

Case Study

Navigating High-Mix Complexity

Cleanetica's Path to Inventory Optimization with Shape AI



About Cleanetica

Cleanetica is a medical supply distributor based in Israel, with annual revenues of \$30 million and three distribution centers. Founded in 1989, Cleanetica provides a comprehensive range of medical products to hospitals, clinics, private practices, and consumers across the country.

The Challenge

Complex Environment with Low Visibility into Inventory

Cleanetica maintains a high-mix distribution framework, with a vast catalog of more than 10,000 SKUs, with the varying shelf lives and demand patterns of both long-lasting medical devices and short-lived consumables like catheters and tubes. The company uses an ERP system, together with an MRP system, yet inventory management has been primarily manual.

A major challenge for Cleanetica is the critical combination of very long lead times for importing products from overseas, together with very rapid demand fluctuations and the requirement for quick delivery. If a hospital suddenly needs new masks or catheters, they need them right away.

In the past, this had led to overstocking, so that Cleanetica could commit to delivering the necessary products to their customers on time, according to their service level agreements. Added to the mix was the underestimation of demand for certain products which led to out-of-stocks, contributing to missed sales opportunities.

Company

Medical supply distributor

Challenge

High mix and huge product portfolio, together with variable demand, led to overstocks and out-of-stocks due to poor visibility into inventory.

Results with Shape AI

- 35%** ↓ safety stock levels reduction
- 30%** ↓ out-of-stocks reduction
- 1%** ↑ of revenue cost savings
- 40%** ↓ time saving
- ↑ Enhanced decision making

Solution: Shape AI-driven Inventory Optimization

Under new leadership, Cleanetica aimed to improve its operational efficiency and brought in Shape to enable AI-driven optimization for inventory and supply chain management.

Shape consolidates and digests all of Cleanetica's supply chain data, then applies its unique AI models. This provides Cleanetica with timely inventory insights and recommendations that helps them adjust quickly to changing demand, reducing lost sales, avoiding excess inventory, and minimizing out-of-stock items.

Within the first few weeks of implementing Shape's solution, Cleanetica experienced significant improvements:

1 Reduced Stockouts and Overstocks

Leveraging Shape's deep analysis, Cleanetica was able to identify safety stock levels that could be reduced by 35% and out-of-stocks by over 30%, leading to better customer satisfaction and lower carrying costs.

2 Cost saving

By identifying products sitting in inventory before they expired, consolidating orders from suppliers, cutting down on expedited supplier deliveries and reducing inventory carrying costs for various warehouses, Cleanetica is expected to realize an annual cost saving of approximately 1% of the company's revenue.

3 Increased efficiency

Automated inventory management processes enabled by Shape saved the Cleanetica team about 40% of the time they typically spent managing inventory by replacing many manual processes. This allowed staff to focus on higher-value tasks, while still obtaining daily inventory health metrics from the Shape system.

4 Enhanced decision making

Shape provided actionable insights and recommendations about inventory risks and commercial opportunities, enabling them to make more informed decisions regarding inventory and procurement strategies.

“ Shape’s AI-driven inventory optimization has been a game-changer for Cleanetica. With so many products and such a high mix, together with the fluctuating demand and unstable supply, we lacked the visibility we needed into our inventory to manage it effectively and stay ahead of the curve. Shape’s solution seamlessly integrates with all our data systems, providing timely and actionable insights that have brought our inventory management to the next level. Our supply chain team is now empowered with AI tools to make smarter, data-driven decisions.

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-Uri Bazri, CEO, Cleanetica

Driving Operational Success with Shape

For Cleanetica’s supply chain team, Shape has become an essential decision support tool for all inventory-related decisions and weekly meetings, and it has had a transformative impact across the organization. It enables Cleanetica to base commercial decisions on timely and accurate data, allowing for the instant evaluation of alternative options. Shape empowers executive management with a clear understanding of the financial implications of operations, risks, and opportunities. Demand planners and purchasing teams leverage Shape to make more informed decisions, reducing shipping costs and optimizing inventory levels. Additionally, sales teams benefit from real-time inventory insights, enabling them to manage customer expectations effectively and enhance overall service quality.

In short, Shape has become an integral part of Cleanetica's operations, driving smarter decisions, enhancing cross-team collaboration, and ultimately contributing to the company's overall success.