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Artificial Intelligence Meets Natural Intelligence:

Three Success Stories

AI and ML are transforming the Service Supply Chain by helping organizations optimize inventory, reduce costs, and improve performance—but their true power lies in how people apply them to real-world challenges.

In this eBook, we explore how three companies partnered with Baxter Planning to leverage AI/ML and domain expertise for faster time-to-value and measurable business impact.

Most business leaders in the Service Supply Chain (SSC) space understand that artificial intelligence (AI) and machine learning (ML) can serve as powerful tools to drive operational efficiencies, but some doubt still shrouds AI and ML.

Along with this doubt comes caution around the potential risks of these much-lauded tools. While AI and ML have been floating around as buzzwords for years, they're now reaching an inflection point where creative thinkers find new use cases for them by the day.

We could rattle off an extensive list of benefits our customers have seen from implementing AI and ML, like inventory optimization, procurement spend reduction, and network optimization; but rather than discussing the tools themselves, which remain abstract without context, we want to share three short customer success stories about how AI/ML has helped humans transform their businesses.

After all, it's not the tools themselves, but rather the people who put them to use that truly make a difference.

Compared to traditional retail or manufacturing industries, inventory optimization can be particularly challenging for SSC leaders due to:

- Diverse and extensive inventories
- Strict service level agreements (SLAs)
- Uncertain demand
- A lack of data visibility and cohesion.

Optimizing inventory for service organizations requires a fine balance between meeting SLAs and managing costs.

Because of SLA pressures as well as incentive structures that prioritize revenue over cash, some teams even resort to doing things like ordering two lots of parts for the same equipment at the same customer: one set for a basic scheduled overhaul, and an additional set of more advanced parts, just in case the customer is willing to pay more for better performance. As you can imagine, practices like this may put significant strain on cash resources and drive down return on invested capital (ROIC). (1)

This eBook will examine companies with demanding SLAs and sprawling parts networks that use AI-powered platforms to avoid part-planning pitfalls and achieve extensive inventory savings.

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Chapter 1

Using AI to Make World-Leading Systems Even Better

The world's first name in computing—already a leader in global service provision—was looking for a way to give its team even more confidence in meeting 2-hour SLAs with a service inventory that ran more than 350,000 parts across 74 countries. They tapped Baxter Planning due to their deep SSC planning experience and adopted Baxter Planning's Predictive Service Supply Chain solution: an AI-supported platform that's on track to deliver eight-figure inventory savings while improving the company's ability to heighten its already best-in-class net promoter score.

"Baxter's technology, expertise, and vision in automating and optimizing the entire Service Parts Management process became the clear choice for us," said the company's VP of Service Supply Chain.

"The platform from Baxter Planning will help us better serve our customers, reach our sustainability goals, and increase our supply chain resiliency," she added.

One of the most impactful ways AI is achieving these quantum leaps is by providing actual, real-time location statuses of millions of parts and making dynamic recommendations for their allocation. To be maximally effective, this tracking needs to extend throughout the entire supply chain—including robust interfacing with 3PL solutions.

Gartner has called these visibility data providers "Real-Time Transportation Visibility Platforms" (RTTVPs), because they provide companies with enhanced insights into the status of their shipments by tracking goods throughout the various stages of a supply chain, from the procurement of raw materials to production and delivery. (2)

Key to leveraging this data (along with a myriad of additional IoT data), is your solution's ability to ingest all available input and to use AI/ML to make dynamic predictions and recommendations that meet the specific objectives of each individual customer—based on their priority to your service team.

- A world leader in computing wanted a better way to meet 2-hour SLAs.
- Their service inventory ran more than 350,000 parts across 74 countries.
- They adopted a predictive AI-supportive platform that's on track to deliver eight-figure inventory savings.

Chapter 2

Today's End-To-End, AI-Powered Control Towers

The world's largest distributor of electronic components manages approximately 7 million unique parts and has a dedicated division for spare/service parts. Managing and meeting thousands of unique SLAs for their customers requires a sophisticated technology platform that maintains visibility and control of a service part—from inventory to dispatch, through dozens of logistics partners, to delivery. The platform provides the essential, continual "control-tower" communications to managers who oversee the entire process—including backorder management and reverse logistics/stocking.

- The largest global distributor of electronic components manages approximately 7 million unique parts.
- They must manage and meet thousands of unique SLAs for their customers.
- Their AI-powered platform provides continual "control-tower" communications to managers who oversee their entire logistics process.

In a recent seminar to Service Parts Planning managers, the company's Director of Service Operations recalled past service recovery efforts that required "scrambling the jets" to pull out all the stops in meeting a customer demand to sometimes find out that level of effort and expense was not required.

"I remember a time we spent $800—including a cab to the airport—to deliver a part in hours for a customer who later said they would have been perfectly satisfied with overnight delivery," he explained.

Today, the company fully utilizes its platform's AI functionality to maintain optimal inventory levels at its distribution hubs and depots based on actual historical data combined with additional AI-provided intelligence on product lifecycles, economic forecasts, business reporting, and more.

