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RITE AID

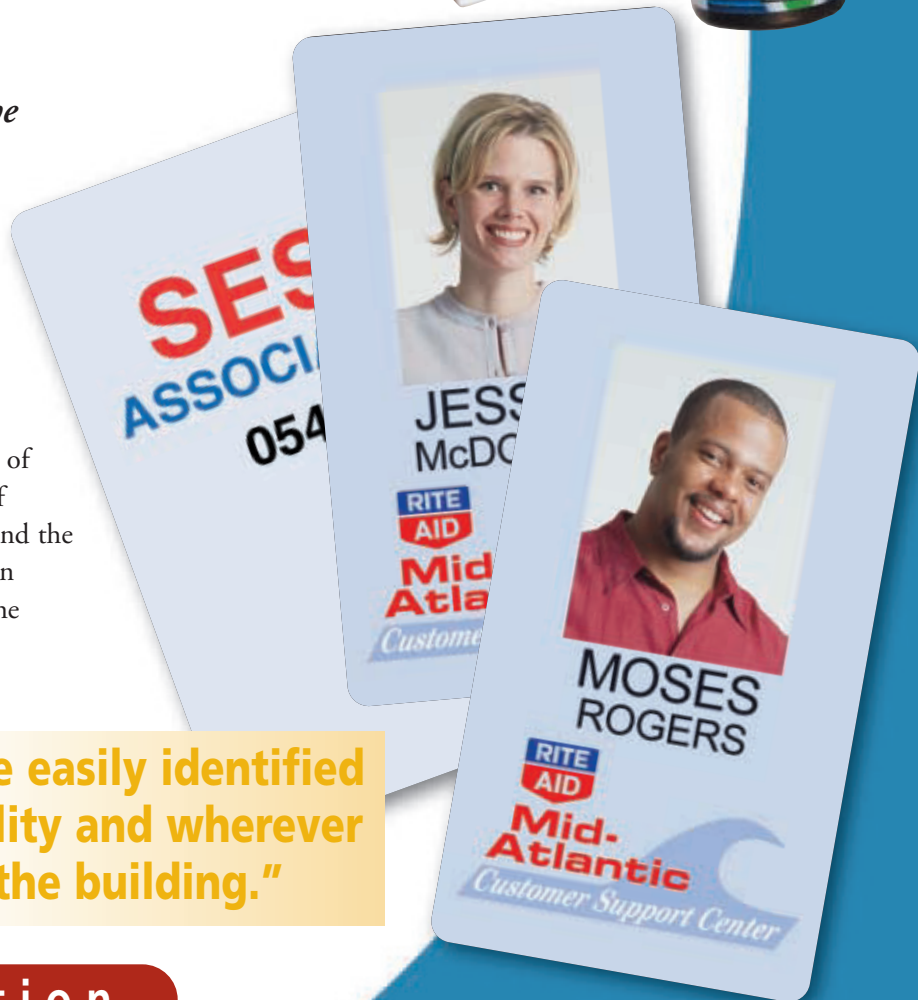
Plastic Cards are the Prescription for Security

At the Rite Aid Distribution Center issuing employee photo ID badges is as easy as it is effective

Rite Aid Corporation, one of the nation's leading drugstore chains, combines a modern store base, strong brand name and ultra-modern distribution centers to provide its customers with the latest merchandise.

Millions of customers depend on Rite Aid's superior pharmacy technology and wide selection of products on a daily basis. With a talented team of 77,000 full and part-time associates in 30 states and the District of Columbia, Rite Aid operates more than 3,600 stores, with total sales of \$14.5 billion in the 2001 fiscal year.

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Customer Satisfaction

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“Card tracking also helps determine which agencies provide better workers.”

Distribution and Logistics Umbrella

At the core of Rite Aid’s growth are eight Distribution Centers that service all Rite Aid stores throughout the U.S.

Five of the Distribution Centers are located in the eastern half of the United States while the other three centers are located on the West Coast.

Rite Aide’s distribution centers and logistics system is comprised of four components:

- Distribution Support**
- Operational Analysis**
- Strategic Planning**
- Transportation**

The Distribution Support department is responsible for supporting the various aspects of all the centers. These areas include quality issues, safety, inventory control, regulatory and operational compliance, and reverse logistics (returns).

Operation Analysis is responsible for providing the information and associated analysis to manage the centers. They create and maintain the data warehouse where they obtain their statistics and information. They also establish and monitor the budget by providing weekly/monthly tracking reports.

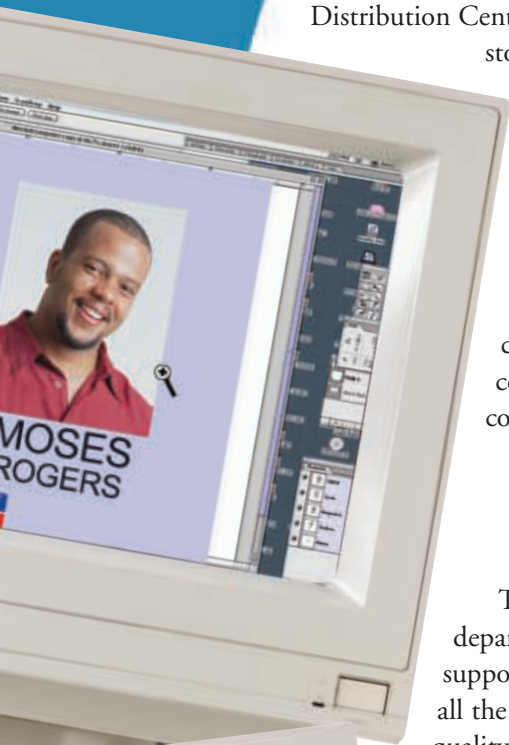
The Strategic Planning group is responsible for providing a strategic view for the department. They handle project planning, management, and industrial process development for the engineering aspect of the centers.

