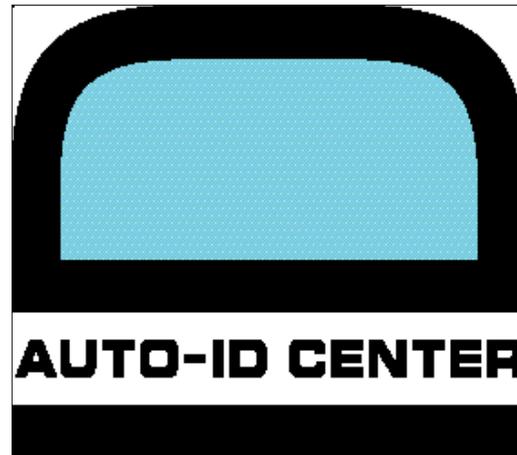
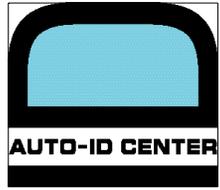


ePC TOWN TEST

Board of Overseers Meeting
June 13-14, 2001

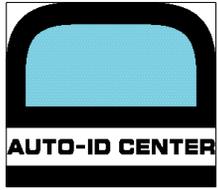


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Agenda

- Objectives
- Goals/Action Standard
- Background/Status
- Implementation Scheme
- Timing
- Costs



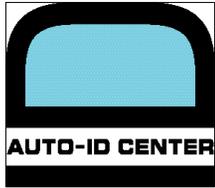
Objectives

- Objective of the Town Test is to quickly demonstrate the power and potential of *ePC* in the real world across the supply system including into the consumer's home.



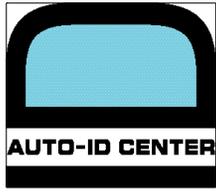
Goals

- The Town Test goals are to pilot the current MIT developments and to create awareness with consumers, retailers, manufacturers, and technology providers as to the power of the *ePC*



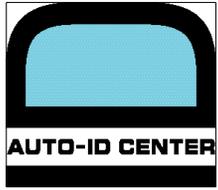
Action Standard

- Prove technical feasibility
 - Install, debug and evaluate effectiveness of Auto-ID Center developed PML and ONS
 - Assess robustness of the system with increased demand
- Develop a business case
 - Expand test to unit level and customer's home



Background

- Town Test Team assembled (12 March 2001)
- 3 Team meetings have been conducted
- Sub teams have been established
 - End user sub team
 - Vendor sponsors sub team
- Test city has be selected (Tulsa, Oklahoma)
- Implementation plan has been prepared to include:
 - Participating sponsors, products, costs, and timing



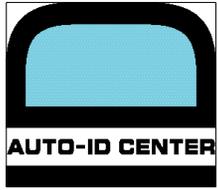
Background (continued)

- Three Phase implementation:
 - Phase I: Pallet level
 - Phase II: Pallet and case level
 - Phase III: Pallet, case and unit level down to customer's home



Status

- The team is ready to implement the Town Test plan upon approval from the Board of Overseers



