



Telecom Case Study



Company Profile:

Alcatel-Lucent, a global telecommunications equipment company, that provides telecommunications solutions to service providers, enterprises, and governments around the world.

Business Problem:

The company wanted to increase customer satisfaction levels while decreasing inventory.

Results:

Inventory levels dropped 22% while customer complaints virtually disappeared.

Prophet

- Proprietary algorithms that consider the true cost of each stocking part, including the cost of not having the part.
- Geographic analysis to determine the best location for stocking parts based on materials availability and customer need.
- Designed to easily integrate with your systems and automatically perform analysis to intelligently forecast demand, update target stock levels and recommend purchase and replenishment orders.



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Business Challenge

Alcatel-Lucent's service logistics division was not content with their customer satisfaction levels on same and next-day service contracts. On top of that, they were sitting on millions of dollars worth of excess inventory.

The company's Supply Chain Network services division launched a groundbreaking initiative. Their vision was to improve customer service, build loyalty and win new customers with better service as their main competitive advantage. The caveat to this initiative was that the improvements in service could not come at a higher cost - in fact, costs needed to go down.

Their existing parts planning system, while adequate to maintain their existing service levels, did not have the ability to factor in the true costs of inventory stocking. Hidden variables like stockout costs, rush charges, customer value, and hundreds more were not being tracked or calculated to determine optimal stocking levels.

To truly boost service levels, without costly inventory "padding", the company needed to implement a system that gave them precision insight into optimal stocking levels at warehouses scattered across the globe. They needed to know the true cost of their inventory, which includes the costs associated with customer service problems.

Solution - Baxter Planning

Unwilling to sacrifice cost savings or customer service, the company turned to service parts supply chain optimization software. After a thorough review of the available technology, the company chose Baxter Planning Systems based on their ability to go beyond mere cost savings to using service excellence as a strategic weapon.

Prophet by Baxter is a software suite that helped the company determine the optimal location and stocking amounts for each of their thousands of parts. In addition, it gave them precision insight into future parts planning needs and allowing them to fine-tune their service levels on a global scale.

Summary of Results

The Baxter solution was implemented in just weeks and the company began seeing customer service **improvements immediately**. Their compliance level on same and next day service calls rose dramatically while customer **complaints virtually disappeared**. Within a few months, their inventory levels **dropped 22%**, with more reductions anticipated as they roll out the solution worldwide.

About Baxter Planning

Baxter provides cloud-based software and service solutions for inventory planning across complex, global supply chains in the service parts, technology and healthcare industries.

For more information, go to baxterplanning.com or call us at +1.512.323.5959