



Inventory for Information “...an ‘I’ for an ‘I’...”

The “an ‘I’ for an ‘I’” case study is the results of a Fortune 100 hi-tech organization appreciation to invest in enhancing its strategic outsourcing partners' abilities to process data and create information and knowledge rather than to continue to invest in increasing inventories.

Problem Statement:

The initial service delivery response to an increased customer install base was to increase field inventory disproportionately, driving down operational efficiencies and effectiveness and dramatically increasing operational expense. An alternative solution to the overall service inventory strategy was required to reverse this negative trend.

Current vs. Desired State :

Current

Excessive Inventory Levels
Low Customer Satisfaction
Increasing Operational Costs

Desired

Reduced Inventory Levels
High Customer Satisfaction
Decrease Operational Costs

Measured Goals:

Starting Point

30% Increase (Y-over-Y) in inventory
87% Local Level Of Availability
\$180M Annual Operating Expenses

Big Hard Aggressive Goals

25% Decrease in Inventory
96% Local Level Of Availability
\$160M Annual Operating Expenses

Approach Taken :

The current service delivery strategy was assessed in a holistic manner to decide if it required only retrofitting or if a complete overhaul of the entire strategy was required. It was concluded that in order to meet, and exceed, organizational goals a new service delivery strategy was required. Subsequent to the development of the new strategy, requirements and gaps were identified and the organization engaged with its strategic outsourced partners to ensure all required capabilities were developed.

Results Achieved:

1. 29% reduction in inventory (~ \$80M reduction)
2. 98% Local Level Of Availability
3. 12% reduction in operating expenses (~ \$21M reduction)



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Lessons Learned:

As business environments evolve the need to review organizational goals and strategies to achieve the goals must undergo a corresponding evolution. However, not all strategic change have as a prerequisite the need to discontinue existing relationships with current strategic outsourcing partners. By thinking outside of the box and modifying and enhancing various core competencies of the current partners we were able maintain positive constructive relationships with our current strategic partners and achieve organizational goals. In addition, by leveraging current partners significant time and money was saved. An adjunct benefit was the increased capabilities the partners developed enable further organizational efficiencies and effectiveness to be addressed. A “win-win” for all.