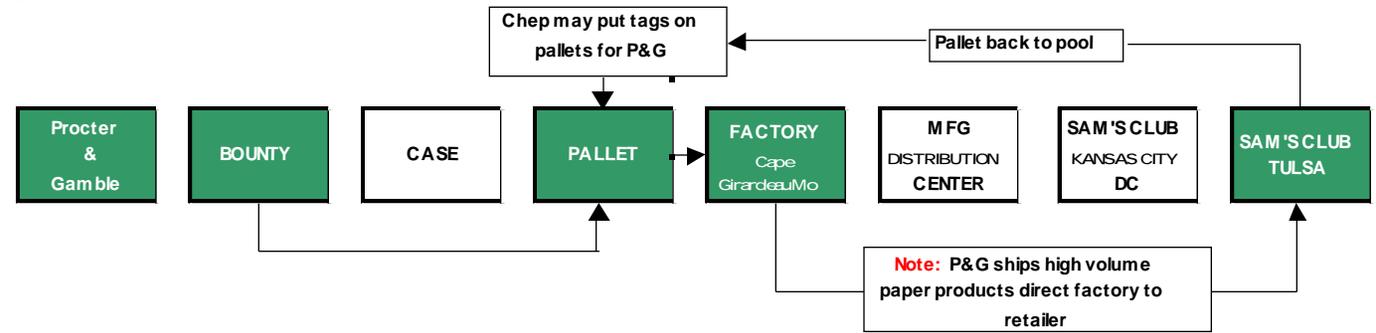
Implementation

- **Phase I**

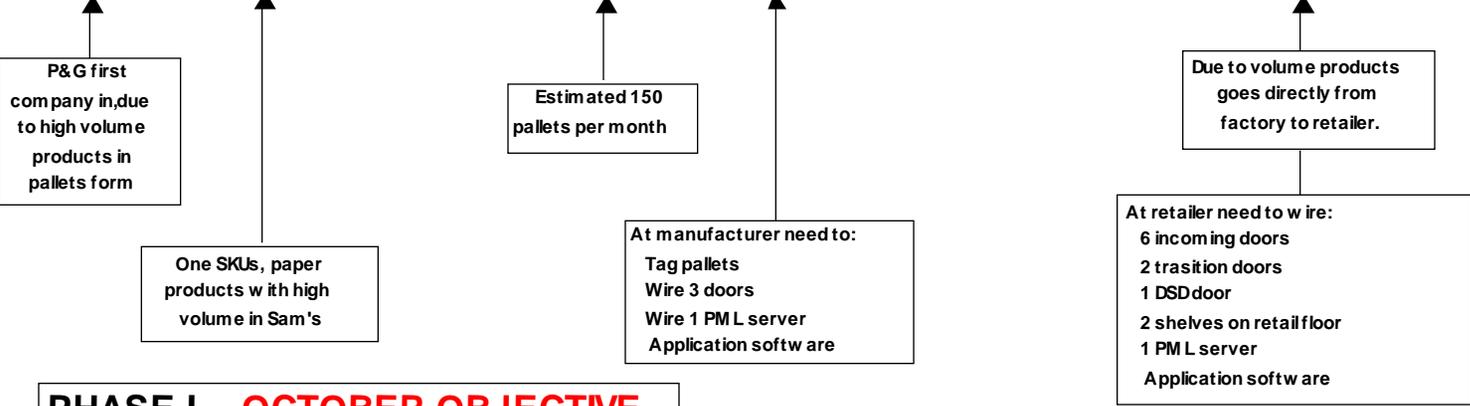
– **October 2001- January 2002**



October-01



MFG	SKUs	CASE	PALLET SKUs	MFG FACTORY	MFG DC	RETAILER DC	RETAILER
1	1	0	1	1	0	0	1

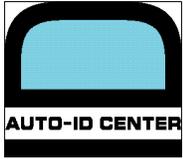


PHASE I - OCTOBER OBJECTIVE

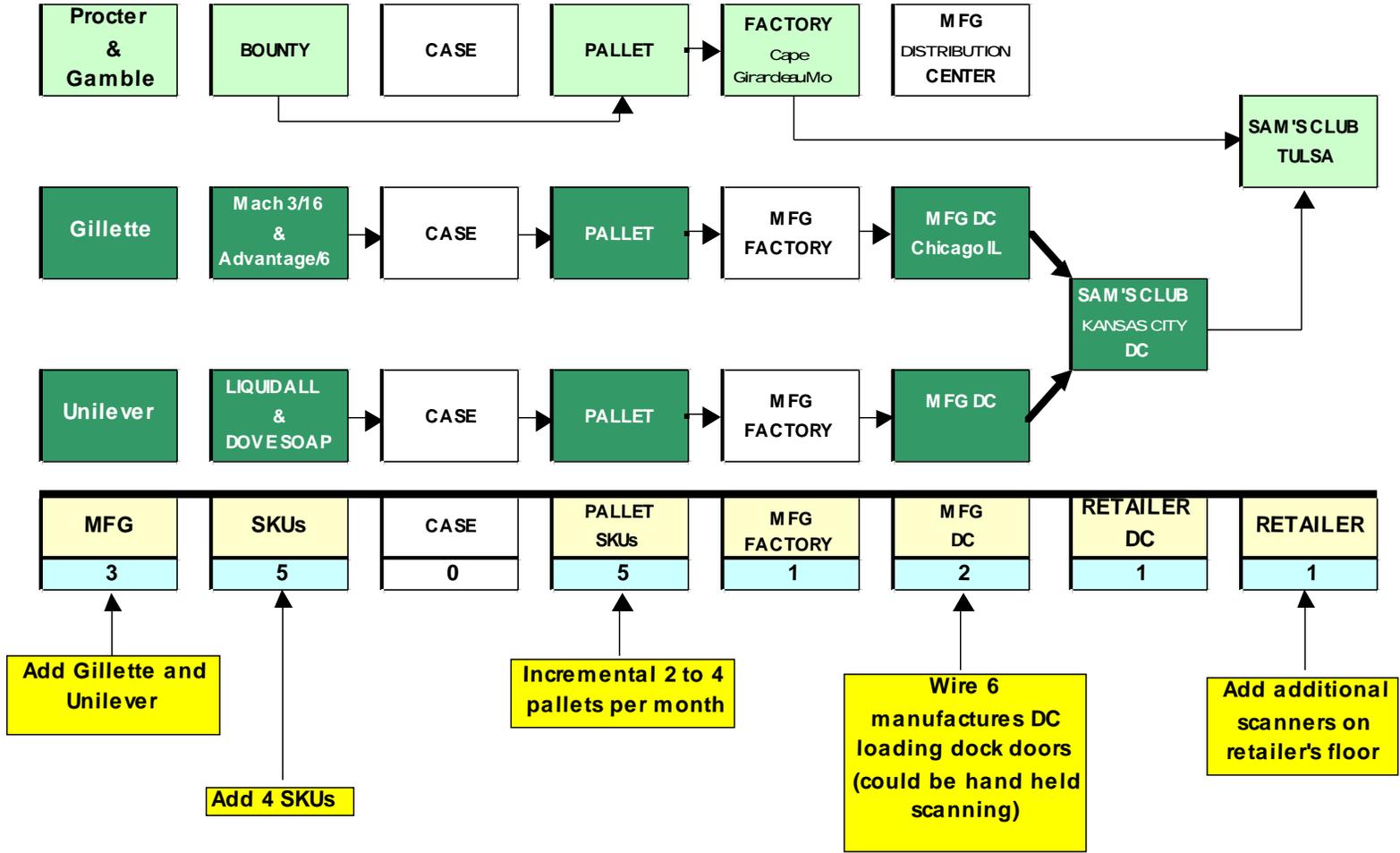
Tag and read pallets at manufacturer's factory or DC.
 Read pallets at Sam's Club through:
 Incoming
 Movement from staging area to retail floor
 Empty pallet return to Chep or disposal

