

A man and a woman are looking at a tablet together in a modern office setting. The man is on the left, wearing a blue striped shirt, and the woman is on the right, wearing a white and blue striped shirt. They are both smiling and looking at the tablet. The background shows a modern office with glass walls and white railings.

DATA X STREAM

**Distributor's Strategic
Guide to Hyperautomation:
How to Build an Intelligent Enterprise**

It's no surprise that artificial intelligence (AI) will have a direct impact on your distribution business. As larger distribution companies begin integrating AI-driven software into their workflows, it will pressure adoption laggards to upgrade their legacy platforms.

Forward-thinking distributors are already preparing for a phenomenon known as [hyperautomation](#), a subset of digital transformation that uses [intelligent automation](#) to improve business processes. [Gartner's definition](#) of this:

Hyperautomation involves the orchestrated use of multiple technologies, tools or platforms, including: artificial intelligence (AI), machine learning, event-driven software architecture, robotic process automation (RPA), business process management (BPM) and intelligent business process management suites (iBPMS), integration platform as a service (iPaaS), low-code/no-code tools, packaged software, and other types of decision, process and task automation tools.

Significantly, this definition suggests that hyperautomation isn't siloed but a set of integrated processes, systems, and technologies for automating operations, interacting with customers, viewing and managing the supply chain, and more. Hyperautomation links an integrated ecosystem of AI and automation tools that affect all these areas.

Even the smallest companies are beginning to realize [industry 5.0](#) isn't just the title of a new technology era, but an earth-shaking Richter scale event impacting every industry – including distribution.



“The fastest-growing category of hyperautomation-enabling software includes tools that provide visibility to map business activities, automate and manage content ingestion, orchestrate work across multiple systems, and provide complex rule engines.”

GARTNER

The overwhelming potential for AI in distribution is also a drawback contributing to analysis paralysis. Companies are stalling out at the starting line, doing little to nothing with AI because they don't know how or where to apply it in their business. These companies often lack a key technology stakeholder with the vision and horsepower to redesign business workflows to leverage AI and automation. The benefits are huge, but hyperautomation requires transformation of operational workflows and effective change management in addition to technology investments and data rigor.

It's a risky proposition for distributors with narrow margins and little cash to lose. These companies must decide which workflows offer the highest ROI when implementing AI and automation to quickly recoup the investments of time and money.

AI is here, which means hyperautomation is coming to your business. Distributors feel increasing pressure to modernize. This whitepaper offers actionable insights on where to start your AI and automation journey and how to measure your ROI.

AI, Hyperautomation and the State of the Industry

While [80% of Gartner clients](#) say they plan to increase or sustain spending on AI and automation, distribution is far from this point. Distributors have a reputation for being technology laggards, but there are signs the industry has begun changing along with the technology they're using.

But even as the industry develops strategies to transform, the numbers also show few are applying AI and automation on the ground. [MDM called AI](#) "a make-or-break challenge for distributors," back in 2019. It's safe to say this prediction is playing out today.

Predictions suggest that number will not change significantly in the next few years, but what will change is the perception that AI is mission-critical to distributor's business models. [In a Distribution Strategy Group survey](#), only 15% of distributors said they believe AI is critical to the success of their business. Believing AI matters to the business is a significant precursor to adopting these tools.

"Automation doesn't necessarily mean complexity. The idea that only enterprise distributors can leverage hyperautomation is false. The benefits of applying automation and AI stretch from small distributors all the way up the food chain. Working smarter is a universal need."

TIM YATES | PRESIDENT | DATASTREAM



Next Steps in the Move to Hyperautomation

Hyperautomation requires changes in technology, people, and processes. Analysis and strategic planning are always the first step toward any technology upgrade that affects human workflows.

Develop an intelligent automation leadership team to strategically analyze, implement, and oversee hyperautomation initiatives. The team should unite individuals with diverse skills, experiences, and perspectives to ensure comprehensive decision-making and successful implementation.

- ✓ **Identify key organizational stakeholders directly or indirectly affected by automation.** Ensure representation from various departments such as operations, IT, finance, legal/risk, human resources, and customer service. Select committee members with a mix of technical and business expertise.
- ✓ **Obtain buy-in from top leadership.** Executive support is crucial for the success of any new technology or business process initiative. Appoint a senior executive as the sponsor or chairperson of the intelligent automation leadership committee to demonstrate commitment from the highest levels.
- ✓ **Define clear roles and responsibilities for each committee member.** This will ensure accountability and a focused approach. Make sure the goals of the intelligent automation committee align with broader business objectives. Assign tasks such as identifying automation opportunities, evaluating technology solutions, overseeing implementation, and monitoring performance.
- ✓ **Provide training and development opportunities.** Committee members need to understand automation technologies and their potential impact on the business.
- ✓ **Establish a risk management framework.** The goal is to identify potential pitfalls associated with automation. Develop strategies for mitigating risks and handling unexpected challenges.

After establishing a team, the next step involves a comprehensive assessment of processes. Identify key workflows, bottlenecks, and areas that can benefit from automation. Consider operational efficiency, customer experience, compliance requirements, and business strategy.

Hyperautomation relies heavily on data. Prioritize the development of a robust data infrastructure to gather, process, and analyze your vast amounts of information. Leveraging data analytics and AI tools enables organizations to make informed decisions and enhance overall operational efficiency.

