

Advanced Analytics Helps Global Tech Leader Save \$21 Million Annually in Dispatching and Asset Recovery

Challenge

OnProcess Technology had been handling reverse logistics services for a key segment of this technology leader's business when it discovered that problems with the client's in-house dispatching operations were slowing returns velocity.

In its effort to get the right parts and the right technicians to customers at the right time, the client was paying premium costs for replacement part transportation and labor, yet still suffering from late returns. And by using manual, siloed methods to manage various aspects of dispatching, the client's dispatching and downstream supply chain processes had become inefficient and error-prone—all of which was being exacerbated by corporate growth.

"In order to handle the customer demands that come with fast growth, we needed a much smarter, streamlined and more cost-effective way to dispatch parts and labor to the field, and help increase velocity of replacement part returns," said the VP of Service Supply Chain at the Fortune 500 company. "It was clear that, to accomplish this, we needed greater visibility into, and the ability to implement comprehensive analytics across, our post-sale supply chain. It was also clear that, since this wasn't our core competency, we needed to turn to post-sale supply chain experts."

Solution

The company chose to extend its engagement with OnProcess beyond reverse logistics to also include dispatching. "OnProcess understands the end-to-end service supply chain better than any other provider and is second-to-none when it comes to using advanced analytics to deliver the outcomes we need," said the client's VP of Service Supply Chain.

OnProcess conducted a complete analysis of the client company's post-sales service operations, focusing on global parts and labor dispatch, and transportation costs. It also leveraged existing technology to connect the client's CRM and ERP systems, transportation and 3PL providers, and disparate data sources, and provided an all-inclusive data view on a single screen, instituting front-end management of their triage and entitlement processes.

OnProcess is a managed services provider that specializes in complex, global service supply chain operations – the flow of people, parts and services following the sale of a product. It is widely recognized for its unique combination of domain expertise, technology-driven delivery and embedded analytics-based process improvement.

► Profile

This global Fortune 500 corporation enables businesses around the world to deliver information technology as a service by providing innovative data solutions.

► Service Area

Service Fulfillment
Reverse Logistics

► Service

Dispatch Support Services
Asset Recovery

► Benefits

- Saved \$8.7 Million in Global Transportation Costs
- Saved \$3.4 Million in Labor Dispatch
- Lowered Inventory and Asset Recovery Costs by \$9 Million
- Reduced Field Engineer Visits by 11%
- Boosted 30-Day Return Velocity by 20 Points

“Thanks to OnProcess, we saved \$21.1 million in annual transportation, labor and inventory costs, and dramatically improved the efficiency and accuracy of parts and labor coordination.”

*-VP of Service Supply Chain,
Fortune 500 IT Company*

Analytics Approach

OnProcess' overall analytics approach includes quantitative, qualitative and predictive methods.

- Operational Segmentation results in specific actions that OnProcess can take to address the most at-risk, underserved segments of the client's customer base.
- In Depth Voice of Customer data ensures OnProcess understands the customers' top issues and remedies for addressing them.
- Predictive Analytics, which is deployed against these data points and intelligence, are used to continually improve client performance and reduce customer effort.
- Causal Effect Analytics allow clients to demonstrate that actions taken and improvements enabled by OnProcess are a direct result of their plan.

Many of OnProcess' clients also take advantage of OPTvisionSM, the company's proprietary visibility and real-time alerting platform, which transforms these analytics into insights and specific actions that improve processes, preemptively eliminate issues and accelerate resolutions—all with the aim of saving money, boosting revenue and enhancing the client's end-customer experience.

For this Fortune 500 technology leader, OnProcess handled front-end management of their triage and entitlement processes, enabling it to improve SLA adherence and first-call resolutions. This led to a significant reduction in truck rolls and related service labor costs. By incorporating advanced data analytics into each part of the process, OnProcess' subject matter experts were able to identify opportunities to dramatically reduce labor and transportation costs while improving asset recovery and the end-customer experience.

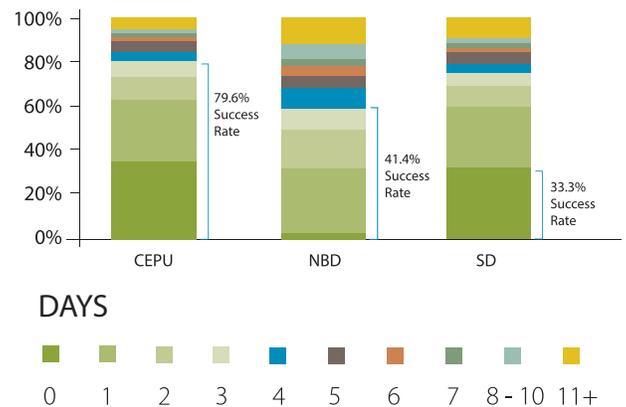
Results

Saved \$8.7 million in global parts transportation costs

Using advanced analytics, OnProcess found that same-day dispatches accounted for 50% of all global replacement parts shipments. And, by conducting days-to-usage analysis, OnProcess discovered that same-day and next-day shipments were only being utilized within their SLA timeframes 33% and 41% of the time, respectively. In fact, parts were often not installed or used until eleven or more days after delivery (*Figure I*).

Figure I, Global Dispatch Analysis

Illustrates wasted cost of shipping parts Same Day (SD), Next Business Day (NBD), Next Flight Out (CEPU) and days to usage.



