

Opportunities for using RFID in the aircraft production process

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Abstract. This paper presents the results of the economical evaluation of the possibility of RFID technology adoption in an European company involved in the manufacturing of the fuselage of a new long-range, mid-size, wide-body jet airliner made of carbon fibre reinforced polymer. The peculiar constraints to the management of some of the raw materials – Time And Temperature Sensitive (TATS) materials – has pushed the Company to consider RFID tags introduction despite the fact that the material supplier did not provide any support. Thus, the most important impulse to the introduction of the RFID system in the Company has been given by the problems encountered in the management of TATS materials. However, further analyses are presented on the opportunity for the Company of extending RFID application to non-TATS materials. In this sense, several scenarios are presented, evaluating investment in hardware and tags costs with respect to advantages in terms of time savings in material handling processes or costs saving in terms of inventory misalignment reductions. In most scenarios, RFID introduction resulted to be profitable.

Keywords: Time and Temperature Sensitive (TATS) materials, pre-impregnated composite fibres polymers, RFID applications, material management, jet airliner manufacturing

1. Introduction

The main application of RFID (Radio Frequency Identification) technology is to identify or locate something through a radio frequency device associated to it. In logistics and supply chain management, general advantages from RFID traceability are already acknowledged (Holzer, Byrnes & Simchi-Levi, 2009; Sabbaghi & Vaidyanathan, 2007, 2008) despite the non-negligible costs of its adoption. Thus this technology forces industrial companies to perform a detailed cost-benefit analysis before considering any opportunity for implementation.

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RFID has been considered an on-the-edge technology for several years. However, despite the fact that many large organizations, such as Wal-Mart or the U.S. Department of Defense, have endorsed this technology years ago (Narsing, 2005; Ferrer & Dew, 2008) - requiring their key suppliers to be RFID compliant as well - many other industrial companies are still now fighting against its limits (Wu, Nystrom, Lin & Yu, 2006). However a final methodology for the implementation of these projects has not been yet clearly identified, and only few models are today presented in literature (Bottani, Hardgrave & Volpi, 2009). Despite this fact a big amount of studies have been presented and implemented in a wide range of sectors, for instance in the fashion industry, evidencing the impact of RFID and EPC system on the main processes of the fashion industry supply chain (Bottani, Ferretti, Montanari, Rizzi, 2009), or in the short-life products management, underlining how many and how difficult the practical challenges encountered are (Vecchi, Brennan, 2011). Moreover some successful RFID implementations are reported also inside the aeronautic industry: for instance RFID technology for tool and toolboxes management has been successfully implemented at Boeing (Horng & Bozdogan, 2007). Since the 2000s Airbus has been using RFID tagging for its ground equipment and tools. Moreover, in May 2008 Airbus received "The Best RFID implementation" award, by demonstrating the successful implementation of RFID technology with the aim of improving the company's operational efficiency in its complex supply chain. This result has been pursued involving multiple assembly plants and thousands of suppliers, gaining business benefits such as inventory reduction, stock reconciliations, labour productivity increase and suppliers control (Ong, 2010).

This paper aims at presenting one of these efforts: the analysis of the opportunity for RFID technology adoption in an European company involved in the manufacturing of the fuselage of a new long-range, mid-size, wide-body jet airliner made of carbon fibre reinforced polymer. The peculiar constraints to the management of the most important raw material - a Time And Temperature Sensitive (TATS) material - has forced the Company to set-up specific structures aimed at storage and conservation, and to consider RFID introduction for time/temperature monitoring and real-time management of logistic information. In the literature, TATS management with RFID has been analysed through simulation (Mills-Harris, Soylemezoglu & Saygin, 2005), while in this paper the results of the economical evaluation of an industrial project are reported. In most cases that describe RFID introduction in supply chain management, the purchaser has enough bargaining power to impose the adoption of RFID technology to the vendor. For example, Wal-Mart and Metro-Group forced their suppliers (Gillette, L'Oreal, Kellogg's, Nestlé, Danone, etc.) to install RFID in order to maintain their supplying contracts (Schmitt & Michahelles, 2008). However, in this case the raw material supplier did not accept to invest in the new technology because of its dominant position in the market. However, some studies have shown that, in the case of a dominant position of the supplier, there is still a possibility for both companies to adopt, together, the RFID technology with profitable results (Diekmann, Melski &

69 Schumann, 2006). In this case, the Company's management was forced to determine
70 if and how they could autonomously introduce RFID at their own expenses. Further
71 analyses have also been performed in order to verify the opportunity of the extension
72 of RFID application to external non-TATS (auxiliary) materials either at package level
73 or at item level.

