

CapTech®

TUESDAY, JUNE 4

Unlocking AI's Potential

→ Applied AI for Distributors



Today's Agenda

01 CapTech Overview

02 AI in Distribution

03 Client Success Story

04 Building for an
AI-Powered World

CAPTECH



An award-winning consulting firm
focused on improving the world
we live and work in through the
transformative power of technology.



Tech-Focused, People-First

1,000

CONSULTANTS ACROSS
30+ STATES

8

OFFICES NATIONWIDE

15

INDUSTRIES

15

YEARS SERVING
DISTRIBUTION CLIENTS

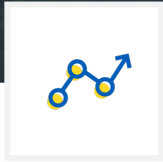
27

YEARS SERVING CLIENTS

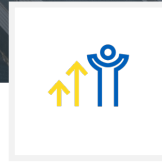
1997

CAPTECH ESTABLISHED

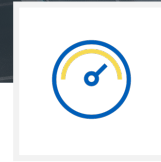
We Collaborate with Clients to:



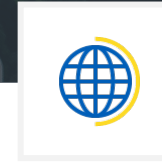
Drive revenue through the creation of ecommerce marketplaces and extend reach through digital transactions.



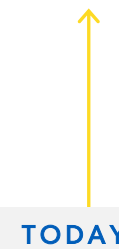
Build data-enabled experiences to drive customer satisfaction and employee productivity.



Truly digitize and automate customer and ecosystem interactions.



Prepare and build for an AI-powered world.



TODAY

POLL

Which Statement Best Reflects Your Personal Comfort Level with AI?

- A I feel very comfortable with AI and use it regularly
- B I have a basic understanding of AI but would like to learn more
- C I'm somewhat hesitant or unsure about AI and its implications
- D I feel completely unfamiliar with AI and would like to learn more before forming an opinion

POLL

What is Your Organization's Current Level of Adoption When it Comes to AI?

A Fully embraced

B Some initiatives implemented

C Exploring stage

D Not yet started

AI IN DISTRIBUTION

Data shows that early adoption is key to gaining a competitive advantage.

Early AI Adopters
COULD INCREASE CASH FLOW BY

↑ 122%

Late Adopters
COULD SEE A LOSS OF

↓ 23%

Top Applications of AI in Distribution



Demand
Forecasting



Inventory
Management



Supply Chain
Optimization



Warehouse
Automation



Customer Service



Dynamic Pricing



Fraud Detection
& Prevention



Route
Optimization



Quality Control



Risk
Management



Sustainability
Initiatives



Cybersecurity
Monitoring

Top Applications of AI in Distribution – Client Story



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& Prevention



Route
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Quality Control



Risk
Management



Sustainability
Initiatives



Cybersecurity
Monitoring

CLIENT STORY



Due to growth by acquisition,
a national industrial parts distributor
sought a refreshed data architecture to enable
ML & AI-ready data integration
to outpace their competitors and reduce
technical and operational costs.

 Dynamic Pricing

To help this client make sense of 30 million SKUs across multiple subsidiaries, we developed a data strategy, architecture and 'mixing model' to predict the optimal price of each of their products.





Customer Service

The new data architecture enabled this client to predict customer behaviors, such as buying habits and churn, and calculate customers' lifetime value.





