Baxter Planning Case Study:
Network and Enterprise Security Company

INDUSTRY
Network Security

LOCATION
Headquartered in the US with presence globally

CHALLENGE
Rapid business growth called for automated planning to ensure customer satisfaction by honoring the commitments to service level agreements (SLAs).

SOLUTION
The Prophet software as a service (SaaS) solution optimizes target stock levels and streamlines processes while the Planning as a Service (PaaS) offering delivers planning expertise and advocates best practices.

RESULTS
Since implementation, Palo Alto Networks' inventory dollars per contract decreased by 50% and service levels increased to 99%+ while Install Base grew by 500% as a result of Prophet's optimization algorithm paired with Baxter's best practice planning expertise.

Palo Alto Networks is a network and enterprise security company defining the next-generation firewall and continuously challenging the security status quo. The company serves more than 50,000 customers in 150+ countries across multiple industries. Over 85 of the Fortune 100 rely on Palo Alto Networks to improve their cybersecurity posture. Palo Alto Networks deploys Prophet by Baxter for its World Wide Operations Organization to plan and forecast same- and next-day service parts inventory supporting its global base of enterprise customers. Since 2013, this enterprise firewall market leader has combined the adoption of the Prophet software with Baxter's Planning as a Service offering to realize the full benefits of the solution.

Challenge: Rapid Business Growth Outpacing the Industry

The company produced and shipped its first firewall in 2007, debuted on the NYSE with an initial public offering in 2012, and went live with Prophet by Baxter in 2013. Named on Fortune Magazine's Top 50 companies changing the world, the company's growth significantly outpaces the industry as evidenced by a 28% year-over-year increase in revenue in 2017. At this crucial stage of maturation, it was more important than ever to ensure customer satisfaction by honoring the commitments to their service level agreements (SLAs). In the 5 years of partnership with Baxter, the global cybersecurity leader managed a rapidly growing business that included:

- 2x increase in number of field sites
- 2.2x increase in supported materials
- 5x growth in installed base contracts
- Service level increase from an average of 90% to over 99%

Solution: Prophet Software + Baxter Planning Expertise

The Prophet software as a service (SaaS) solution optimizes target stock levels and streamlines processes while the Planning as a Service (PaaS) offering delivers planning expertise and advocates best practices. Collectively, Baxter's solutions and services come together as Prophet automates the tactical and Planning as a Service optimizes the strategic. This combination allows customers to exceed service level goals while minimizing inventory levels and excel across key service supply chain practice areas:

- **Inventory Optimization:** Baxter's Total Cost Optimization model calculates target inventory levels by balancing inventory costs (the cost of positioning material) against stockout costs (the cost of a not having material available when and where demand occurs). These parameters are the foundation for Prophet's target stock levels so Baxter consultants worked closely with the Palo Alto Networks' planning team to ensure the inputs accurately reflect current business conditions. Together, the teams were able to determine downtime cost for each field site, define customer importance for major accounts, categorize critical materials by tiers, and enact rules that ensure coverage for their 4-hour commitments. *The Prophet algorithm is able to intelligently calculate target stock levels because Baxter experts championed the best practices for inventory optimization.*

- **Replenishment and Redeployment:** With target stock levels driven by a cost model adjusted directly for their business, Palo Alto Networks was now able to take advantage of Baxter's replenishment and redeployment functionality to balance inventory within the network. The intelligence of Prophet's Backlog Criticality Index (BCI) allows for the optimal deployment of spare parts inventory while confidence in the target stock levels opened the doors for automation. *Prophet's automation capabilities position inventory where it's needed as a result of the Baxter team's guidance to define an effective stocking strategy and press Palo Alto Networks towards best practice fill rate goals.*

- **Supply Order Automation:** From here, the team focused on managing orders from purchase and repair vendors to ensure inventory availability at the replenishment source. Prophet's forecasting methods automatically determines the statistical equation that best fits the historical data while its alert functionality helps organize and prioritize planning activities. *Prophet's plan-by-exception model ensures accurate inventory injections and simplifies planning for the dedicated Baxter expert to consistently meet the best practice for monitoring forecast deviations and actioning stockout warnings.*

- **Lifecycle Management:** As their business continued to expand, it was important to manage New Product Introductions for accurate ramp-up projections of new portfolio items and meet service level goals for the end customer. On the other end of the product lifecycle, Baxter's End of Life capabilities enabled Palo Alto Networks to drive proper last-time-buy quantities to best mitigate excess inventory. *Prophet is able to generate accurate forecasts and recommendations as a result of Baxter experts continually driving best practices for new product introductions and last time buys.*

- **Planning Analytics:** With optimally modeled targets, automated ordering, and predictable NPI/EOL processes, the Palo Alto Team was ready to analyze past performance through Prophet's hit rate report. Hit Rate evaluates each demand request and uses Miss Root Cause categorization to identify improvement opportunities by identifying issues with data, configuration, or execution. *Prophet automates planning analytics while Baxter consultants continually encourage the Palo Alto Networks' team to follow the best practice for hit rate review.*

ABOUT BAXTER PLANNING

Baxter provides cloud-based software and services for inventory planning across complex, global supply chains in diverse industries including technology, healthcare, and food service equipment.

For more information, visit www.baxterplanning.com or call us at +1 (512) 323 5959.

Optimize inventory by combining proven technology with planning expertise to deliver supply chain excellence.

Result: Partners in Planning

Baxter's business review methodology is a specific example of the planning leader's commitment to helping customers optimize and automate their service supply chain. The methodology leverages decades of experience to identify and measure 30 critical service supply chain Best Practice categories during each client's business review process. The Best Practice Scorecard uses a set of grading criteria to assess customer utilization of Prophet and Best Practice adoption, a Comprehensive Assessment provides an in-depth analysis of each scorecard attribute along with prioritized improvement opportunities, and ongoing business reviews monitor the adoption of these recommendations.

As partners in planning, Baxter successfully employs the business review methodology to challenge the Palo Alto Networks team on best practices to accurately model target stocking level parameters to optimize inventory, execute to fill rate targets to maintain high service levels, automate ordering to ensure supply availability, and reviewing hit rate reporting to analyze past performance and continuously improve. The tool's efficacy in measuring the adoption of the software is clear as Palo Alto Networks ranks in the 99th percentile of all customers and the benefits are well evidenced in their metrics. As recognition of a successful ongoing relationship, Palo Alto Networks presented Baxter Planning with the 2018 "Excellence in Supply Chain Software Solutions" at the Palo Alto Networks' annual Operations Vendor Appreciation event in San Jose, California.

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