74 Thus, the scenarios that have been evaluated are the following:

75 1. Apply RFID to TATS materials.

76 The aim is to evaluate the benefits of applying RFID tags into the epoxy resin
77 pre-impregnated carbon fibres ("pre-preg") with the main purpose of streamlin-
78 ing the management of these special materials during the production process and
79 automatically update the remaining shelf life of each item after their exposition
80 at room temperature;

81 2. Using RFID for auxiliary materials at package level.

82 The aim is to evaluate the possibility of using RFID, applied by the suppli-
83 ers, to save costs and time by the automation of manual operations in internal
84 logistic processes mainly related to the acceptance and management of auxiliary
85 production materials. The analyses have been performed in two different cases
86 considering the application of RFID by the material suppliers:

87 2.1 all the auxiliary materials are tagged. However, to obtain this result all
88 the supplier companies should be involved, extensively adopting RFID
89 along the supply chain, and this hypothesis is difficult to grant;

90 2.2 only the auxiliary materials which come from internal suppliers are
91 tagged. Internal suppliers are those belonging to the same industrial
92 group of the analysed Company, which owns four manufacturing plants
93 in Europe where aeronautics components are produced.

94 3. Using RFID for auxiliary materials at item level.

95 The aim is to verify the effectiveness of RFID used for reducing the mis-
96 alignment between physical and logical inventory levels, thus reducing the cost
97 related with the probability to lose track of the stored items. Here, four different
98 cases have been considered combining the following variables:

99 3.1 traceability of all items versus traceability of the low-value items only;

100 3.2 high effectiveness of the RFID system (i.e. the system may allow to
101 reduce the misalignment to 10%) versus low effectiveness (i.e. the system
102 may allow to reduce the misalignment by only 50%).

103 The name of the Company, some details on the project and specific data on pro-
104 cess costs and plant characteristics could not be reported in the paper due to strict
105 confidentiality reasons and the presence of a Non-Disclosure Agreement with the
Company.

106 2. TATS materials

107 2.1. Management of time and temperature sensitive materials

108 The use of carbon fibre in the aircraft industry has offered new technologies industrialization opportunities, such as the manufacturing of a single-piece fuselage barrel. 109 This specific technology provides the fuselage with top-level mechanical characteristics, 110 together with some main advantages such as a lower amount of joints, parts and fasteners, 111 simplification of the assembly process and weight reduction. For airline companies, 112 this results in lower fuel consumption or larger operational range, lower maintenance costs, 113 larger transportable payload or greater comfort for passengers and larger windows. 114 These features seem to be the most important in order to obtain the needed competitive 115 advantages in the modern air transportation market.

116 Pre-preg carbon fibre management however suffers of a complex criticality. Due to 117 the special resins used in the production process, pre-preg must be kept at a temperature 118 close to -20°C until the cure cycle is finished. Exposure to different temperatures 119 modifies the lifetime of the material, which is expressed in Exposition Units (EU). 120 Inevitably, it is not possible to maintain the material at -20°C forever since some 121 transportation, handling and production phases occur outside the storage refrigerator 122 and are performed at room temperature. Thus, the remaining material life must be 123 precisely updated. An error in recording the remaining EU leads to a high probability 124 of wasting the final product due to the degradation of the bonding capability of the 125 fibres in the cure cycle.

126 Thus, RFID tags have been considered for temperature recording at any exposure 127 instant and for the communication of such data to the enterprise resource planning 128 system (ERP). Pre-preg spools are manufactured by only one qualified supplier. This 129 supplier is required to certify the product at the time of delivery, to provide the whole 130 documentation related to laboratory tests (Test Report), as well as to give evidence of 131 compliance to the requirements (Certificate of Compliance) and the instructions for 132 managing the remaining exposition units.