Demand Forecasting



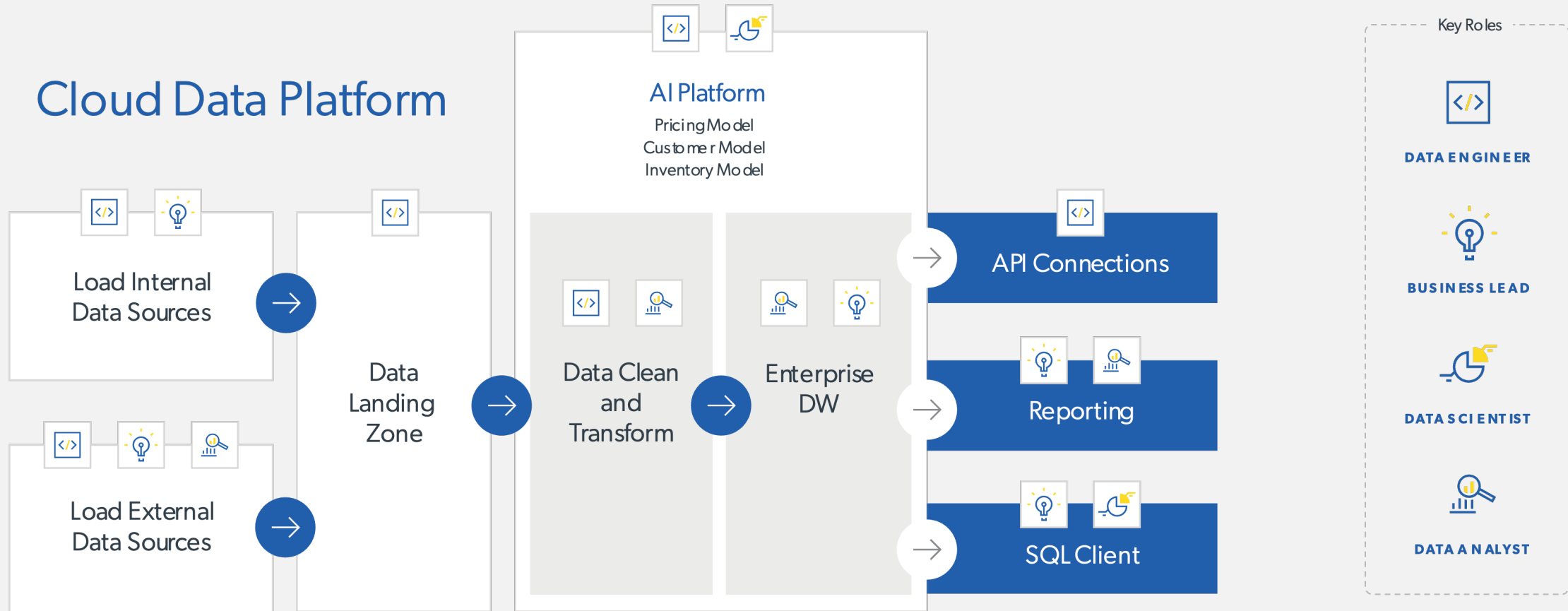
Inventory Management

This solution now enables tracking of sales, shipments, orders, and inventory levels, as well as accurate demand forecasting based on demand signals, seasonal changes, and historical trends.



ARCHITECTURE EXAMPLE

Cloud Data Platform



Prepare and build for
an AI-powered world.



Best practice approaches to leveraging AI

Every organization, regardless of its AI journey,
has a starting point.



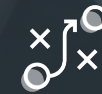
AI Brainstorming
Session



AI Innovation
Sprint



AI Proof of
Concept Pilot



AI Assessment
& Strategy



Continuous Improvement & Optimization

Building Blocks for an AI-Powered Organization

Talent

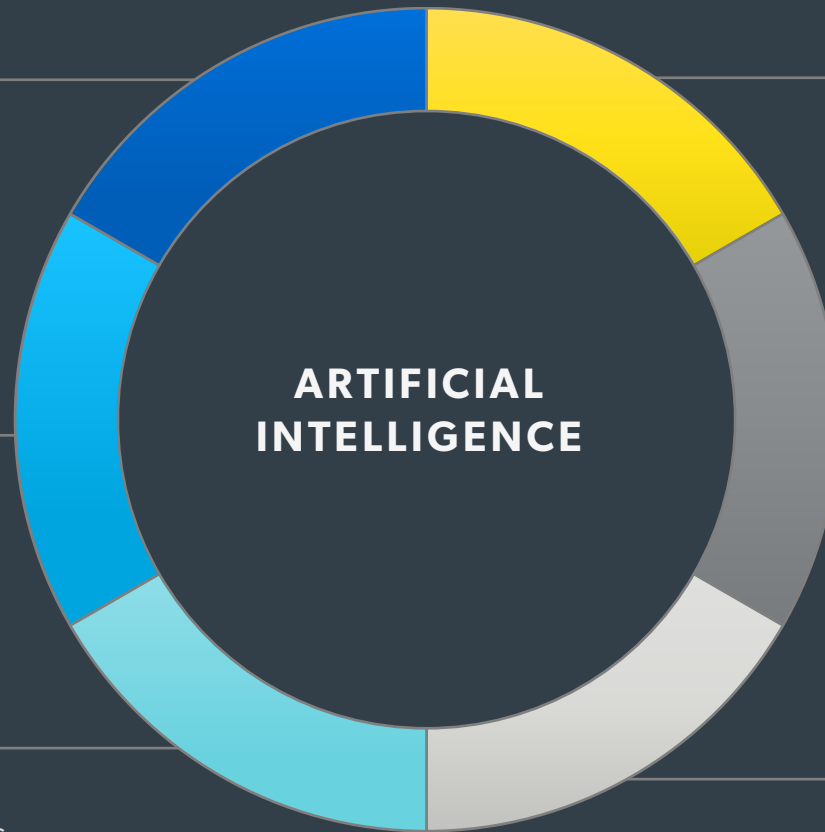
Have the right in-house talent or external partner(s) to drive your AI initiatives forward.