Finally, the Transportation group is responsible for providing transportation and traffic support for the entire company. They purchase all of the inbound, import, and outbound transportation and route shipments from suppliers to the centers and from the centers to the individual stores.

Mid-Atlantic Center Supports 760 Stores

Rite Aid’s Mid-Atlantic distribution center, with 1,400 employees, is a single building of almost a million square feet that serves 760 stores from Connecticut to the Carolinas,.

“With such a large facility and numerous temporary help, every employee must be easily identified when they enter the facility and wherever they are throughout the building”. Photo ID badges are the answer to quick and easy identification,” says John Webber, Security Systems Administrator. “Every employee gets one. Our badges serve four purposes:



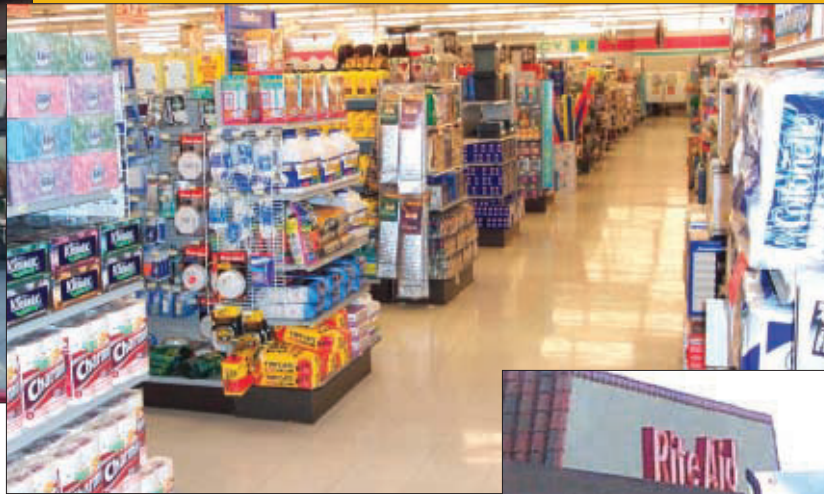


photo identification, access control, time-clocking and productivity measurement. Everything in the facility is based on the badge.”

Everything is Based on the Photo ID Badge

Webber currently uses two Eltron plastic card printers to issue all of its ID cards.

The cards produced at the facility are full color on one side and black and white on the other. To expedite printing and reduce costs, cards are printed in full color on the front side using an Eltron P310 color printer while the back side of the cards are printed in black only using the P310 monochrome model. Each badge has a photo ID picture on the front and a corresponding barcode or magnetic stripe on the back. With 20 to 30 new hires each week and the re-issuing of lost cards or those in need of replacement, the center produces between 150 to 200 badges per month.

“As the exclusive user of the printers, it usually takes less than 24 hours to issue a new badge,” Webber relates. “The cards are created at 15 cards per hour, including the taking of the ID photo, inputting the data and printing the cards. It takes less than a half-

minute to print the color side; the back side takes about another 4 seconds to print. The great thing about the printers are how very easy they are to use”.

“Without the printers, we couldn’t have such an extensive security system,” explains Webber. “Our original computer security system was only designed to support 2,000 names but we currently have over 2,100 names in the system and that has caused some slow down in access door openings - due to delay in computer response time. We plan on upgrading the computer system to speed up ID reader recognition. I would caution anyone planning an access control card system not to underestimate the size of the database. It turns out you never completely discard the



Eltron P310 Printer

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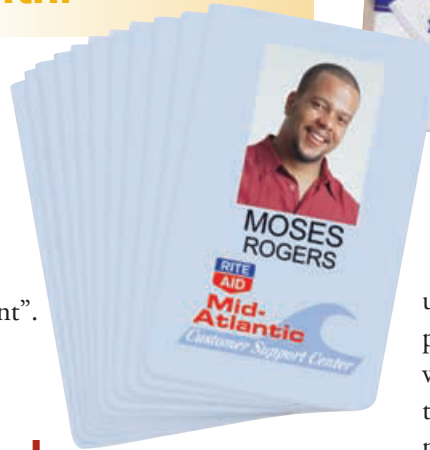
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records of former employees. This means the database continuous to grow even though the number of employees remains reliably constant”.

Security is a Priority but Cards Have Additional Applications

Webber prefers creating his own cards, using them for applications beyond security. An identification number, access control number, and time punch number are printed on each card. With the cards, Rite Aid can track all card swipes and tell exactly what each employee has done within the past eight hours. Records are kept, detailing an employee’s work over the entire time they are employed with Rite-Aid.

With the various temporary employment agencies



used in the facility, cards are designed so Security personnel can quickly tell, by looking at the cards, which workers are allowed in which areas. Card tracking also helps determine which agencies provide better workers. “We use eight different temp agencies,” Webber related. “I decided to color code the cards according to the various agencies. Now, while touring through the facility, I am able to quickly make visual assessments of the workers and which agencies they come from. It’s a simple way to tell which agencies are sending us the most productive people. This in turn helped me narrow the agencies we use down to the best three.” It could be argued that this one benefit alone could justify the cost of the entire badging system.