In managing a widely prioritized variety of customers, this manager revealed, "There's what I CAN do… and what I'm willing to do." He went on to explain that understanding all the available options is an advantage delivered by Baxter Planning's platform, with AI adding critical data about costs, real-time conditions, and speed implications.

Armed with this specific data, he can confidently provide his customers with precise options, complete with the pros and cons of each approach. "With Baxter Planning, I don't have to scramble the jets," he concluded.

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Chapter 3

Scaling up with BaxterProphet.ai

The world's largest distributor of electronic components manages approximately 7 million unique parts and has a dedicated division for spare/service parts. Managing and meeting thousands of unique SLAs for their customers requires a sophisticated technology platform that maintains visibility and control of a service part—from inventory to dispatch, through dozens of logistics partners, to delivery. The platform provides the essential, continual "control-tower" communications to managers who oversee the entire process –including backorder management and reverse logistics/stocking.

The systems they service for their customers run mission-critical workloads, so it's extremely important for them to make sure they have the inventory available to keep customers up and running. They must meet 4-hour SLAs across 200 global field stocking locations (FSLs). Thanks to their partnership with Baxter Planning and their expansive global support team, they have a track record of excellent Net Promoter Scores (NPS) of 98.99%. To get even more of an edge in a competitive marketplace, they decided to be an early pilot customer for Baxter Planning's AI-supported BaxterPredict module, BaxterProphet.ai.

According to a senior Service Parts Planning professional from this company, "We've always had an intentional top-down strategy to establish a competitive advantage for us in a highly competitive market by offering next-level support for our customer base. What that means for my team on the service logistics side is striving to achieve unparalleled on-time delivery rates against very aggressive SLAs. It's been really great working for a company that invests in service logistics and customer support because we're given the tools we need to maintain a high level of excellence."

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With BaxterProphet.ai as one of these tools, this company has been able to transform their ability to predict product life curves, allowing for better last-time-buy (LTB) planning. When it comes to LTB planning, companies know they must deal with limited manufacturing capacity, so it's critical for them to choose the parts they'll need in advance to support products through their final terms.

Traditionally, this process has been manual and time-consuming and offers very few opportunities to course correct. BaxterProphet.ai has helped this company establish more accurate forecasts for LTBs, as it provides better baseline predictions with real-time updates that show the shifting requirements of actual opportunities and customer forecasts.

In addition to increasing customer satisfaction, running a tighter operation around LTBs has helped this company decrease the carbon footprint of their global presence by reducing waste and carbon emissions.

- A server and storage company has to meet 4-hour SLAs.
- Their operational network incorporates 200 field stocking locations across the world.
- AI has helped them increase their already excellent net-promoter scores, improve their forecasting accuracy around LTBs, and reduce their carbon footprint.

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Summary

AI Plays a Supporting Role for Human Intelligence

As these three real-life examples have illustrated, AI and ML are giving organizations an unprecedented ability to manage their Service Supply Chain journeys with an end-to-end view, but the strategic application of these powerful tools requires human intelligence.

A recent McKinsey report embodies the notion that people are the true heroes in every AI-related success story:

"AI's ability to analyze huge volumes of data, understand relationships, provide visibility into operations, and support better decision-making makes AI a potential game changer. Getting the most out of these solutions is not simply a matter of technology, however; companies must take organizational steps to capture the full value from AI." (3)

Even with the right software, qualified team members are still needed to plan and forecast complicated supply chain requirements unique to your organization.

Many companies have a difficult time keeping sufficient internal planning experts who can manage all aspects of the organization's supply chain.

The three firms we discuss in this eBook found a partner in Baxter Planning that could help beyond the technology piece to truly harness AI and ML as a competitive advantage. This approach is especially useful for SSCs, where domain expertise results in a greatly accelerated time-to-value.

Baxter Planning has been dedicated to the Service Supply Chain for more than 30 years. The industry's only end-to-end predictive platform, BaxterPredict, transforms Service Supply Chains using best practices, AI/ML, and domain expertise to drive cost reduction, increase resiliency, refine optimization, and enable end-to-end visibility.

Like the customers featured in this eBook, all Baxter Planning customers see reduced inventory, logistics, and operations spending while increasing customer satisfaction.

Baxter Planning is a global leader in Service Supply Chain software, delivering a Service Experience Advantage to the world's most innovative enterprises for over 30 years. The end-to-end BaxterPredict platform empowers organizations to optimize service parts planning, execution, and resolution, driving superior customer experiences, fostering long-term loyalty, and fueling business growth. By combining purpose-built technology, award-winning AI, decades of practitioner expertise, and a commitment to true partnership, Baxter Planning consistently delivers industry-leading outcomes for its clients. The company is headquartered in Austin, Texas, United States, with offices around the globe. For more information, visit www.baxterplanning.com.

Baxter Planning is a portfolio company of Marlin Equity Partners, a global investment firm with approximately $9 billion in capital commitments. The firm is headquartered in Los Angeles, California with an additional office in London. For more information, please visit www.marlinequity.com.

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