# Breakout Instructions

Your team is focused on the **retail** industry. You’ve been provided with a resource document sharing many possible AI use cases for this industry.

Steps to complete this challenge:

1. Carefully read through the list of key business metrics your customer has shared. **5 min.**
2. Carefully read through the customer testimonials. **5 min.**
3. Brainstorm as a team to come up with **as many AI use cases as possible** that could positively impact this customer’s business metrics. Use ‘unconstrained thinking’ (we have unlimited budget and time!). Especially focus on use cases that address challenges the customer raises, but feel free to come up with use-cases that may improve their general business. **20 min.**
4. As a team, vote to reduce your list of ideas down to the top 10. **10 min.**
5. Have a team vote and place those ideas along the X axis (Impact Axis) in order of perceived business impact (Only 1 ‘lane’ along the bottom). **10 min.**
6. Now based on team vote, move each idea vertically along the Y Axis (Effort Axis) based on perception of difficulty to implement. ***Use the AI Use Case document to help***. **10 min.**
7. Draw lines to divide the matrix into 4 equal quadrants.
   1. Bottom right quadrant = High impact, low effort (**Low Hanging Fruit**)
   2. Top right quadrant = High impact, high effort (**Strategic Projects**)
   3. Bottom left quadrant = Low impact, low effort (**Quick Wins**)
   4. Top left quadrant = Low impact, high effort (**Non-Starters**)
8. Assign a spokesperson and be ready to share:
   1. Customer/Industry
   2. Business metrics needing improvement
   3. AI use-cases your team arrived at and why

## Customer Information

Company Name: **Tailspin Toys**

Industry: **Retail**

Annual Revenue: **$25 million**

## Key Business metrics

|  |  |  |
| --- | --- | --- |
| Business Unit | Business Metric | Description |
| Sales | Sales Revenue | Total income from sales of goods and services. |
| Customer Service | Customer Satisfaction | Measure of how satisfied customers are with products and services. |
| Inventory Management | Inventory Turnover | Rate at which inventory is sold and replaced over a period. |
| Customer Service | Customer Retention Rate | Percentage of customers who continue to purchase over a specific period. |
| Marketing | Return on Advertising Spend (ROAS) | Revenue generated for every dollar spent on advertising. |
| Strategy | Misaligned Strategies | Degree to which business strategies are not aligned with goals. |
| Inventory Management | Stockouts | Frequency of items being out of stock. |
| Inventory Management | Overstock | Frequency of having excess inventory beyond demand. |

## VP of Inventory Management Narrative

"Maintaining optimal inventory levels is critical for our operations. Stockouts result in lost sales and damage our brand reputation, leading to an estimated annual loss of $300,000. Conversely, overstock situations tie up capital in unsold inventory and increase storage costs, contributing to an additional $200,000 loss annually. Combined, these issues result in a $500,000 annual impact. Addressing this challenge with advanced forecasting and demand planning solutions from Azure AI will help us optimize our inventory levels, reduce costs, and enhance our responsiveness to market demands."

**Impact Summary:**

* Stockouts: $300,000 annual loss
* Overstock: $200,000 annual loss
* Total Impact: $500,000 annually

## VP of Customer Experience Narrative

"Our goal is to ensure every customer has a positive experience with Tailspin Toys. Customer dissatisfaction can lead to a 2% decrease in sales, translating to a $500,000 annual loss. Issues like cart abandonment and lack of repeat purchases further impact our bottom line, costing around $250,000 annually. In total, these challenges amount to a $750,000 impact each year. Enhancing our customer experience through Azure Cognitive Services for personalization and Azure OpenAI for intelligent chatbots can significantly improve customer satisfaction, driving higher repeat purchases and positive word-of-mouth."

**Impact Summary:**

* Customer Dissatisfaction: $500,000 annual loss
* Reduced Sales: $250,000 annual loss
* Total Impact: $750,000 annually

## VP of Marketing Narrative

"As the head of Marketing, my primary concern is ensuring that our campaigns are both effective and aligned with our customers' preferences. Ineffective campaigns lead to wasted advertising spend and lower returns, costing us approximately $150,000 annually. Additionally, misaligned strategies that fail to resonate with our target audience result in a 1% loss in potential revenue, amounting to $250,000 annually. Altogether, the impact is $400,000 per year. Leveraging Azure AI for customer insights and Azure OpenAI for content creation will help us better understand our customers and tailor our marketing strategies, improving campaign effectiveness and increasing ROI."

**Impact Summary:**

* Ineffective Campaigns: $150,000 annual loss
* Misaligned Strategies: $250,000 annual loss
* Total Impact: $400,000 annually