133 The activities carried out by the supplier for each shipment are:

- 135 a) attach the Certificate of Compliance and the Test Report to each lot of material;
- 136 b) attach the list of possible defects to each spool of material;
- 137 c) attach the package list containing the identification information of the shipped 138 spools;
- 139 d) install one or more thermographs with the aim of recording temperature changes 140 inside the shipping container;

141 Upon arrival of the material to the Company's plant, the following operations are 142 performed:

- 143 e) unload the material from the container and check the number of packages;
- 144 f) collect the shipment documentation;

- 145 g) check the thermographs;
- 146 h) enter the identification information of the material in the ERP, which issues a
- 147 material entry bulletin;
- 148 i) temporary store the material in a refrigerated buffer, labeling it “under testing”;
- 149 j) transmit the certifications to the testing team.

150 The tests are performed at room temperature, which affects exposition times, and
151 proceed with the following preliminary activities:

- 152 k) analyse the temperature changes the spools were exposed to during transport
- 153 and compute the remaining exposition units;
- 154 l) record the identification information on a “perishable material inspection form”;
- 155 m) associate the spool with the label material status on which the number of
- 156 consumed exposition units are reported;
- 157 n) enter the start date in the enterprise resource planning systems, in order for the
- 158 system to compute the expiration date of the product.

159 Depending on the criticality of the material at design level, a sample acceptance
160 testing – with destructive inspections – or a 100% testing procedure – with non-
161 destructive inspections – is performed on the received lot, in order to assess its
162 compliancy.

163 Once the receiving and testing operations are terminated, all TATS materials are
164 stored in an automated refrigerated storage system that can hold up to approximately
165 1000 loading units (trays). When the spools are picked up from the storage system (as a
166 consequence of a job order) they are brought in a clean-room in which the temperature
167 is approximately 22°C, thus much higher than the one defined for material storage.
168 The temperature monitoring continues until the spools are loaded on a rolling mill.
169 Eventually, the spools may be temporarily placed in a stock buffer where they wait
170 until their loading turn. After the cure, the fuselage is brought in the fabrication area
171 for the subsequent processing, but at this point the resin is no longer in a critical phase
172 as far as the chemical stability is concerned, due to the fact that the polymerization is
173 completed. Under the logistic point of view, this means that the production processes
174 may proceed without temperature monitoring.

175 As far as information management in the Company is concerned, it is possible to
176 re-arrange the most important phases of the pre-preg spools handling in the following
177 seven steps:

- 178 1. Identification data of the received material are copied on the perishable material
- 179 inspection form and the presence of the temperature recorder is checked;
- 180 2. the temperature recorder data are evaluated in order to check if remaining
- 181 exposition units have to be updated;
- 182 3. the material status card is filled up for each spool by entering the relevant
- identification data (material, P/N or batch number);

- 183 4. after having analysed the thermographs data, the total number of remaining
184 exposition units is printed on the material status card of each spool before it is
185 transferred in the refrigerated storage system;
- 186 5. workers pick up the spool listed on the work order from the refrigerated storage
187 system and copy exit time and date on the material status card;
- 188 6. the clean room testing people periodically update the exposition units of the
189 spools on the material status cards, either at the beginning of the shift or when
190 a spool is processed;
- 191 7. workers update the exposition units in material status cards also for the spools
192 that have been only partially used and are brought back to the refrigerated
193 system; these spools can be reused if the EU value is compatible with further
194 processing requirements.

195 2.2. Opportunities for RFID technology in TATS material management

196 RFID tags allows to easily manage several aspects of the material handling pro-
197 cedure for the pre-preg spool, automatically update the critical information which
198 affects the characteristic parameters of the process (due dates, shelf life, storage life,
199 handling life, mechanical life, etc.). Moreover, they ensure an effective integration
200 with the existing information management systems. The required functions for the
201 RFID system are thus the following:

- 202 ● to uniquely identify the single spool in each material batch;
- 203 ● to automatically monitor and update:
 - 204 ○ each temperature at which each spool of material is exposed, with a pre-
205 defined sampling interval;
 - 206 ○ exposition units and cumulative exposition times of the material in a given
207 observation period;
 - 208 ○ material life, state and expiry date, together with an alarm system;
- 209 ● to allow information reading/writing on multiple tags, taking into account the
210 plant layout;
- 211 ● to return, upon query, any tracking data;
- 212 ● to store the historical data relevant to spools consumption;
- 213 ● to communicate with the information system in order to trigger specific alarms
214 when a certain spool is about to expire, i.e. a pre-selected number of days before
215 the end of material life, in order to allow a prompt scheduling of the spool to the
216 next processing phase.

