

Network Optimization

THE IMPORTANCE OF NETWORK OPTIMIZATION

Best-in-class service organizations offer same day service level agreements (SLA's) to meet expectations of customers using their products in mission critical environments. Often overlooked is the need to optimize the logistics network used to place service inventory within eight, four or even less delivery hours from the customer. While this seems simple on the surface, the complexity of analyzing drive times between a constantly changing list of customer service contracts and hundreds of stocking locations can leave basic questions unanswered.

- What percentage of your 4-hour SLA customers can have inventory delivered within four hours from a stocking node in your current network?
- Who are the customers that cannot be covered?
- Which locations are no longer required due to changes in your installed base?
- Where are new locations required to support changes in your installed base?

A successful service supply chain is built on an optimized network of sites capable of efficiently fulfilling customer demand. Baxter Planning offers a Network Optimization consulting engagement to help Prophet customers validate their current network and recommend changes by modeling the impact on customer coverage.

THE FRAMEWORK FOR NETWORK OPTIMIZATION CONSULTING

Baxter's Network Optimization consulting engagement is performed in 3 stages:

- 1. Discovery:** All Network Optimization projects begin with an in-depth review of the customer's current network. Our Network Optimization Questionnaire helps Baxter experts understand your unique network, coverage agreements, current logistics costs, and specific network optimization goals.
- 2. Modeling:** The Baxter Consulting team takes findings from the discovery phase and utilizes Prophet's powerful Network Modeling module to generate scenarios that explore the viability of different network structures. These network scenarios are customized depending on your organization's goals, whether it is to evaluate potential locations to add, identify under-utilized locations to remove, or perform a regular validation of current network capabilities. These scenarios can be reviewed individually or Prophet's Networking Modeling tool also includes functionality for comparison of multiple network configurations.

Prophet >> Logistics Network >> Network Modeling		
Scenario	Description	Actions
Baseline Scenario	All Echelon Locations Within the Current Network with All IB/Contracts	→
Network Scenario 1	Scenario 1: Best Coverage Using Full 3PL List	→
Network Scenario 2	Scenario 2: Map All SBD IB/Contracts to 3PL SBD Network Sites	→
Network Scenario 3	Scenario 3: Map All SBD IB/Contracts to Field Technicians	→

- 3. Analysis:** Baxter consultants facilitate the analysis of the modeled network scenarios by providing data supporting any recommended network changes as well as analytics detailing the impact on key operational metrics. This includes a map visual depicting stocking locations alongside customer install base both before and after modeling, a comprehensive list of any sites added or removed, and any change in customer coverage. The Baxter team will also provide analytics that enable the customer to understand the impact on key metrics such as change in inventory investment, improvement in projected service level, any impact to transportation costs, and savings in warehousing and inventory costs.

SUCCESS STORY

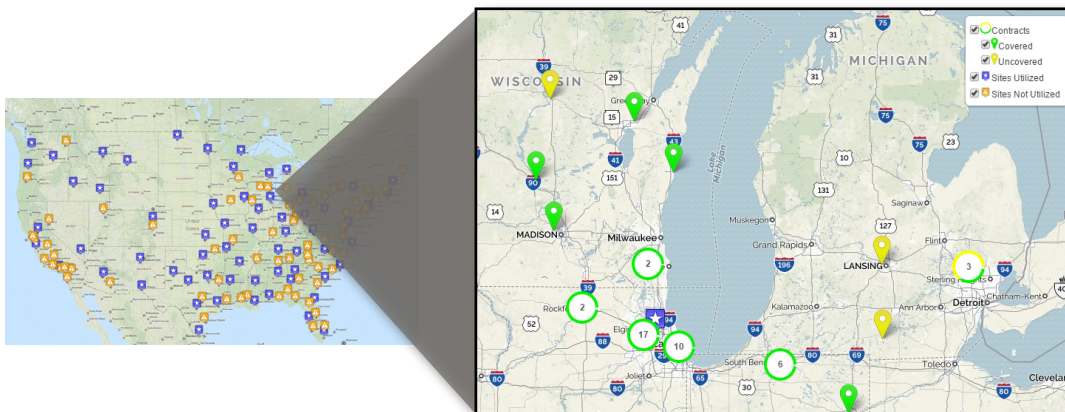
A recent project for a network equipment manufacturer evaluated their transition to a new Service Parts Logistics (SPL) provider. Baxter's Network Optimization consulting recommendations resulted in a 58% reduction in sites while retaining a service level of 99.5% and provided the logistics team with confidence in the newly overhauled network.

WHY WAIT?

An optimized logistics network is the foundation on which a successful service supply chain is built. Baxter Network Optimization projects deliver visibility to network modifications before the changes are implemented which eliminates uncertainty on how changes to stocking locations will impact your organization's ability to meet contract SLAs. Whether your goal is to scale your network or validate your current configuration, contact Baxter to learn how you can benefit from Network Optimization consulting to achieve supply chain excellence.

DELIVERABLES

- **VISUALIZATION:** User-friendly graphics depict the current logistics network, unused sites, and all service contracts.



- **SITE LIST:** Detailed list of sites recommended for addition or removal.
- **COVERAGE AND SERVICE LEVEL ANALYSIS:**
 - Coverage analysis quantifies the percentage of service contracts that can and cannot be reached within the service level agreement as well as the density of contracts assigned to each stocking location.
 - Service Level analysis quantifies the probability of inventory availability to support the service contracts within the network.
- **OPERATIONAL EXPENSE ANALYSIS:** Quantified assessment of financial impact of Network Optimization based on the ongoing costs associated with warehousing and inventory.

ABOUT BAXTER PLANNING

Established in 1993, Baxter Planning provides inventory planning and optimization solutions to support service supply chain requirements across diverse industries. Baxter's solutions seamlessly integrate with existing IT infrastructure to forecast demand and optimize target stock levels to efficiently execute supply, replenishment, and repair orders.

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