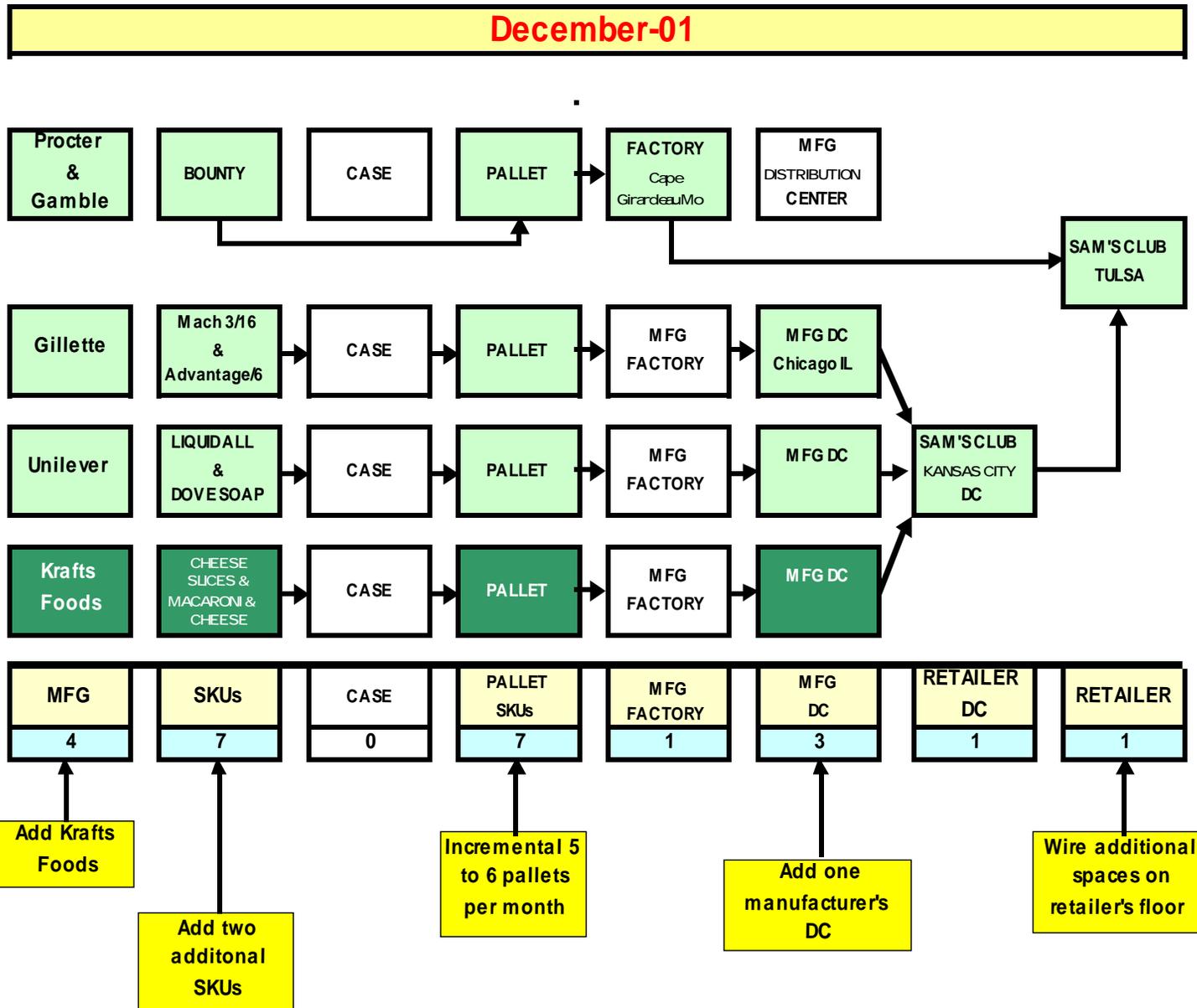
OCTOBER - REQUIREMENTS

400TAGS
 30 READERS
 2 PML SERVERS



November-01

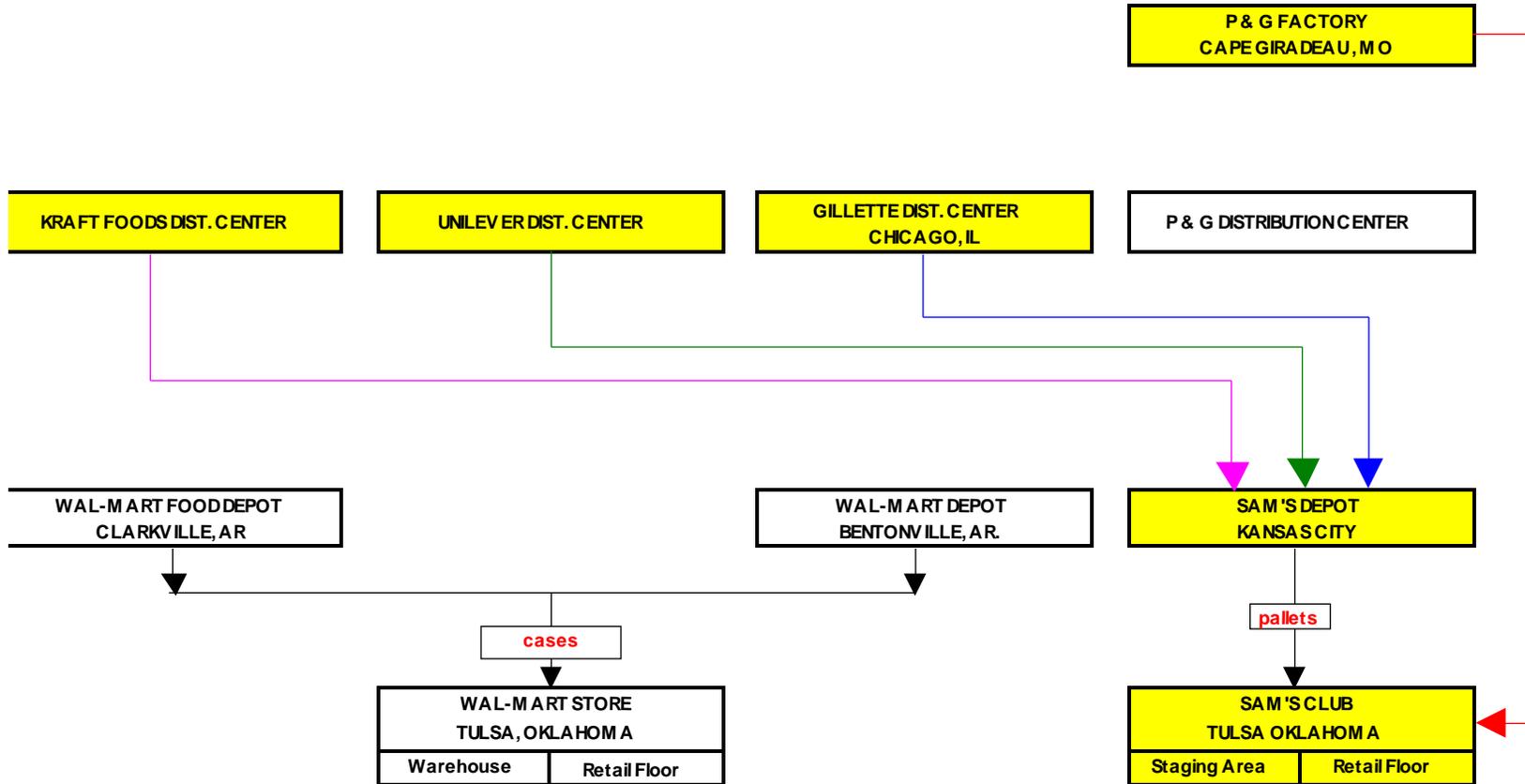




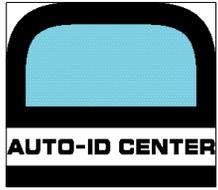
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PHASE I - COMPLETE - PRODUCT FLOW