217 These results can be obtained applying two RFID tags on each pre-preg spool:

- 218 – a passive tag which records all the material data;
- 219 – an active tag to record the temperature variations.

220 With the RFID solution, steps no. 1, 2, 3, 5, 6 and 7 of the previous list can be
221 skipped, thus eliminating some of the most important phases of the pre-preg spools

222 handling. Step 4 instead is still needed in order to register the remaining EU in the
223 tag memory. After such step, the monitoring of the EU continues automatically.

224 In traditional cost-benefits analyses relevant to RFID introduction, benefits are
225 generally classified in the following categories:

- 226 – tangible benefits related to efficiency increase, i.e. resource productivity increase
227 or process quality increase, with a consequent decrease of resource costs;
- 228 – tangible benefits related to effectiveness increase, i.e. improvement in the critical-
229 to-quality levels or in customer satisfaction with a consequent increase of
230 revenues;
- 231 – intangible benefits related to company image improvement;
- 232 – intangible benefits related to improvements in data management, i.e. increase in
233 quantities, quality and timeliness of information available to managers;
- 234 – intangible benefits related to a compliancy with eventual legal requirements.

235 In these analyses, quantifying the benefits is far more complicated with respect to
236 the costs. This analysis has primarily relied on tangible benefits related to efficiency
237 increase and the increase was specifically evaluated in terms of process acceleration
238 and used resources reduction. In other words, only the benefits relevant to the skipped
239 steps in the spool handling process have been taken into account.

240 Obviously, cost reduction opportunities are strictly linked to the number of spools
241 handled per month and this is directly related to the plant production rate. Unfortu-
242 nately, this information cannot be reported in this paper, together with the timing of
243 the phases in the management procedure. However, it can be said that the production
244 rate was estimated to face an “S-shaped” growth up to 230% in five years, which
245 represented a conservative hypothesis in accordance to the business plan forecasts
246 and the trend of the sales of the jet airliner. The expected time reduction in spool
247 handling, multiplied by the forecasted amount of spools to be monitored, allowed
248 computing the overall saving in terms of human resources cost. Considering that the
249 analysis was performed on a time horizon of 5 years, a positive compound annual
250 growth rate (CAGR) of the human resources cost has been taken into account, but the
251 specific datum is classified too.

252 Other types of benefits could not be exactly quantified due to lack of historical
253 data, and thus have not been taken into consideration, such as:

- 254 – risks reduction related to the use of not compliant pre-preg spools, which can
255 lead to the waste of the entire fuselage section;
- 256 – risks, and consequently costs reduction, related to the waste of a compliant
257 pre-preg spool, which is a less severe problem with respect to the previous one;
- 258 – optimization of material consumption, thanks to the implementation of the First
259 Expires/First Out (FEFO) logic in material management;
- 260 – costs reduction related to the reduction of record keeping and paperwork
261 activities;
- 262 – simplification of inspection/audit activities on material documentation.

263 The recurring and non-recurring costs elements that have been taken into account
264 are listed below. The reported investment values come from the best quotations
265 provided by suppliers at the time of the project implementation:

- 266 – active and passive tags: their overall costs obviously depend on the number of
267 spools to be monitored, and these data are classified, due to the direct correlation
268 to the production rate, covered by a non-disclosure agreement. The active and
269 passive tags unitary cost Compound Annual Growth Rate was estimated to -5% ;
270 – 10 RFID gates, placed near the entrance and exit of the warehouse and between
271 the warehouse zone and the clean-room, for an approximate cost of €100,000;
272 – handheld computers (PDA) for the workers in the warehouse and in the clean-
273 room, for an approximate cost of €50,000;
- 274 – Wi-Fi antennas covering the areas for the use of active tags: this supply was
275 appositely developed by another Company of the Group, and the relevant cost
276 data are classified, covered by non-disclosure agreement;
- 277 – server computer to host the RFID management system, for an approximate cost
278 of €70,000;
- 279 – system installation cost and software development cost, which are classified data
280 covered by non-disclosure agreement;
- 281 – sensors for temperature control, monitors to display the position of the RFID
282 tagged spools inside the area, training of the operators and project management
283 for a total cost of approximately €500,000.
- 284 – The operating costs, including software and hardware maintenance, were esti-
285 mated as 25% of the total investment cost for the first year. In order to contemplate
286 costs improvement opportunities, a 5% reduction of this percentage has been
287 applied each year.