Executive Sponsorship

Ensure Executive sponsorship and buy-in across departments.

Research

Conduct customer, market, and competitor analysis to understand trends and key players shaping the market.



Data Readiness

Ensure data collection, storage, and management processes are in place to support AI initiatives.

Change Management

Develop a Change Management strategy and roadmap to prepare your organization and customers.

Risk & Compliance

There are inherent risks to deploying AI; evaluate and document assumptions and risks at the start of a project.

RECAP

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4. Encourage exploration of advancements in AI as the technology continues to evolve.

RECAP

1. If you want to outpace the competition, the time is now.
2. There are unlimited applications of AI in distribution .
3. No matter where your organization is on its AI journey, there is a starting point.
4. Encourage exploration of advancements in AI as the technology continues to evolve.
5. Don't underestimate the impact of change as these new solutions directly impact users.

Thank you!



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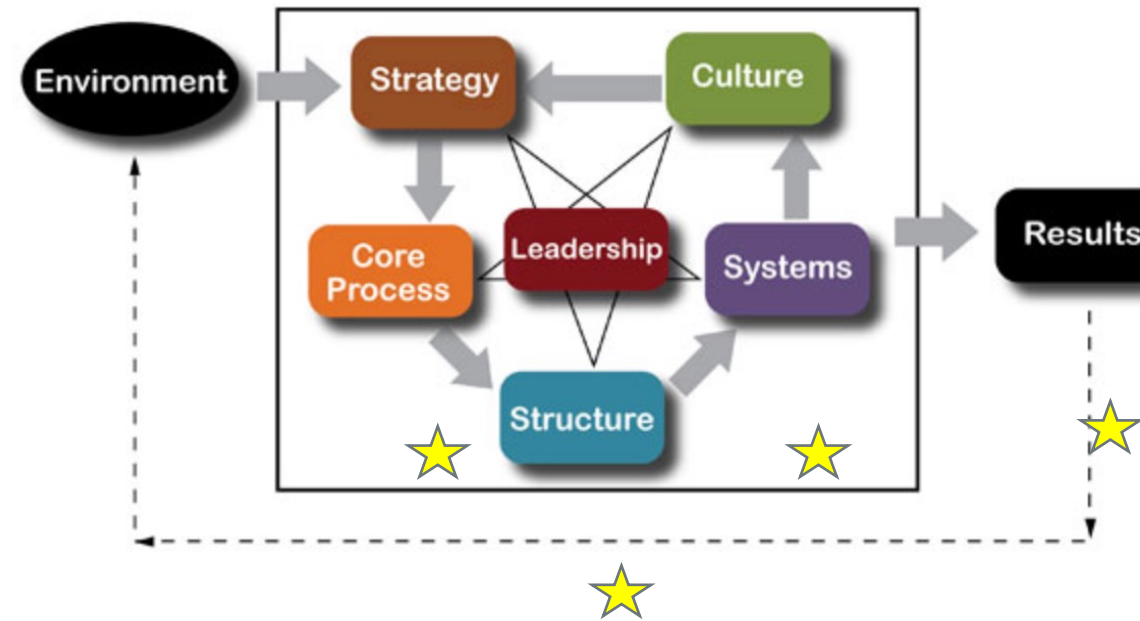
MICHELLE MEYER

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Transformational Model – as an example to consider for the above slide

- We will continue to leverage what we already know, and continue to learn, about our **Environment** (e.g., Customers, Competitors, Technology/AI)
- We will use the MNX company & Automations **Strategy** to align to who we are and what we do
- We will understand and streamline **Core Processes** to meet the needs of our customers
- We will re-evaluate how we **Structure** (e.g., Job Responsibilities, Departments) around updated business processes
- We will align our **Systems** (e.g., Decision Making, Rewards, Policies)
- We will ensure our **Culture** and behaviors aligns to our philosophy as a business
- We will continue measuring **Results** and re-baseline where needed
- **Leadership** will drive our success and hold us accountable to results