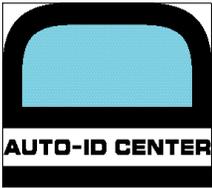


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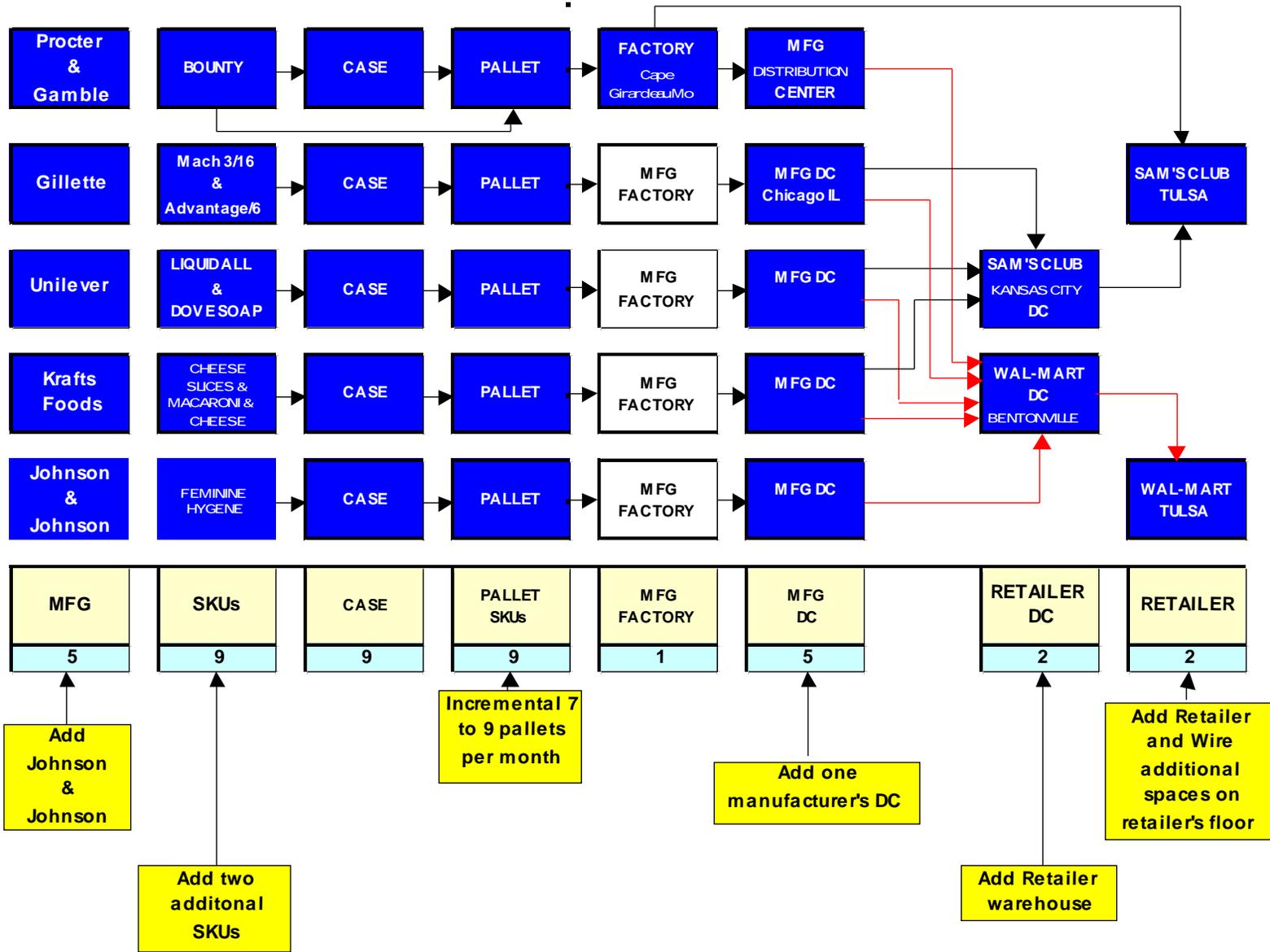


Implementation

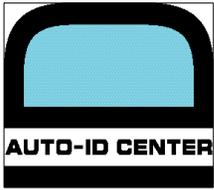
- **Phase II**
 - **February 2002 - May 2002**
- **Phase III**
 - **June 2002 - September 2002**
 - **Or longer**