288 As already stated, due to confidentiality reasons the cost-benefit analysis cannot be
289 reported in details. With the hypotheses of a $+5\%$ financial discount rate (according
290 to the indications of the *Guide to cost-benefit analysis of investment projects*, issued
291 by the Evaluation Unit DG Regional Policy European Commission, 2008), RFID
292 installation project relative to pre-preg tagging has returned to be profitable, with a
293 positive net present value (NPV) and a payback period of approximately 5 years.

294 This payback period in particular is compatible with an aircraft production program
295 that is estimated to last at least thirty years. For this reason the Company decided
296 to implement the project and, thus, at the present time the pre-preg spools logistic
297 processes are carried out with the support of RFID.

298 **3. Auxiliary materials**

299 *3.1. Management of auxiliary materials*

300 The path of external auxiliary materials inside the Company's plant differs from
the one followed by pre-preg spools. The operations sequence is listed below:

- 301 1. reception: documents are checked for each package received from the supplier;
- 302 2. acceptance: packages are opened and items number and status is verified. This
- 303 verification phase is very labour-intensive and there is a high risk of generating
- 304 errors;
- 305 3. inspection: items certificates are analysed in order to verify the compliance of
- 306 the parts according to the specified requirements;
- 307 4. accounting entry: the materials information are entered in the information
- 308 system;
- 309 5. test and storage: all items are tested and then brought to the destination
- 310 warehouse.

311 3.2. Opportunities for RFID technology in auxiliary materials management

312 In contrast from what is proposed for pre-preg materials, for auxiliary materials
313 the RFID label is supposed to be applied on each package by the supplier. Addition-
314 ally, another important difference from the pre-preg case is that auxiliary materials
315 packages are very different in kind, size and content type. For this reason, the receipt,
316 acceptance and accounting entry times may be very different from package to package.

317 In order to estimate the benefits from the introduction of RFID, in terms of man-
318 agement time reduction, almost 2,000 incoming packages of auxiliary materials were
319 tracked in less than one month, measuring the time spent for the receipt, acceptance
320 and accounting entry phases. This analysis returned that in 70% of the cases, the
321 duration of these three phases was approximately 2.5 minutes; in 25% of the cases,
322 17.5 minutes; in 3.5% of the cases, 45 minutes and in 1.5% of the cases the time
323 spent was more than one hour. The introduction of RFID would grant the complete
324 automation of these phases, thus reducing their lead time to a negligible value. Thus,
325 the expected time reduction through RFID usage for a generic incoming package of
326 auxiliary material was conservatively estimated as 5.15 minutes, using a 40% knock-
327 down factor upon the simple weighted mean on the previous values, which returned
328 a possible reduction time of 8.6 minutes. This expected time reduction per-package,
329 multiplied by the forecasted amount of auxiliary material packages, allowed comput-
330 ing the overall savings in terms of human resources cost. Again, the same positive
331 CAGR of the human resources cost has been taken into account.

332 Costs entries have been evaluated similarly to the pre-preg case although active tags
333 have not been considered for this application and €0.25 tags have been chosen for
334 auxiliary materials management. Contrary to the previous case, the RFID tags CAGR
335 has been now estimated at -8%, which is slightly higher than the one used for pre-preg
336 tags, due to the higher technological complexity of the latter. For auxiliary materials
337 management, the overall system cost (including RFID gates, PDA and smart label
338 printer) can be disclosed and it resulted to be equal to €220,000. Again, the operating
339 costs were estimated as 25% of the total investment cost with a 5% reduction each
340 year, thanks to costs improvement opportunities.

341 With these data and hypotheses, the NPV resulted to be approximately €75,000,
 342 with a 15.8% of internal rate of return (IRR) and a 4 years payback period.