OnProcess then built a predictive model to forecast whether replacement parts would be utilized within their shipped timeframe. It segmented parts on a scale of one to 10, with 10 essentially guaranteed not to be used within the SLA window. Based on the categorization, OnProcess proactively communicated with relevant customers to determine if a deferred, less-expensive shipment option—such as Next Business Day (NBD) instead of Same Day (SD), or Customer Engineer Pickup (CEPU) instead of Next Business Day—would be acceptable.

As a result, OnProcess was able to schedule the dispatch for when customers could receive and utilize the material. By replacing shipments with less expensive methods, and reducing unnecessary truck rolls, the client was able to save \$8.7 million annually.

“ We couldn't have hoped for better results. And we couldn't have achieved them without OnProcess' analytics expertise and deep domain knowledge. ”

-VP of Service Supply Chain, Fortune 500 IT Company

Reduced field engineer visits by 11%, saving \$3.4 million

OnProcess used the same approach that was successful with parts dispatch analysis, to examine field labor dispatch. It found that, unbeknownst to the client, the third-party providers the client was using for field engineer services automatically scheduled a technician every time a case was created. Since the providers generated hundreds of dollars/event, it was in their interest to do so.

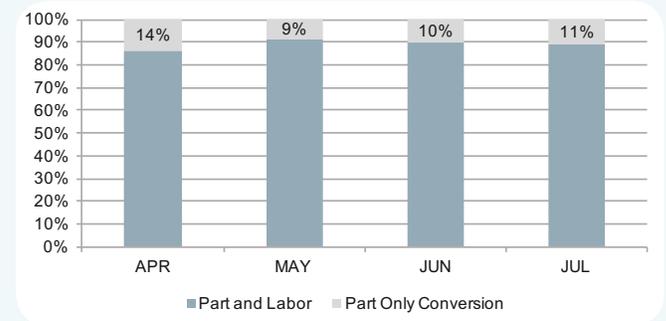
OnProcess analyzed a number of data points, including geographic region, type of part, customer and third-party vendor, to predict which service events didn't require field technicians. It then called these customers to ask whether they wanted field engineer assistance. In about 11% of the cases, customers said not only didn't they need help, they were happy to convert to parts-only dispatch (*Figure II*). It was much easier for them than dealing with on-site support. This saved the client \$3.4 million in annual labor costs.

Improved inventory utilization and return velocity, saving \$9 million

The front-end utilization improvements that OnProcess made possible naturally enhanced back-end asset recovery as well. Using parts when they arrive minimizes exceptions that slow returns – such as lost parts that need to be resent, rescheduling that has to occur when planned system downtime is required and field engineers holding parts until they can do the installation, all of which leads to customers not returning old parts until new ones are in place.

Figure II, Field Labor Reduction

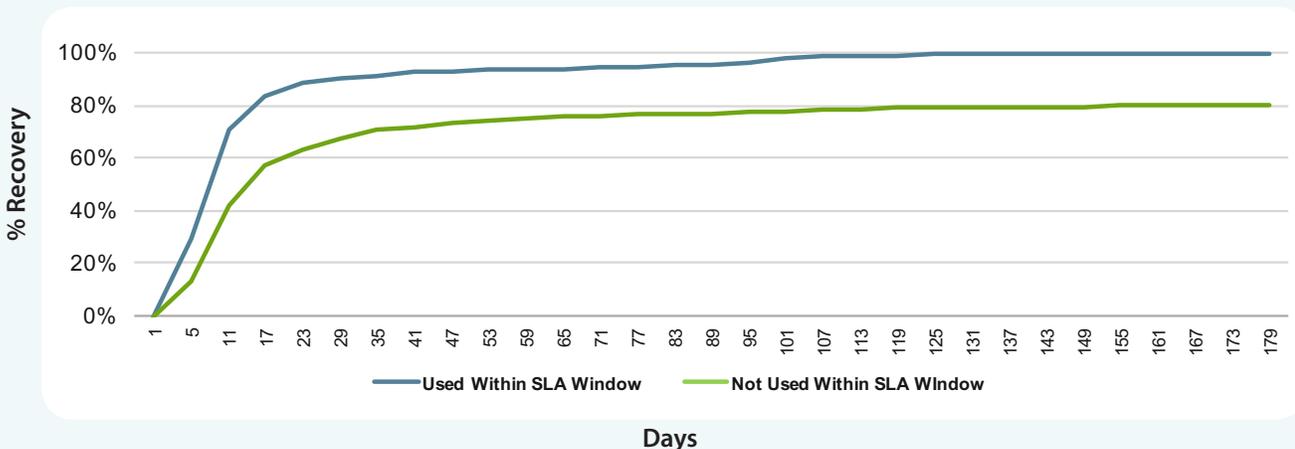
Using predictive analytics and a pre-call process with end customers, OnProcess was able to determine if field engineer assistance was needed. On average, labor was reduced by 11%.



Not only did the client's average Return Material Authorization cost drop 42% per dispatch, but also its 30-day returns velocity improved by 20 points, which led to substantially lower new purchase and holding costs (*Figure III*). All of these factors contributed to saving approximately \$9 million annually.

Figure III, Domestic Field Recovery Rates

Utilizing service parts within their respective SLA windows drives faster and greater recovery rates.



“By using advanced analytics to uncover root causes and find creative solutions to our challenges, OnProcess enabled us to achieve substantial dispatch and asset recovery savings, and deliver a superior customer experience.”

-VP of Service Supply Chain, Fortune 500 IT Company