-term damage to many major brands in the food & beverage, pharmaceuticals, and automotive industries in the past 18–24 months, according to a new report by VDC Research ([click here](#) for more info). The ability to recall items effectively has become vital to manufacturers in these industries as daily media coverage of defect/error-related crashes, illnesses, injuries, and deaths exacerbates consumers' negative reaction towards businesses and brands. According to VDC, vendors across these industries reported consumer liability (64%), financial costs (55%), and trust (45%) as the factors most affected by an inability to trace items in the supply chain.



Track-and-trace/traceability systems are solutions which can enable organizations to locate and determine the current and past locations (and other information) of a unique item or asset as it moves through the supply chain. Policy makers, industry groups, and leading manufacturers have, in recent months, begun pushing the adoption of traceability systems on a national scale to address issues ranging from food safety, to driver safety and patient safety, and to consumers' right to know what is in the product they are purchasing. Government regulations including the Food Safety Modernization Act (FSMA) for food & beverage, the Drug Quality and Security Act (DQSA) for pharmaceuticals, and the Transportation Recall Enhancement, Accountability and Documentation (TREAD) Act for the automotive industry will pave the way for more traceability solution investments in the next 18-24 months. Each regulation introduces stringent deadlines, guidelines, and extended powers to regulatory agencies respective to their industries. Companies risk significant delays, penalties, and fines with non-compliance. New statutory powers provided to agencies such as the FDA to access company records represent a massive regulatory change under the FSMA and the DQSA, and thus, requirements to improve record keeping and supply chain-wide communication will be extensive, ultimately driving investments in data tracking, management, and control solutions. In the automotive industry, the market for traceability solutions is well established with adoption driven by the much older TREAD Act.

“Companies today continually face countless challenges within their supply chains including recalls, counterfeit products, increasing logistics costs, constantly-evolving government policies, and operational inefficiencies that are prompting greater interest in traceability solutions.” said Shahroze Husain, Research Associate at VDC. “With deadlines for provisions of regulations such as the FSMA and DQSA fast approaching as soon as 2016 and 2017, respectively, investing in

traceability systems and software that monitor products through production and distribution processes is becoming a vital consideration for manufacturers.”

According to VDC’s report, 59% of respondents reported having increased budgets for traceability systems in 2016. Hardware vendors must establish strong vertical-specific partner networks of specialized traceability software vendors, resellers, and systems integrators to capitalize on this growing opportunity. For software developers, developing cloud-based solutions with predictive analytics capabilities will enable them to become more accessible to a broader base of users. As enterprises continue to upgrade, change, and refine their supply chains driven by strict government, industry, and customer regulations and mandates that often impact businesses down to the barcode/RFID tag, both hardware vendors and software developers must ensure their products address the latest industry and federal requirements.

About VDC Research

Founded in 1971, VDC Research provides in-depth insights to technology vendors, end users, and investors across the globe. As a market research and consulting firm, VDC’s coverage of AutoID, enterprise mobility, industrial automation, and IoT and embedded technologies is among the most advanced in the industry, helping our clients make critical decisions with confidence. Offering syndicated reports and custom consultation, our methodologies consistently provide accurate forecasts and unmatched thought leadership for deeply technical markets. Located in Natick, Massachusetts, VDC prides itself on its close personal relationships with clients, delivering an attention to detail and a unique perspective that is second to none.