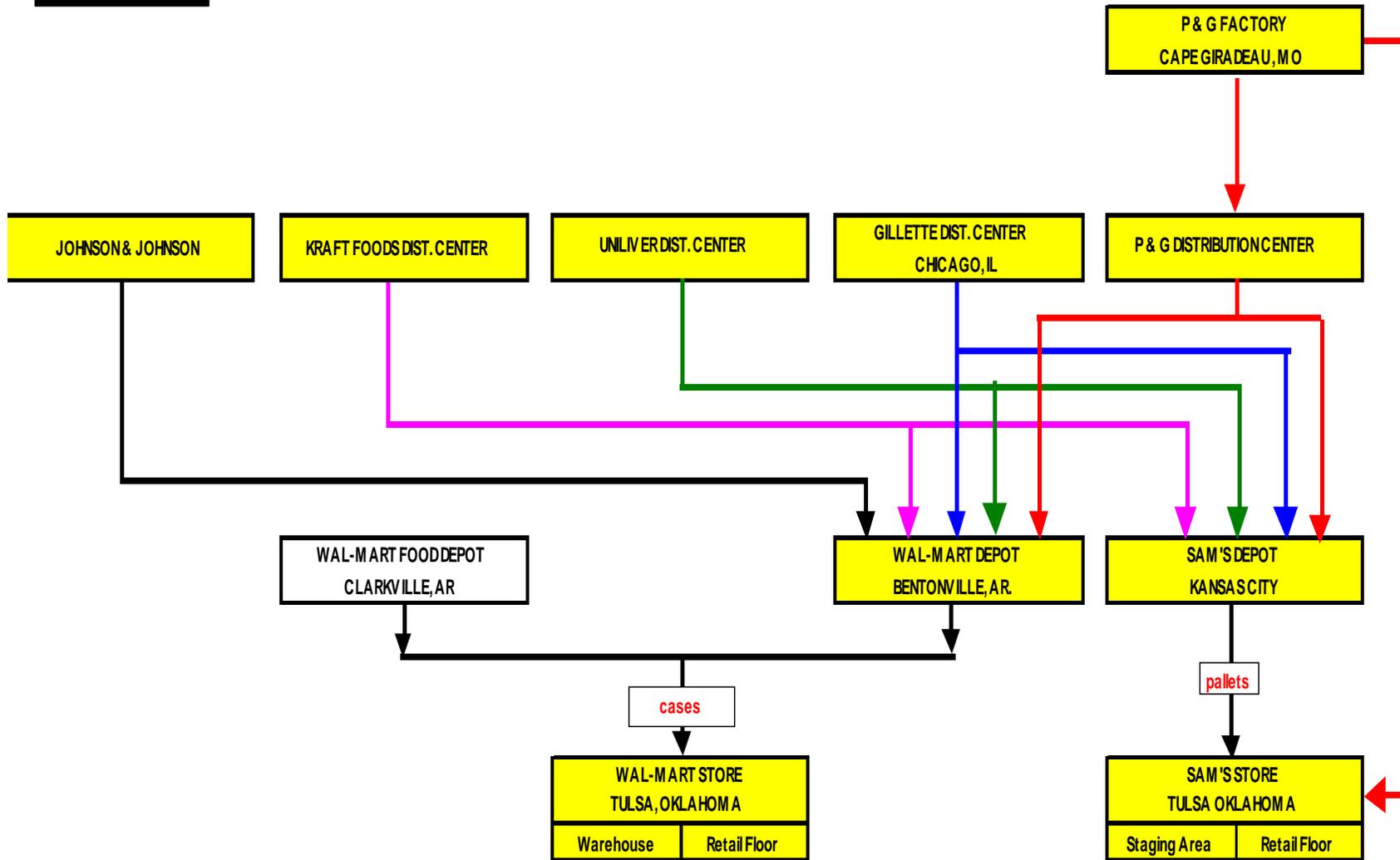
PHASE II Feb-May 2001



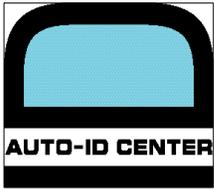
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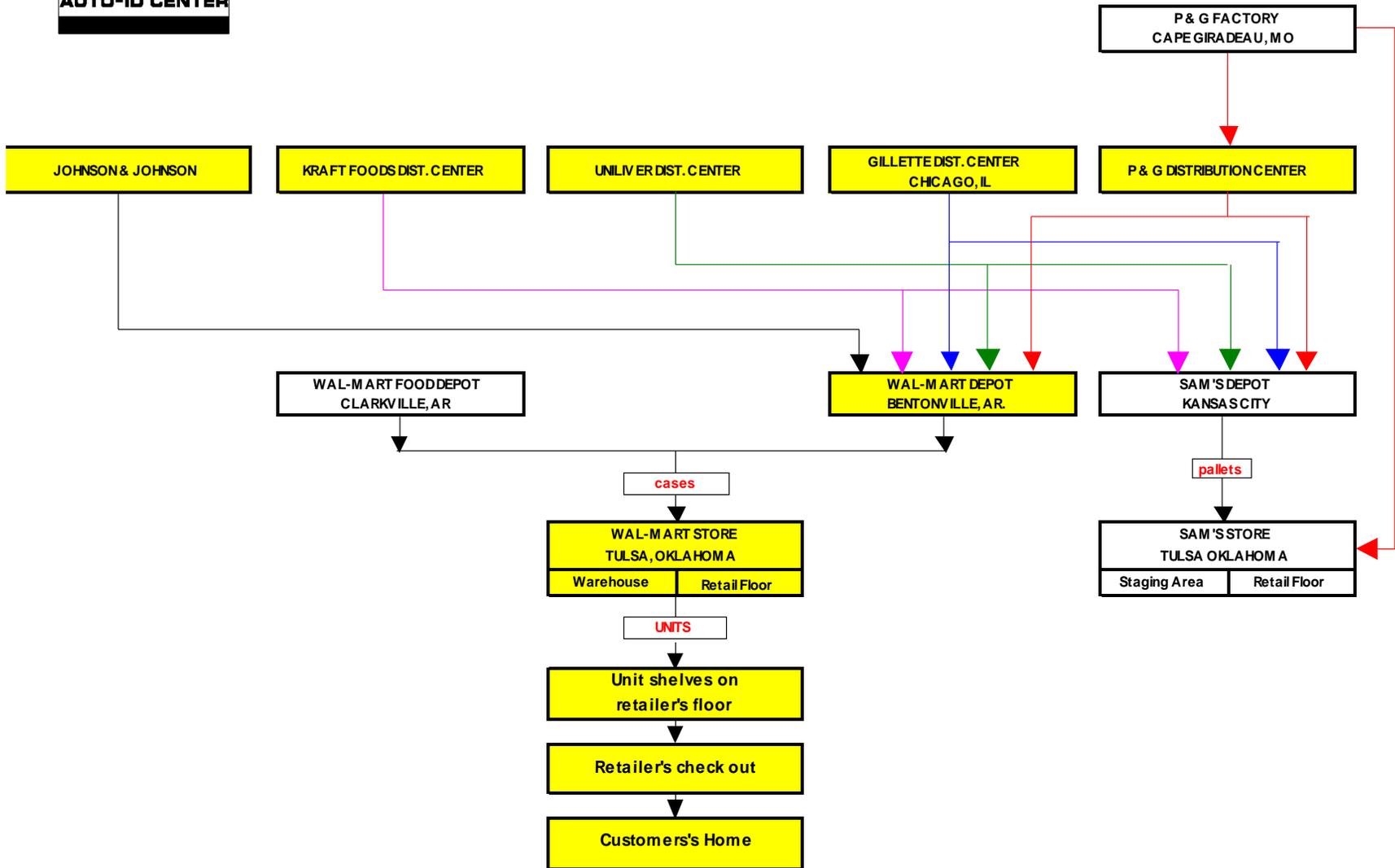
PHASE II- COMPLETE- PRODUCT FLOW