Finally, foster open communication within the team and the broader organization. Transparency is crucial for building trust and collaboration. Regularly update all stakeholders on the progress of automation initiatives, milestones achieved, and challenges faced.

Use Cases for AI and Automation — How and Where We're Using It

There are [myriad possible applications for intelligent automation](#) across manufacturing, healthcare, government, distribution and retail. McKinsey suggests [50% of order management tasks](#) have the potential to automate.

Today, distribution companies can apply [intelligent automation](#) to sales enablement and order management. It's an area where AI can yield rapid-fire easy-to-measure ROI within lead generation, closed sales, and revenue production.

For example, California-based Pacific Coast Supply worked with DataXstream to automate order and payment processing workflows across 49 stores. Pacific Coast Supply Digital Transformation Manager [Joe Valine](#) says, "We took an effort that would take someone about 30 minutes to an hour a day and simplified it down to about 15 minutes. That impacted at least 50 employees every day for an hour. Call it \$20 an hour ... that adds up quickly on a 255-business-day work year."

[Crafco](#), the No. 1 packaged pavement preservation product company, uses DataXstream AI and automation in counter sales. They improved margins on total sales by 1.6% across their \$450 million business. Crafco thanks DataXstream for an additional \$7.2 million in additional profits over two years.

[Ultra Finishing Limited \(now Roxor Group\)](#), the U.K.-based bathroom product manufacturer and distributor, implemented DataXstream to increase sales and customer satisfaction. Intelligent automation yielded a 15% increase in sales in 2019 and a 25% improvement in customer satisfaction. Order entry and processing speed and accuracy increased by 40%, and the costs of maintaining legacy systems dropped by 50%.

These examples illustrate the time savings and revenue generated with intelligent automation tools from DataXstream. Distribution is an industry that cries out for these tools; large order volumes, product line complexities, and supply chain challenges all can be tackled with hyperautomation. While many struggle with disjointed systems that slow them down, today we have the tools to turn things around.

The ROI of AI — How and What to Measure

Tracking your return on investment (ROI) is critical. This year, Gartner expects organizations to lower operational costs by 30% by combining hyperautomation tools with redesigned operational workflows. But how will companies know when they've reached these milestones without tracking?

To measure the ROI of AI and automation start by assessing the costs and the benefits of implementing these technologies.

- ✓ **Clearly define the objectives of implementing AI and automation.** These objectives should align with the overall business goals, such as improving efficiency, reducing costs, enhancing customer satisfaction, or increasing accuracy.
- ✓ **Identify and track specific KPIs that are relevant to your objectives.** KPIs may include:
 - ✓ Order fulfillment time
 - ✓ Inventory turnover
 - ✓ Order processing accuracy
 - ✓ Labor costs
 - ✓ Customer satisfaction
 - ✓ Upselling/order add-ons
 - ✓ New business
- ✓ **Determine costs associated with implementing and maintaining AI and automation systems.** Consider initial setup costs, ongoing maintenance, training, and other associated expenses.
- ✓ **Evaluate the impact of AI and automation on the identified KPIs.** Benefits may include:
 - ✓ Reduced labor costs
 - ✓ Increased productivity
 - ✓ Improved accuracy and reduced errors
 - ✓ Faster order processing
 - ✓ Enhanced customer satisfaction
- ✓ **Compare metrics before and after the implementation.** This can quantify improvements, correlating them to technology.
- ✓ **Convert KPIs into monetary values wherever possible.** For example, if AI and automation lead to a reduction in order-processing time, calculate the associated cost savings.

“Automation leading to cost reduction is the easiest and clearest way to show economic benefits of AI, but AI can also facilitate new revenue streams, or even completely transform a company’s business model.”

SANJAY SRIVASTAVA | FROM “MEASURING THE BUSINESS IMPACT OF AI” CIO

- ✓ **Consider the impact on customer satisfaction and loyalty.** While these factors may be challenging to quantify in monetary terms, they are crucial for the long-term success of any distribution company.
- ✓ **Determine the time frame for assessing ROI.** You may realize some benefits immediately, while others might take time. Consider both short-term and long-term impacts.
- ✓ **Assess potential risks and challenges associated with AI and automation implementation.** Consider the risks of technology failure, employee resistance, or unforeseen issues that may impact the expected benefits.
- ✓ **Establish a system for continuous monitoring and evaluation.** Distributors should regularly review performance metrics and adjust strategies accordingly.
- ✓ **Compare your company's performance with industry benchmarks.** This provides insights into your relative competitiveness and helps you identify areas for improvement.
- ✓ **Finally, calculate ROI using the following formula:**

$$\text{ROI} = \left(\frac{\text{Net Benefits}}{\text{Total Costs}} \right) \times 100$$

The ROI calculation should be ongoing, and adjustments may be necessary as the business environment and technology landscape evolve. Regularly revisit and update your ROI analysis to ensure that your investment continues to provide value.

Getting Started with Hyperautomation— and DataXstream

DataXstream's OMS+ applies intelligent automation to your existing SAP ERP platform to streamline the complexities of order management while automating sales processes that bog you down. Our tailored solution melds seamlessly with your existing tools for easier, faster integration that yields higher ROI without the hassle. There's a reason DataXstream was SAP Partner of the Year. If you're ready to begin your journey to hyperautomation, we can help.

Contact DataXstream today to discuss your options.