343 A sensitivity analysis has been performed to measure the influence of changing the
 344 tags CAGR and costs improvement percentage, and the results are shown in Figs. 1
 345 and 2. The results show that the investment is profitable even in a practical worst case.

346 Moreover a sensitivity analysis has been performed by changing the price of
 347 tags and the amount of the initial investment. This analysis showed that NPV

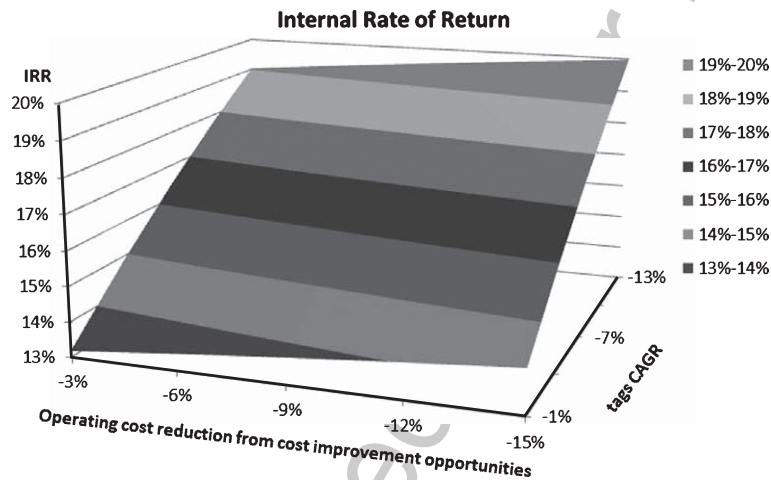


Fig. 1. IRR sensitivity to tags CAGR and operating costs improvement.

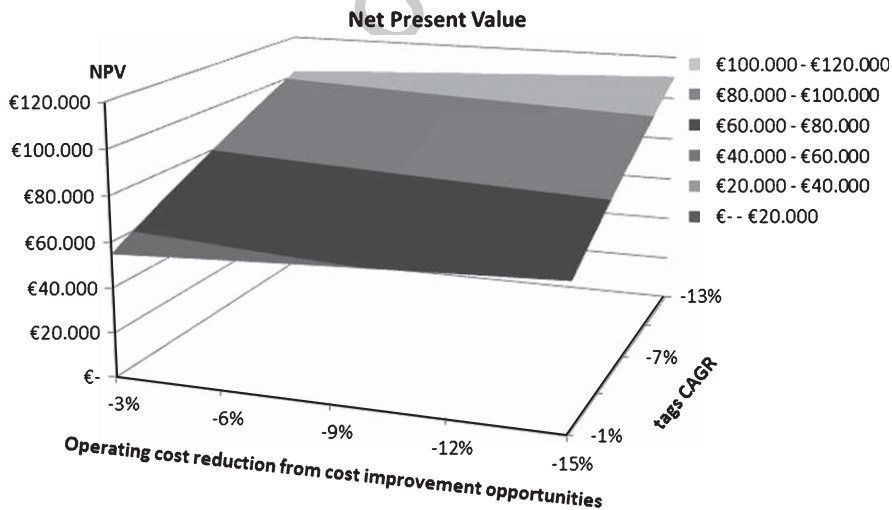


Fig. 2. NPV sensitivity to tags CAGR and operations costs improvement.

348 reached zero with an investment of €258,000 and €0.25 tags or, as an alternative, a
349 €220,000 investment and €0.76 tags. This means that a growth of more than 200%
350 in the tags price can be compensated by a decrease of only the 14.7% of the total
351 investment.

352 The analyses were performed under the hypotheses that all suppliers would apply
353 the RFID labels on their products. However, this may be a problem for auxiliary
354 materials in the aeronautics industry because the range of qualified suppliers is very
355 narrow, and the lack of competition does not play in favour of the purchaser. Thus,
356 the Company was thus pushed to evaluate the option of only adopting RFID with
357 its internal suppliers, i.e. suppliers belonging to the same industrial group. This
358 implementation would have affected only 12.5% of all auxiliary materials processed
359 through the plant and, assuming the same investment of €220,000, the NPV would
360 have resulted to be well below zero. Consequently this alternative was definitely
361 discarded.