Transformational Model

★ Potential top priority for IT/Ops

Applications of Artificial Intelligence for Distributors – Client Story



→ CLIENT STORY

Radwell, a national industrial parts distributor, was experiencing growth through acquisition and wanted to improve how they handled and integrated transaction data across multiple entities. They sought a solution – automated pricing models powered by AI – to outpace their competitors and reduce their technical and operational costs.

Optimize Revenue

To help Radwell make sense of 30 million SKUs across multiple subsidiaries, we developed a data strategy architecture, and 'mixing model' to predict the optimal price of each of their products.



Optimize Customers

The new data architecture enabled Radwell to predict customer behaviors, such as buying habits and churn, and calculate a customer's lifetime value.



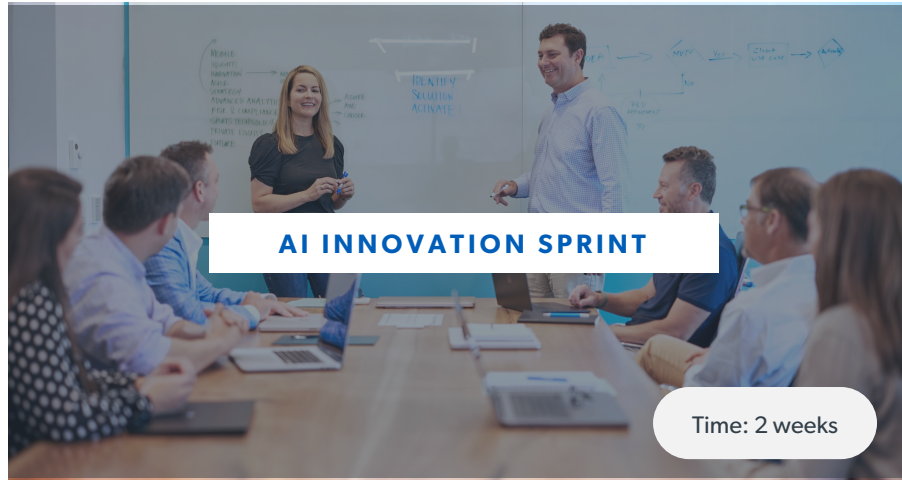
Optimize Inventory / ECommerce

Our AI solution now enables tracking of sales, shipments, orders, and inventory levels, as well as accurate demand forecasting based on demand signals, seasonal changes, and historical trends.



We meet our clients where they are on their AI journey – can help them take it to the next

Original



→ CAPTECH OR CLIENT LED AI ACCELERATORS

Our Tactical Approach to Identifying and Executing AI Use Cases

1. Have the right internal talent and external partner(s)
2. Executive sponsorship and buy-in
3. Conduct market and competitor research
4. Conduct interviews / ideation sessions to solicit aspirations, afflictions, and categorize themes across Business Units
5. Generate, Prioritize, Score, and Estimate themes and use cases
6. Evaluate & Understand Tangible and Intangible Business Value
7. Sequence Roadmap & Define Dependencies
8. Evaluate & Document Assumptions & Risks

