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>> Hitachi Vantara Delights Customers with Modern Service Parts Management Strategy

Hitachi Vantara, a wholly-owned subsidiary of Hitachi, Ltd., helps businesses find and use their data to make calculated, smart decisions. The company's offerings combine technology, intellectual property and industry knowledge to deliver data-managing solutions that help enterprises improve their customers' experiences, develop new revenue streams, and lower the costs of business.

Principal Goals and Objectives

In order to fulfill its mission, Hitachi Vantara operates an extensive service division that ensures its customers' data systems remain up and running. The division includes a service parts planning organization that supports 45,000 site IDs in 110 countries, covering 14 million assets as a whole.

The principal goals and objectives for Hitachi's parts planning organization included:

- reducing forward-stocking locations' (FSLs) inventory levels by 20% worldwide
- maintaining high service level agreement (SLA) compliance (typically requiring response times of two-to-four hours, on average)
- enhancing its geolocation capabilities (i.e., to more accurately monitor and maintain the company's installed base; and collect more knowledge about not only where, but how, the equipment is being used by customers)

Most of Hitachi's SLAs stipulated that the company had to resolve service issues within two to four hours, demanding a responsive, agile service parts supply chain. Achieving this agility compelled the service parts planners to gather more insight into Hitachi's installed base.

- "Where is our equipment located?"
- "How are customers using the equipment?"

These are just two of many questions Hitachi Vantara's parts planners wanted to answer.

Between the size of its supply chain and demanding SLAs, Hitachi Vantara's parts planning team knew they needed to revamp its capabilities. Every stocking decision the team made was based on historical data collected through, at their core, analog processes. Planners would then input that data into Excel spreadsheets to run rudimentary forecasts of which parts the organization would need.

In addition, parts planners had to enter each customer's geo location by hand, a time-consuming, manual process that increased the risks of planners entering inaccurate data. Such mistakes would cause planners to misallocate inventory, hampering Hitachi Vantara's ability to meet customer SLAs.

Moving past spreadsheets

Upon coming on board, Carmen Kubo, now Manager of Global Spares Planning at Hitachi Vantara, proposed implementing a system designed specifically for managing service parts. Referring to her experience with the MCA Solutions platform, which was integrated into PTC's Servigistics, she launched an initiative to roll out a solution capable of optimizing a global service supply chain.

Whilst evangelizing the value of Servigistics, Kubo highlighted several capabilities that would empower Hitachi Vantara's parts planners to meet their service-level objectives:

- **Asset uptime optimization:** Considers an asset's uptime and availability target, and adjusts global inventory to ensure those targets are met.
- **Equipment utilization causal forecasting:** Forecasts parts demand based on how customers use equipment, where that equipment is located, and how many assets are across the installed base.

Under Carmen's leadership, Hitachi has found itself in a much better position with respect to parts management. Carmen's passion, level of expertise, and enthusiasm have all been important ingredients in helping her and her team navigate what was originally a 'turbulent' and inefficient environment, and enable them to transform what was essentially an Excel spreadsheet-oriented environment to one that is now state-of-the-art, with full service parts planning functionality. Her leadership during her first six years with the company has been both contagious, and critical to the overall success of the parts management function.

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Implementing a cloud-based Servigistics deployment

Whilst gaining management buy-in for the new solution, Kubo recognized the advantages of using a cloud-based deployment of Servigistics. Doing so would allow Hitachi Vantara to avoid the costs of maintaining the solution's environment.

"Nine times out of 10, in a company the size of ours, decisions are made on the basis of cost," Kubo said. "However, it was relatively easy to provide management with a realistic picture of how implementation of the solution would maximize revenues and reduce costs."

"We run Servigistics in the PTC Cloud which allows us to upgrade to current releases more often, to take advantage of new functionality and avoids unexpected costs. PTC Cloud has been very reliable, reduced the demand for internal IT resources, provides a single point of contact for any application and/or availability issue and we always have a PTC Cloud expert available. PTC Cloud is a better way to run your business."

By launching the Servigistics platform, Hitachi Vantara was able, for the first time, to **automate the entire customer geo-coding process via Google Maps,** saving the company an enormous amount of time and money. The solution also allowed parts planners to:

- look at "like" parts among existing offerings, and use that data to forecast parts usage for new product lines
- review exactly when and where spikes in customer demand occurred during the previous three to four years, and use that knowledge to generate new forecasts
- adjust inventory to account for varying usage levels by country
- assess every product's and part's history, allowing them to anticipate future needs

"The same types of parts in China may require additional levels of inventory as a result of otherwise non-issues such as high levels of pollution," said Kubo, in reference to the latter point. "In any case, Servigistics gives us a 'jump-start' with respect to identifying these nuances and building forecasts that address them."

What early successes did Hitachi Vantara's parts planning team experience? Kubo's team **reduced the service parts supply chain's overhead by 20%.**

>> Delivering stronger, more reliable customer service

Using Servigistics as the backbone of its service parts supply chain, Hitachi Vantara can now deliver high service levels with minimal inventory. Instead of reacting to customer demand, parts planners can anticipate when demand will occur, for which parts, and where.

Hitachi Vantara is striving to deliver a complete, end-to-end customer experience. Product and part lifecycle management is a part of that experience, and Servigistics is providing the requisite capabilities.

"The only thing that differentiates us from everyone else is our service. Customers have choices, and we believe it is our service that helps them win and retain their business," Kubo said. "Servigistics enables us to maintain our highest levels of customer service, leading to delighted customers and high levels of customer retention."

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