362 A third scenario with an intensive use of tags has then been evaluated: the appli-
363 cation of the tags to auxiliary materials at item level instead of packages. Tagging
364 at item level could lead to major simplifications in maintenance operations and cus-
365 tomer support, as it has been shown by Brintrup et al. (2009), and it could allow a
366 precise monitoring of the manufacturing process. The process completion percent-
367 age could be updated in real-time and this would lead to a significant effectiveness
368 improvement of the final product, to a significant efficiency improvement in audit
369 activities and a reduction of the occurrence of discrepancies between “as built” (what
370 the operators have really integrated) and “should build” (what the design foresees
371 to be integrated) configurations. Moreover, item level tagging aligns logical inven-
372 tory levels - as reported in the ERP - and physical inventory levels - available in
373 the warehouses. The cost of inventory misalignment includes the cost of lost items
374 (assuming that a positive misalignment is associated to a lost item) and audit costs
375 (arising from the need to periodically check the inventory). Some studies report that
376 an inventory misalignment of up to 3% can be considered as physiological (Atah,
377 Lee & Ozer, 2006). However, in aeronautics industry the traditionally high costs of
378 materials impose to work with much lower percentages. In the analysed Company,
379 the inventory misalignment affected only 0.5% of the items.

380 In order to estimate cost advantages from accurately tracing items, the opportunity
381 of using RFID technology to reduce inventory misalignments has also been evalu-
382 ated. The analysis started from the assumption that the introduction of RFID would
383 reduce the cost of misalignments (de Kok et al., 2006), but a certain percentage
384 of misalignment would inevitably be present even though RFID is used. This per-
385 centage – which is related to the RFID system effectiveness – obviously influences
386 the maximum bearable tag cost. The cost data of the misalignments recorded in the
387 manufacturing of five aircrafts have thus been computed, item per item (these data
388 are classified and cannot be reported in the paper), as the sum of the values of all the
389 items which are lost in the process, due to inventory misalignments. Then, two cases

390 have been considered: the case in which the misalignment can be reduced to 50% and
391 the case in which the misalignment can be reduced to 10%, thanks to RFID tagging.
392 These percentages have been multiplied with misalignment cost, and compared with
393 the cost of the RFID tags for all the items to be traced. Solving in the RFID tag cost,
394 the maximum bearable tags cost is computed. This resulted to be €2.50 if misalign-
395 ments were reduced to 50% and €4.00 if misalignments were reduced to 10%, in the
396 manufacturing of each aircraft.

397 However, misalignments typically do not affect expensive materials because much
398 more attention is paid in their handling and storage. For this reason, a second analysis
399 has been performed considering only the misalignment cost relevant to low value
400 items. The misalignment cost reduction was obviously lower than the previous case,
401 but the tags cost was much lower too, considering that not all the items were to be
402 tagged. As a result, tracing only low values items with RFID tags, maximum tag cost
403 resulted to be €0.90 if misalignments were reduced to 50% and €1.30 with their
404 reduction to 10%. It is important to highlight that all of these prices are compatible
405 with the actual forecasts in tags costs.

406 4. Conclusions

407 This paper presents the results of a cost-benefit analysis related to the introduction
408 of RFID system in an European company involved in a new long-range, mid-size,
409 wide-body jet airliner, where the manufacturing process involved intensive use of car-
410 bon fibre reinforced polymer. A 5-years Pay Back Period with positive Net Present
411 Values demonstrated the opportunity of using RFID tags to support Time And Tem-
412 perature Sensitive materials management; thus the Company decided to adopt RFID
413 technology even though the material supplier refused to provide any kind of assistance
414 in this project.

415 Furthermore the application of RFID tags on the packages of other external (named
416 as auxiliary) materials was evaluated, and a positive conclusion has been reached. The
417 analysis returned a 4-years Pay Back period, under conservative hypotheses in terms
418 of the number of handled packages. The alternative of adoption RFID only within the
419 suppliers belonging to the same industrial group than the analysed Company did not
420 justify the business case.

421 At last, the analysis of the application of RFID tags at item level was performed.
422 This confirmed that high-value items are the best candidates to support the technology
423 introduction even if the economic advantages are computed only with the reduction
424 of inventory misalignments.

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