Business Unit Owner	Use Case	Technical Requirement
Finance		
Marketing		

Business Unit Owner	Unique Use Case / Technical Requirement	_function
Marketing	build mechanism to automate email marketing functions (analyze response + upload audiences)	build
HR	define employee and travel-based KPIs, e.g., expenses over time, cost per vendor	improve
Sales	define sales/CRM-based KPIs, e.g., gross sales per, warehouse productivity (SF + Rubbertree)	improve
eCommerce	design and build web customer profile/ analytics using consolidated web data (customer location) and P21	build
Finance	parse customer text data to derive sentiment (feedback) and analyze at the product level + over time	build
eCommerce	define and analyze customer journey, using integrated website data	build
Sales	create differentiation in authorized vs. unauthorized customers to facilitate targeting and sales	build
Marketing	create mechanism for business to automatically generate customer profiles/ audiences	build
Sales	predict customer lifetime value / understand converting customer attributes	build
eCommerce	create automated recommendation engine for website (related products and upsells)	build
Sales	define and integrate parent-child relationship for customers	improve
Sales	analyze and model on customer location/ geography, enabling decisioning on site visits	build
Sales	create sales and performance-based KPIs for sales team, e.g., dollar per FTE, per product	improve
Sales	add principal component analysis to sales reports, e.g., learn trends through correlations	build
Sales	model and compare B2B sales as a function of customer sales	improve
eCommerce	automatically ingest campaign + sales + session data	build
Sales	create sales enterprise forecast (project cash flow) to facilitate business planning and purchasing + automation	build
eCommerce	improve cross channel buys (eBay, abroad distribution)	improve
Procurement	build cost + repeatable analysis on surplus bids and blind bids	improve
Marketing	capture accurate incrementality figure on marketing spend, understanding marketing mix	build
Inventory	inventory forecast using all data sources to predict needed inventory at any moment in time	build
IT	design and build self service reports conveying data quality metrics for existing data environment	improve
Production	automate existing surplus, distribution and repair reports (PowerBI)	improve

CapTech Hyperscore - Process Hyperautomation Prioritization Calculator

CapTech's Automation Prioritization and Savings Calculator is designed to help prioritize your processes for automation and estimate the potential savings. To begin, enter the relevant information for each process or use case into the designated fields, such as the business impact, complexity, repeatability, cost, and accuracy. The tool uses a prioritization scoring system to rank each process on its estimated potential impact of automation (Priority Score) and savings (Monthly Savings). You will also find useful tooltips when you click inside most cells within the table below. This information can be used to make informed decisions about which processes and use cases to prioritize for automation.

PROCESSES	PRIORITY ASSESSMENT							SAVINGS CALCULATOR			
	50% Business Impact	50% Complexity	50% Repeatability	50% Accuracy	50% Time Constraints	50% Resource Availability	100% Monthly Hours	Priority Score	Automation Savings (%)	Blended Rate	Monthly Savings
Example 1: Control Testing and Validation	1	1	5	2	3	3	200 hr	13.7	30%	\$100	\$6,000
Example 2: RNSA Change Management	5	5	4	4	2	4	1200 hr	28.3	30%	\$100	\$36,000
Example 3: Digital Demand Intake Process	4	1	1	5	3	2	200 hr	16.7	30%	\$100	\$6,000
Example 4: BEC and trigger monitoring in SHRP	4	4	2	2	4	1	400 hr	19.9	30%	\$100	\$12,000
Example 5: Quality Assurance and Quality Control	4	4	3	3	5	2	800 hr	24.6	30%	\$100	\$24,000
Example 6: Regulatory Change Management	3	1	2	1	2	3	350 hr	14.1	30%	\$100	\$10,500

Evaluation Criteria & Weighting
(Critical to AGI Strategy: 5-High, 3-Medium, 1-Low)

Scheduling Vendor Option	New Implementation Cost							TOTAL SCORE	
	New Implementation Cost	Annual Run Rate	Scaling Capabilities	Intuitive AI/Service	Process Maturity	Communication/Integrations	Reporting Capabilities		
Workday	9	3	9	9	3	9	9	978	
UKG	1	1	9	9	9	9	9	342	
Workday	9	3	9	9	1	3	1	9	318
ADP*	-	-	-	-	-	-	-	-	

Demand Forecasting Vendor Option	Demand Forecasting Capabilities							TOTAL SCORE
	Demand Forecasting Capabilities	Integration/Onboarding	New Implementation Cost	Annual Run Rate	Process Maturity	Software Scalability		
Workday	9	9	9	9	3	3	300	
ADP*	9	1	3	3	9	9	216	
Workday	9	3	1	3	3	1	156	

Timeclock Vendor Option	New Implementation Cost							TOTAL SCORE
	New Implementation Cost	Annual Run Rate	Integration/Onboarding	Employee Self-Service	Communication/Integrations	Process Maturity	Reporting Capabilities	
ZKTime	9	9	9	9	9	9	9	486
UKG Timeclock	1	3	3	9	9	9	9	360
Workday Timeclock	9	3	3	9	9	1	3	342
NOVA Time Timeclock	9	0	3	9	9	1	9	306

*Nonresponsive after multiple requests for demo

Scoring Legend:
 9 - No Contribution
 3 - Low Contribution
 1 - Medium Contribution
 - - High Contribution

GETTING STARTED