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Accessible Inventory

The Hidden Constraint in Global Service Supply Chains

The missing link between
service parts planning and
service order execution.



TABLE OF CONTENTS

- 03** Executive Summary

- 04** Do You Have an Inventory Access Problem?

- 05** The Gap Between Insight and Execution

- 06** Inventory Ownership Models That Enable Better Performance

- 07** What This Means for Service Supply Chain Leaders

- 08** When Planning and Ownership Finally Align

- 09** Conclusion: Service Excellence Is Now a Competitive Differentiator



Most global service organizations are not short on inventory.

They are short on accessible inventory.

For many industrial organizations, aftermarket and service now represent the majority of margins, often delivering up to four times the profitability of new equipment sales (McKinsey).

This is not a visibility problem. It is a structural one.

Many EMEA-based organizations operate with localized inventory ownership, where regions or countries maintain financial control. While this supports local accountability, it introduces internal barriers such as transfer pricing, buy-sell requirements, and cost structures that discourage movement across borders. Even within the European Union, where goods can move freely, internal corporate policies often prevent inventory from doing the same.

The result is a fragmented network that cannot optimize itself. Organizations that address inventory ownership alongside planning can reduce excess and improve service consistency, but doing so requires confronting structural decisions most organizations have not yet made.



Do You Have an Inventory Access Problem?

You may be dealing with structural inventory constraints if:

- Planning teams identify rebalancing opportunities that are never executed
- Stockouts occur in high-demand regions while excess inventory builds elsewhere
- Service levels vary significantly by country despite similar inventory investment
- Internal transfers are avoided due to cost or accounting complexity

These are not planning failures. They are operating model limitations.

The Structural Problem: Inventory That Cannot Move

Decentralized ownership models fragment the Service Supply Chain in ways that are not immediately visible, but consistently measurable.

Inventory is owned locally, often tied to country-level financial structures. Over time, data definitions diverge, including the creation of different part numbers for identical components across regions. Planning teams, often operating with a global view, can see imbalances and identify better outcomes, but lack the authority to act. Inventory remains where it is, even when demand shifts elsewhere.

This creates a reinforcing pattern. Excess inventory accumulates in some regions while others experience shortages. Service performance becomes inconsistent, and costs rise due to expedited shipments, emergency sourcing, and inefficiencies in execution.

In Service Supply Chains, where demand is intermittent and parts are both critical and unpredictable, these structural limitations amplify quickly. The issue is not the availability of inventory. It is the inability to reposition it effectively.



The Gap Between Insight and Execution

Most organizations attempt to address these challenges by investing in better systems, typically through ERP extensions or broader service platforms. While these solutions improve visibility, they rarely change outcomes.

In practice, a consistent pattern emerges. Global planning teams generate recommendations that reflect an optimized network, but those recommendations stop at the boundary of ownership. Regional teams are constrained by financial structures that make transfers unattractive or even penalizing, despite the broader benefit.

At the same time, inventory optimization engines assume that parts can move freely across locations. This assumption breaks down in environments governed by transfer pricing rules, landed cost implications, and internal accounting policies. Organizations end up improving forecast accuracy and investing in planning tools, yet see little change in service performance or inventory levels.

The constraint is not a lack of insight. It is the inability to act on it.

Inventory Ownership Models That Enable Better Performance

Addressing this challenge requires aligning ownership structures with how the Service Supply Chain needs to operate.



Centralized Ownership with Local Consumption

In this model, inventory remains centrally owned until it is consumed, allowing decisions to be made at a network level rather than within regional silos. Planning teams can rebalance inventory proactively, shifting supply ahead of demand rather than reacting to shortages after they occur. Organizations that adopt this model typically see more consistent service levels across regions and a reduction in total inventory, as excess in one location can be used to offset demand elsewhere.



Central Ownership Enabled by a 3PL Model

For organizations that cannot fully centralize ownership internally, third-party logistics providers offer a practical alternative. By positioning inventory across regions using bonded warehouses or free trade zones, companies can reduce the financial and operational friction associated with cross-border movement. This approach allows inventory to be redeployed more quickly in response to demand variability, without requiring significant changes to internal ownership structures.



Optimizing Within Local Ownership Constraints

Some organizations must maintain localized ownership due to legal, financial, or organizational constraints. In these environments, improvement comes from reducing fragmentation. Establishing a unified part master across regions, standardizing planning policies, and improving visibility into network-wide inventory allows organizations to identify imbalances more effectively. However, without the ability to execute cross-region decisions freely, these improvements tend to be incremental rather than transformational.



What This Means for Service Supply Chain Leaders

Inventory optimization cannot be solved through planning alone. It requires alignment between financial structures, operational authority, and decision-making processes.

In practice, this often becomes a leadership decision, not a systems one. Finance, operations, and service leaders must come together to determine whether the organization is willing to prioritize network performance over localized optimization, and whether existing ownership models support or prevent that outcome.

Leaders who address this directly move beyond incremental improvement and begin unlocking meaningful performance gains across the network.

When Planning and Ownership Finally Align

The real opportunity emerges when planning decisions and ownership structures are no longer in conflict.

As noted by leading industry research from firms such as BCG and Bain, service has become a primary driver of growth and differentiation for industrial organizations, which increases the cost of inefficiency across the Service Supply Chain.

At that point, organizations can move from identifying better outcomes to executing them consistently. Inventory can be repositioned ahead of demand, rather than after service failures occur. Trade-offs between cost, service, and risk can be evaluated at a network level, not constrained by regional silos.

Achieving this state requires more than process change. It requires planning approaches that reflect real-world constraints and adapt continuously as conditions evolve.

Baxter Planning works with organizations in these environments to design and implement those approaches. This includes modeling network-wide trade-offs, identifying where inventory is effectively trapped, and enabling decision-making that aligns finance, operations, and service priorities.

This is where autonomous planning becomes practical. Rather than producing static recommendations, systems continuously adjust forecasts, rebalance inventory targets, and trigger execution based on current conditions, while keeping human oversight focused on exceptions and strategic decisions.

Across client engagements, organizations applying these approaches have reduced inventory carrying costs by up to 35 percent while improving service performance.



Service Excellence Is Now a Competitive Differentiator

Most Service Supply Chains are constrained less by how inventory is planned and more by how it is owned.

Until that changes, investments in visibility, forecasting, and execution will continue to deliver limited returns.

The organizations that move ahead will be those that rethink ownership, enable execution across their networks, and adopt more adaptive, data-driven approaches to planning.

The question is no longer whether inventory exists.

It is whether your organization can actually use it.





ABOUT BAXTER PLANNING

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 baxterplanning.com.