



The DATA CAPTURE Report

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Special SCAN: The DATA CAPTURE Report Reprint

The Hartford Teams Up With Intellex

In a rather novel move, insurance giant, The Hartford is taking a proactive stance in helping to identify problem areas and improve quality in the perishable food supply chain.

On August 9, the **Intellex® Corporation** announced a new strategic alliance with **The Hartford Financial Services Group Inc.** to help both companies explore insurance-related opportunities to reduce the amount of produce lost and improve the overall quality of produce during the distribution process from the grower to the retailer. One third of shipped produce is wasted each year, representing \$35 billion annually. The partnership, which is through The Hartford's corporate venture division **Hartford Ventures**, may also enable The Hartford to enhance its loss control and underwriting practices.

Intellex CEO Peter Mehring told *SCAN/DCR*, "We've been working on the terms of this alliance for almost a year. We believe we've uncovered a new way to entice players in the supply chain to do the right thing without having to create a mandate. The whole thing came about from a number of personal relationships. In addition to Hartford Ventures, we have been working with the Hartford Strategic Relations Group.

"After a few introductions over a two-month span, the underwriter group got together with us," Mehring continued. "This is all about collecting actionable data. It's about making decisions that reduce loss and optimize transit time. We're not trying to fix the system. Rather, we are looking for ways to adjust processes for better performance."



Peter Mehring, CEO, Intellex Corporation.

New for Hartford?

We hadn't heard of any deal like this in the past, so we asked Mehring if this was a first for The Hartford. "Actually, no," Mehring replied. "They also found that by using GPS technology to track contractor equipment, they could reduce losses that cost them money and their customers lost time on their jobs. As a side benefit, they found that, when workers

knew the items were being tracked, they actually paid more attention to how they used them."

More on the announcement

The alliance focuses on the application of the Intellex XC3 Technology™ RFID readers and tags. Placed in pallets of produce at harvest, the tags continuously monitor the temperature and condition of produce as it travels through the distribution process, calculating the remaining shelf life. This provides shippers, distributors, and retailers with the

ability to route product to maximize quality, salability, and reduce unnecessary perishable waste.

“Intellex XC3 Technology enables pallet-level condition monitoring that can reduce the number of claims due to temperature-related shrink while providing a powerful ROI—often within a single growing season,” said Mehring. “Our alliance with The Hartford will provide perishable supply chain managers with the knowledge they need to implement practical, cost-effective solutions that cut waste and maximize profits.

“Identifying cold chain issues quickly and routing perishables based on remaining shelf life are critical to enhancing customer profitability and operational effectiveness. This new technology will help our customers decrease the amount of produce wasted due to temperature variations.”

Alexander McGinley, marine underwriting officer at The Hartford.

“We’ve been in trials and deployment since the beginning of the year,” he continued. “We have been gathering huge amounts of data on both a national and international basis.”

The data captured by the Intellex temperature monitoring solution will also enable The Hartford to innovate within the marine insurance market, which includes ground, air, and sea transportation. Over time, The Hartford can use information gleaned to gain a deeper understanding of the cold supply chain, which may result in an opportunity to tailor offerings or underwrite policies based on data trends.

“Identifying cold chain issues quickly and routing perishables based on remaining shelf life are critical to enhancing customer profitability and operational effectiveness,” said Alexander McGinley, marine underwriting officer at The Hartford. “This new technology will help our customers decrease the amount of produce wasted due to temperature variations.”

“The Hartford is strongly committed to open innovation in helping us get to the future faster,” said Jacqueline LeSage Krause, vice president of innovation and corporate venture capital at The Hartford. “Hartford Ventures allows us to identify and collaborate with leading private companies to develop solutions that address the unique needs of our insurance and wealth management customers. We are pleased to be working with Intellex.”

Adoption

The actions of The Hartford and Intellex are meant to be a proactive move to improve cold chain functions. When asked how quickly he expects to see major adoption in this

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sector, Mehring said he thought it would be “very quick.” He believes that quick paybacks on investment, along with the many benefits that help reduce loss and increase sales, will make adoption a no-brainer for cold chain players. He added that he has already seen interest in deployments this year.

Who pays?

Mehring told us, “Everybody wins with this technology. That includes the grower, the shipper, the grocer, and the consumer. But, when losses occur, it’s the grower that gets hurt the most. Growers also see the biggest returns, often with an ROI in one season. So, it only makes sense that the growers will probably be the ones who handle the upfront costs. They also are at the beginning of the process.

“All that said, having the ability to identify where a problem occurred can be a big help when looking for areas that need attention. With respect to spoilage, it’s always been like a hot potato. The last guy to handle the spoiled product is blamed. Our technology enables cold chain players and insurance companies to identify where a problem happened.”

Why now?

When asked what has changed to make adoption so much more appealing today, Mehring said, for the first time, a temperature monitoring solution is available that:

- Provides accurate, core pallet-level temperature data
- Can be read without unpacking (through the produce)
- Is affordable, supporting deployment at the pallet level
- Is standards-based, and includes pallet level traceability, dynamically routing produce based on real-time shelf life
- Optimize routing at each transfer point based on actual pallet level data
- Select delivery point that reduces risk of “expired” product.

“Intellex tags can be read inside of a package and one third of the way into a pallet load of boxes,” said Mehring. “Today, with a single solution, we can monitor all aspects of the cold chain. And, there’s no unpacking and repacking necessary. It’s the combination of features that is fundamentally different.”

Partnering benefit review

Leaders Partnering

- Leader in loss control paired with leader in cold chain technology
- Together, partners can identify and improve cold chain risks

- Creates a positive pull to improve operations, as opposed to mandates
- Provides real financial benefits while improving quality and reducing risk.

