

**CASE STUDY**

# Taking stock of parts inventory for an industrial equipment manufacturer

A solution that delighted the enterprise, its dealers, and their customers

**WHO WE WORKED WITH**

A global leader in the design, manufacturing, and distribution of industrial equipment.

**WHAT THE COMPANY NEEDED**

To improve availability of service parts for customers at the dealership (point of sales) and enhance transparency of inventory information for dealers globally.

**HOW WE HELPED**

Genpact worked with the firm to design and implement a global, cloud-based planning and collaboration solution that ultimately transformed its service-parts planning and replenishment processes.

**WHAT THE COMPANY GOT**

Total connectivity and clear parts visibility between the company and its main service channels - dealers, distributors, and retailers - so it can now manage and support its business in real time.

## CHALLENGE

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# Create a holistic solution for spare-parts planning and replenishment

This equipment manufacturer had several burning issues it needed to address. For one thing, its dealers, many unskilled at parts planning, often preferred customer-oriented activities - not realizing they could lose customers and sales if parts aren't available for broken machines.

What's more, systemic barriers between the company, its dealers, and the end customers meant that a lot of point-of-sale (PoS) information was lost, making it hard for the manufacturer to plan inventory or to detect problems with machinery in a coordinated way.

Meanwhile, because their inventory wasn't moving, dealers felt the impact on their profits and needed more working capital. In addition, keeping track of parts was a physical chore that took time and effort without, in their view, adding value.

Customers were unhappy, too. Without the necessary spare parts, their equipment was out of action for longer than average, unless they were willing to pay for expensive emergency orders. And because they didn't have reliable service schedules, they were reactive rather than proactive when their equipment failed.

## SOLUTION

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# Connect dealers and the manufacturer via the cloud

Genpact found gaps as high as 30% in the fill rate - the percentage of customer orders filled from current stock - despite several investments the firm had made to try to close this gap. Parts were actually available in the manufacturer's warehouse, but dealers weren't requesting them, and customers couldn't buy them.

Our first action as part of the program was to find out why dealers weren't making parts available, so we looked

for weaknesses in the way they gathered and processed inventory data. We knew that the way to enhance end customer experience and satisfaction was to create a pipeline that provided clear visibility of parts and that connected the company to its main service channels - dealers, distributors, and retailers.

So we set to work helping the firm design and implement a global planning and collaboration solution to transform its parts planning and replenishment processes. We linked more than 1,100 dealers across six continents through a cloud-based, state-of-the-art, micro-service system architecture. With this tailored business-program support and maintenance model, the system is up and running over 99% of the time.

Plus, the solution includes real-time interfaces for data integration, data validation, and quality monitoring for parts - with automated notifications and systemic corrections. That means process operations across the ecosystem are seamless.

The program also includes:

- State-of-the-art forecasting and inventory optimization
- Advanced reporting and visualization to drive inventory visibility of all dealers across the globe in real time
- A transformed process for submitting and validating dealers' warranty claims
- Tools to schedule appointments, resources, skills, and manage parts
- Tailored planning/replenishment approaches and workflows, from original equipment manufacturer-dealer collaboration to full planning and replenishment automation

## IMPACT

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# Parts in the right place, at the right time. Happier customers

Since we put the program in place, the gap between the dealer-facing fill rate and the customer-facing fill rate dropped dramatically to under 10%. Put another way, the customer-facing fill rate went up from 60-70% to over 85%. That translates to a lot more part sales and a lot fewer lost sales for the dealers and manufacturer alike.

Dealers have seen improved inventory profiles that carry less obsolete stock, cutting their working capital needs, a 9% decrease in non-moving inventory, and parts sales increases of 15% - or about \$50 million USD. As well, time-saving automation on low-value activities saves them two or three hours a week.

The company also reports more proactive and accurate central inventory planning based on PoS data, sales of core parts have increased by 3%, and that it is hearing about machine quality issues sooner so it can improve reliability.

Customers are noticing changes for the better, too. Repair

time is down by one to two days because parts are on hand; availability has gone up from about 65% to 86%. They are also cutting costs by making fewer emergency orders. Moreover, they can respond proactively to service maintenance through the solution's workshop management feature.

And that is not all. The company's more visible PoS data has unearthed opportunities for cross-selling and marketing, and claiming warranties has become easier and faster.

The industry has already taken note, with the manufacturer winning several innovation awards so far.

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## About Genpact

Genpact (NYSE: G) is a global professional services firm that makes business transformation real. We drive digital-led innovation and digitally-enabled intelligent operations for our clients, guided by our experience running thousands of processes primarily for Global Fortune 500 companies. We think with design, dream in digital, and solve problems with data and analytics. Combining our expertise in end-to-end operations and our AI-based platform, Genpact Cora, we focus on the details - all 87,000+ of us. From New York to New Delhi and more than 25 countries in between, we connect every dot, reimagine every process, and reinvent companies' ways of working. We know that reimagining each step from start to finish creates better business outcomes. Whatever it is, we'll be there with you - accelerating digital transformation to create bold, lasting results - because [transformation happens here](#).

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