

Save-to-transform as a catalyst for embracing digital disruption

Cost management practices and trends in Europe

Deloitte's 2019 Global Cost Survey, also informed by 400+ executive respondents in Europe, provides an up-to-date view of cost management practices and trends shaping the future of business in Europe, the US and globally. It also takes a detailed look at how the latest digital technologies and cost management strategies are acting as a catalyst for transformation in a world being actively redefined by digital disruption.

Cost reduction efforts are less common in Europe

(66%) in Europe compared to the United States (**84%**) and globally (**71%**); however, European cost targets tend to be more aggressive.

The failure rate for European cost programs is slightly higher

(83%) in Europe than in the United States (**82%**) and globally (**81%**).

Save-to-transform has surpassed save-to-grow

as the predominant cost reduction mindset in Europe, but the shift is less pronounced than in the US and globally.

European companies report a lower level of cost maturity

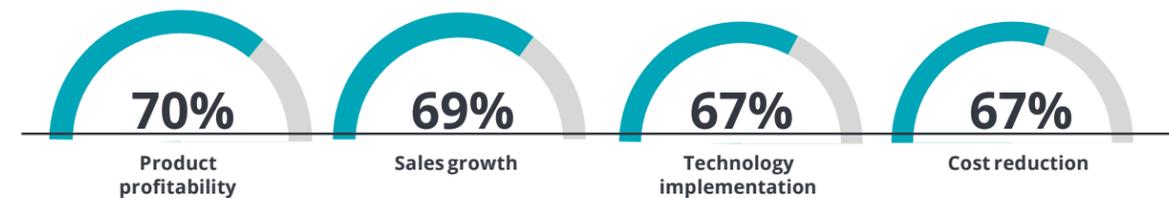
(29%) 6 percentage points lower than the global average (**35%**) and 21 percentage points lower than US companies (**50%**).

Technology implementation

levels in Europe are higher than in the United States but lower than the global averages.

European strategic priorities align with save-to-transform.

The **top-four** strategic priorities over the next 24 months are



These priorities indicate a save-to-transform mindset; however, the trend is less pronounced in Europe than in the US and globally.

Top external risks

62% Digital disruption

vs. **61%** Global **58%** US

61% Commodity price fluctuations

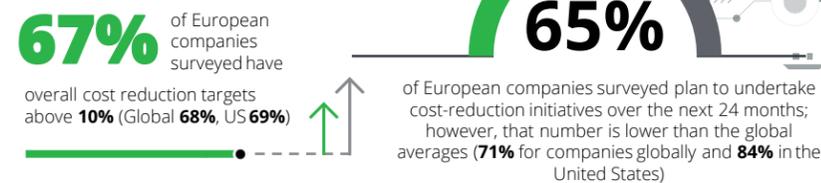
vs. **62%** Global **69%** US

Top internal risks

Reliability and functionality of information systems to support business processes and decisions

Recruitment, development and retention of required talent to support business initiatives/Lack of controls, processes and systems to ensure business continuity are the next top risks indicated in Europe.

Cost reduction targets are comparable to global targets.



European companies have a very positive growth outlook, with **84%** of respondents reporting revenue growth over the past 24 months and **83%** expecting revenue growth over the next 24 months. (**86%** globally)

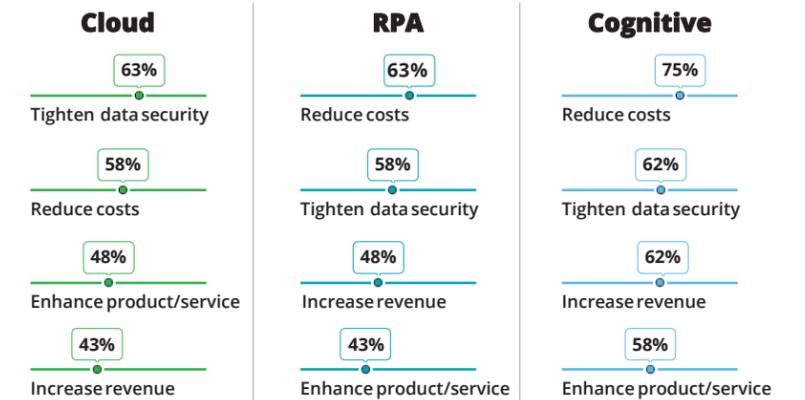
Growth and competition remain the top drivers of cost reduction.

In Europe, future and past drivers of cost reduction center around investment in growth areas (**67%** in the next 24 months vs. **55%** over the past 24 months), followed by competition among peer group (**66%** in the next 24 months vs. **53%** over the past 24 months).

Cost management maturity

29% report high levels of maturity in cost management practices in Europe. (**35%** globally and **50%** US)

Digital and technology solutions applied to cost management: Reasons for implementation



Implementation of digital technologies when a digital leader is designated

RPA is the most affected by presence of a digital leader with **367%** increase in implementation

is **187%** higher when European companies designate a digital leader (**140%** globally)

The save-to-transform playbook

Shifting from save-to-grow into a save-to-transform mode means that in addition to cost, growth, and talent, technology is a key focus area. Companies in this mode continue to focus on cost reduction as a way to fund their growth strategies. However, they also invest in IT and digital technologies that can transform the business and help it survive and thrive in a world of digital disruption.

Companies today should continue capitalizing on current economic strength while being vigilant and prepared for future economic weakness through a save-to-transform mindset, which can provide more agility and a more flexible business model.

Reach out to learn more or visit: www.deloitte.com/us/globalcost

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