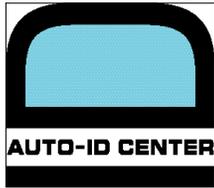
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PHASE III- COMPLETE- PRODUCT FLOW



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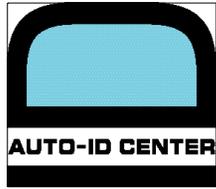
COST SUMMARY

	I	II	III	TOTAL
TAGS	\$3,400	\$140,000	\$140,000	\$283,400
READERS	\$92,000	\$100,000	\$80,000	\$272,000
SERVERS	\$40,000	\$40,000	\$96,000	\$176,000
TRAVEL	\$14,000	\$14,000	\$14,000	\$42,000
INSTALLATION	\$126,000	\$80,000	\$80,000	\$286,000
SOFTWARE	\$35,000	\$35,000	\$35,000	\$105,000
LABOR			\$42,000	\$42,000
CONTINGENCY	\$35,000	\$36,000	\$55,000	\$126,000
	\$345,400	\$445,000	\$542,000	\$1,332,400

ESTIMATE RANGE BETWEEN

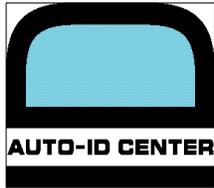
1.2 AND 1.5 MILLION DOLLARS

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Extended Phase III Costs

- Please note that Phase III in this estimate is only for 4 months and at a maximum of 300,000 units per month
- If Phase III needs to continue longer or get larger in magnitude the following additional costs will be incurred
 - \$78,000 per month at the 300,000 unit level
 - and or
 - \$25,000 per each 100,000 incremental units



TOWN TEST COMMITMENT/SUNK COST SCHEDULE

	2001							2002									
	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	
COMMIT PER VENDOR																	
\$300,000 END USER	\$87,000																
\$150,000 VENDOR	\$44,000																
\$100,000 VENDOR	\$30,000																
\$ 50,000 VENDOR	\$15,000																
TOTAL COMMITMENT	\$1,529,000																
SUNK COST/VENDOR																	
\$300,000 END USER		5,000	15,000	20,000	26,000	35,000	40,000	45,000	50,000	53,000	60,000	70,000	80,000	87,000			
\$150,000 VENDOR		3,000	6,000	10,000	13,000	18,000	22,000	24,000	25,000	27,000	33,000	37,000	40,000	44,000			
\$100,000 VENDOR																	
\$ 50,000 VENDOR		1,000	2,000	3,000	4,500	5,500	7,500	8,000	8,500	9,000	11,000	13,000	14,000	15,000			
TOTAL SUNK COST	\$0	86,000	249,000	348,000	456,000	614,000	719,000	801,000	876,000	932,000	1,077,000	1,247,000	1,404,000	1,529,000	1,529,000	1,529,000	
		PHASE I - \$345,000+						PHASE II - \$445,000+					PHASE III - \$542,000+				

Note: Numbers are cumulative

Vendor sunk cost to be multiplied by number of vendors to obtain total sunk costs

Review success of Phase I prior to spending on Phase II

Review success of Phase II prior to spending on Phase III

Review status of Phase III to decide if complete by the end of September or does it need to be extended

