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As seen on Industrial Distribution

## The Resilience Engine: How AI Helps Distributors Beat Disruption

When implemented well, it acts as a shock absorber. Disruption is now a constant. Tariffs, supply constraints, demand swings and acquisitions combine to create ongoing instability and a rough operating environment.

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That's what makes AI so valuable for distributors. When implemented well, it acts as a shock absorber — improving visibility and agility while enabling faster response when markets shift or unexpected events occur.

This matters because many distributors still rely on fragmented systems that add friction when speed and flexibility are required. One company recently retired 19 legacy POS systems as part of its AI modernization. The result was less drag and a faster, more responsive operation.

Ultimately, AI helps distributors move from complexity to resilience by making it easier to anticipate issues, reallocate resources and maintain continuity when the unexpected happens.

## The Weakness: Clutter and Chaos

The disorder created by outdated legacy systems has become an Achilles' heel for many distributors, limiting their ability to maneuver — or even to see clearly.

These liabilities include disparate ERPs, siloed and disconnected data, and manual re-entry across systems. The real cost of this fragmentation is delayed judgment when timing matters most. When disruptions occur — such as supplier shutdowns or sudden cost spikes — teams can't see the full impact across locations, customers, or product lines quickly enough to respond effectively.

Over time, disorganized data scattered across multiple ERPs creates a balkanized operating environment. Instead of enabling growth and adaptability, it slows decision-making, increases risk and makes the business more fragile in the face of change.

## The Requirements: AI as a Resilience Engine

By contrast, when businesses centralize and clean up their data in an AI-capable ERP environment, something changes. AI's ability to analyze patterns and surface insights reshapes how distributors experience disruption.

Together, these capabilities make the business more resilient:

- A unified view across systems. Platforms that unify multiple systems



under a single umbrella allow distributors to act consistently even when events are inconsistent. With AI embedded directly into the order management environment, data from inventory, pricing, orders and customers can be connected in real time. The result is a single source of truth that supports confident, coordinated action.

- Real-time decision support. AI agents can surface actionable insights as issues emerge, such as delayed purchase orders affecting key customers or alternative SKUs and suppliers when disruptions occur. As interfaces become more conversational, teams can move from hunting for data to asking direct questions and taking timely action based on what the system reveals.
- Demand and margin insights. Because AI learns from patterns in customer behavior and margin performance, it can recommend higher-margin or in-stock substitutes that still meet customer needs. This helps distributors protect profitability during supplier cost increases, shortages or demand volatility, when margins are typically most at risk.

## The Result: Faster Response Leads to Faster Recovery

Market shocks and M&A transitions often introduce disruption, but distributors that unify data and workflows early are far more likely to stabilize quickly.

For example, AI and automation



significantly reduce time-to-value following acquisitions. In one case, a distributor cut training time from four months to just four days, accelerating integration, restoring momentum, and reducing operational risk. Speed of recovery, not just scale, increasingly determines whether growth initiatives create value or erode it.

## The Rewards Depend on the Human Touch

A principle called The Paradox of Automation tells us that the more efficient an automated system is, the more crucial the contribution of its human operators becomes. While humans may touch fewer decisions, their role becomes more consequential.

AI is only as good as the data and assumptions behind it. Humans must vet inputs, interpret outputs and apply context, especially when customer relationships, tradeoffs, or exceptions are involved. That's why resilient organizations always keep a human in the loop.

At its best, the collaboration between humans and AI becomes greater than the sum of its parts. AI can flag risks, surface patterns and suggest options. Humans provide context, weigh consequences and make the final call on when to substitute, expedite or delay. AI informs, but humans decide. The

strongest distributors are those that balance algorithmic speed with human judgment, a discipline that ultimately defines resilience.

## Predict, Adapt and Thrive

Resilience isn't built in the moment of disruption; it's built beforehand. By investing in AI-enabled systems while keeping humans firmly at the center of decision-making, distributors can anticipate shortages, protect margins, and maintain customer trust, no matter what's around the corner.