Temperature data captured helps optimize supply chain performance

- Actual shared product data deepens Hartford’s understanding of risk
- May enable tailored offerings of underwriting policies based on data trends
- Documents quality of delivery throughout supply chain, reducing potential disputes
- Improves customer relations with predictable product quality.

Great for channel/ISVs

With the Intellex hardware package and the backing of a major insurance carrier like The Hartford, there is only one piece of the puzzle left—the software. It is the software that turns raw data into usable information. The software handles shelf-life estimates, re-routing, and other process control functions in the cold chain.

Because of this, Mehring said this new offering is ideal for the company’s channel partners and ISVs. He added, “This is not a one-size-fits-all solution.”

Closing

Ending our conversation, Mehring stated, “This new alliance and technology package is a game changer in the cold storage chain. We are providing a new perspective for adoption.”

For more information: **Intellex Corporation**, Santa Clara, CA, PH (408) 200-6567, Email: kpayne@intellex.com. **SCAN**

The Hartford Weighs In On Intellex Alliance

Tracking in the cold chain yields valuable information for growers, shippers, grocers, users, and....The Hartford.

In the last issue of *SCAN/DCR*, we covered the recent announcement of an alliance between insurance giant, **The Hartford**, and **Intellex**. In this issue, we spoke with Alexander McGinley, marine underwriting officer, The Hartford, and Rohit Bodas, director of strategic ventures, at **Hartford Ventures**. They shared with us some very interesting information on how and why the alliance came about.

Bodas told SCAN/DCR, "At Hartford Ventures, we are always looking for new technologies to invest in. We had been watching Intellex for quite a while. Their work in supply chain/cold chain applications really caught our interest. So, approximately a year ago, we contacted them and asked if they'd be willing to work together with us on cold chain solutions. As venture capitalists, this is right in line with what we do.

"We also insure many players in the perishable supply chain, so this made the alliance even more valuable to us," Bodas continued. "As it turned out, Intellex has become a great partner. Our impression of the company is very positive. We truly believe Intellex has the right technology to solve problems surrounding the food chain."

McGinley added, "Hartford Ventures often reaches out to companies that our somehow involved in marine and logistics tracking. This is a very big niche for The Hartford. We insure losses for a wide variety of products, both domestically and internationally. One third of shipped produce is wasted each year, representing \$35 billion annually. The partnership may enable us to enhance our loss control and underwriting practices. For all these reasons, I was very intrigued with the Intellex project.

"It's not just about identifying losses," he continued. "It's about having the ability to prevent losses. With the Intellex system, we can monitor temperatures. We can track the amount of time a shipment spent at any given location in the supply chain. And, we can reroute shipments to customers who will use the produce more quickly, rather than a grocer where the product may have to sit on a shelf for a while. It's this ability to prevent produce losses that's huge. We've never had the ability to get this amount of critical information...decision making information, in the past. Decreasing spoilage is good for everyone."

Strong benefits

For an insurance company like The Hartford, there are all types of uses for cold chain info. First, it can help them determine the terms and rates for policies. It may even show them that they need to pass on a request for insurance. Tracking records may show that a company had not been shipping a large amount of product, but with expanding sales, their shipments are increasing dramatically. Knowing this,



*Rohit Bodas,
director of strategic
ventures, at
Hartford Ventures.*

the insurance company must ask for higher rates.

"Intellex has a wide range of solutions for perishables," said McGinley. "Not all are relevant to The Hartford. Our alliance was created to explore ways to improve the logistics side of the industry. We want solutions that help our customers be more efficient.

"The ROI story is quite compelling," he continued. "For a relatively small investment, our customers can track/monitor all their logistics and transportation processes from the beginning to the end of the chain. For logistics companies, the ability to read RFID tags and sensors can be a strong selling point—a real competitive edge."



*Alexander McGinley,
marine underwriting
officer, The Hartford.*

In addition, the Intellex system can do some amazing things, according to Bodas. In a truck load of pallets, it can identify two that didn't maintain the proper temperature. Then, they can be replaced or an alert can be sent to the customer suggesting to use these two pallets first. "Knowledge is power," said Bodas.

The finer points

It's actually the small details from the tracking results that can be a big help to The Hartford. The Hartford is very big in intermodal insurance. The Intellex system can determine if there has been spoilage, how it happened, where it happened, and who was responsible. "We can't avoid paying the claim, but we can reduce losses and, in turn, Hartford payments," said McGinley.

"There are other instances where, perhaps, three companies are involved in the shipping process," McGinley continued. "Two may be insured, while the other is not. In that case, if we can prove the uninsured party was responsible for the spoilage, we can at least get some relief on the payment."

Closing

"Problems in the perishable food chain affect everyone," McGinley closed. "It not only affects bottom lines, but society as a whole. It's shameful how much food we waste when there is so much hunger in the world. If we can cut spoilage problems, we can reduce the amount of extra land we have to use to grow more food to meet demands. We can help save our planet, while ensuring that people get fresh and untainted perishable foods. We view this alliance as a

proactive move to make things better.”

Comment: We believe this type of cooperation between technology vendors and parties of interest in the various applications they target is a great move. Our industry knows it can help bring efficiencies to almost any type of business. Imagine how much more quickly adoption would occur if more companies like The Hartford got involved.

With organizations like **AIM, GS1, VICS**, and others working so diligently to bring tech vendors, retailers, suppliers, and end users together, perhaps we will see a whole new era of change in global supply chains. And that truly would benefit all parties.

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