Review and report on Phase I

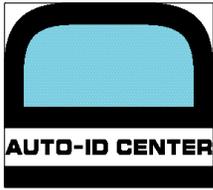
Review and report on Phase II



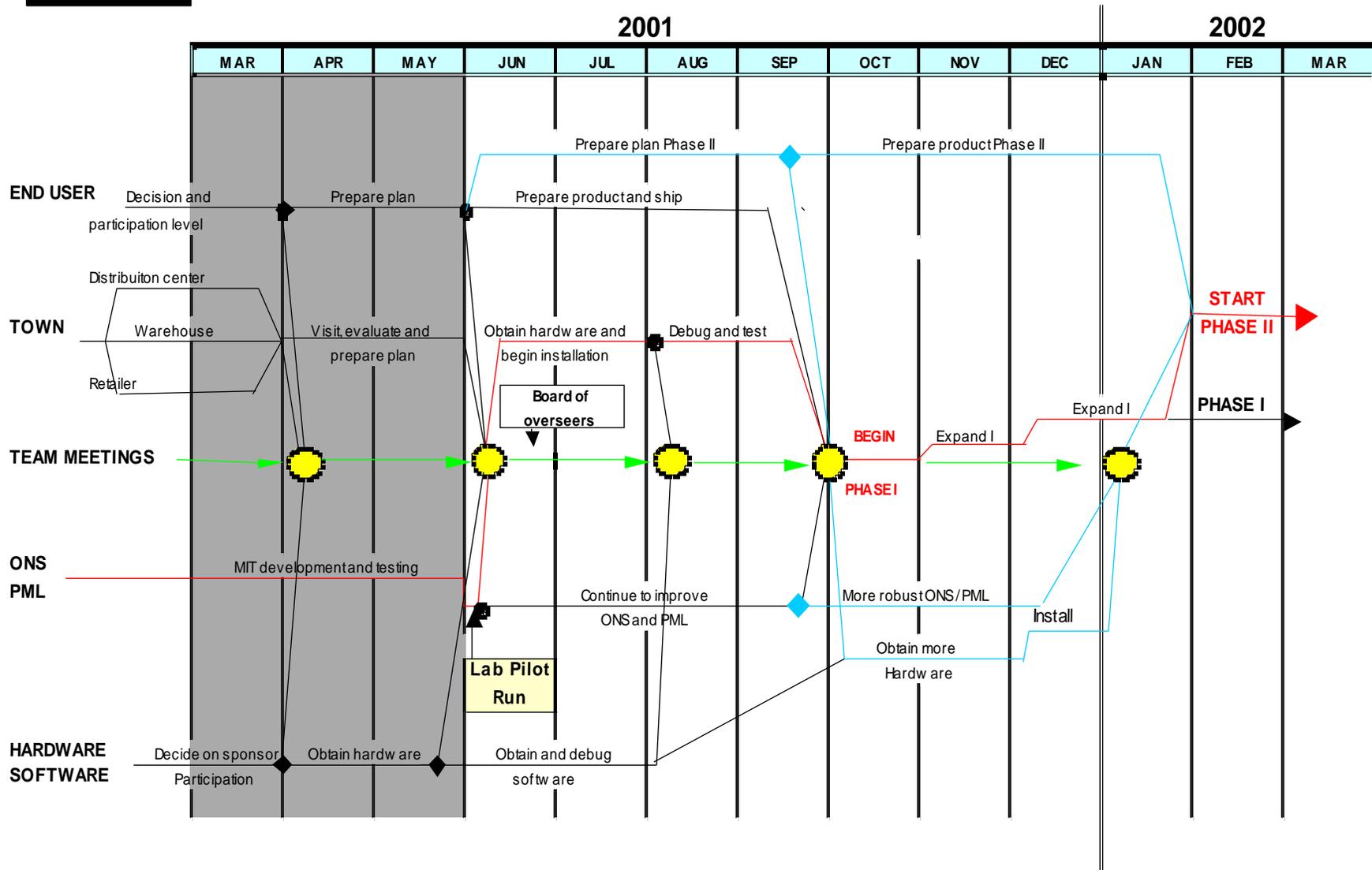
**Sponsors
 Payment
 Schedule for
 Participation in
 the Town Test**

1	\$300,000 END USERS (\$87000)	
	CHEP	\$87,000
	International Paper	\$87,000
	Johnson & Johnson	\$87,000
	Kimberly Clark	\$87,000
	Philip Morris Group	\$87,000
	Procter & Gamble	\$87,000
	The Gillette Company	\$87,000
	Iniform Code Council (EAN)	\$87,000
	Unilever	\$87,000
	US Postal Service	\$87,000
	Wal-Mart	\$87,000
	Westvaco	\$87,000
	Yuen Foong Yu	\$87,000
sub total	\$1,131,000	
2	\$150,000 VENDORS (\$44,000)	
	Flint ink	\$44,000
	Invensys Controls	\$44,000
	NCR	\$44,000
	Philips Semiconductors	\$44,000
	SAP	\$44,000
	Sensormatic	\$44,000
Sun Microsystems	\$44,000	
sub total	\$308,000	
3	\$100,000 VENDORS (\$30,000)	
	sub total	\$0
4	\$50,000 VENDORS (\$15,000)	
	Alien Technologies	\$15,000
	Cash's	\$15,000
	Flexchip	\$15,000
	MarkeM	\$15,000
	Rafsec	\$15,000
Savi Technologies	\$15,000	
sub total	\$90,000	

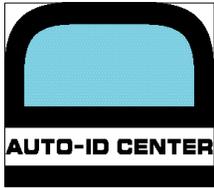
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TIMING



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Next Steps

- Plan approval by Board of Overseers
- Site visit and installation plan meeting
June 20, Tulsa, Oklahoma
- Results of Auto-ID Pilot Test, end of June
- Hardware installation, August
- Team Meeting 4 - August
- Start Phase I - October
- Team Meeting 5 - Mid October