



## SMART Decision Unlimited power of data

### Optimizing Expenditure

#### Highlight

Several organizations plan to optimize their budgets by reducing their expenses. However, it remains a challenge for organizations to change their budgeting system by evaluating each cost item critically without considering its expenditure history, and start with a blank sheet.

Deloitte was requested to review the budgets according to the Institution's needs for the upcoming period, regardless the values of the previous periods, and identify concrete initiatives in order to optimize the Institution's total operational expenses regarding business and IT related expenses.

#### Business & Issues

Our client is a payment processing company that had an **imperative need to reduce operating expenses**, which required them to analyze the budgets of each area, to justify and approve each expenditure for 2021 as well as identifying concrete opportunities for improvement.

The client **decided to use the Zero-based budgeting methodology** as guidance and selected Deloitte to support the assessment to its costs and to recommend optimization initiatives and their respective savings potential.



**“The client decided to use the Zero-based budgeting methodology in order to optimize the Institution's total operational expenses regarding business and IT related expenses.”**



#### Approach

Budgeting is a challenge that companies face every year, not only in its conception but also in its follow-up. Deloitte's approach to the project was based on Zero-based budgeting, a sustainable method that drives value by reviewing the company's cost structure, projects, objectives and approach budgeting in a holistic way. The project was developed around 7 key dimensions:

- Definition of the budget templates and their respective completion by the areas of the Institution
- Classification of the cost typologies and analysis of the nature of each cost item
- Identification of costs items to be included in the scope
- Review and analysis of budgeted costs with the business units in order to optimize them
- Identification and prioritize concrete initiatives and their cost reduction targets
- Prioritize opportunities considering time and potential optimization
- Definition of KPIs to monitor the performance of the proposed optimization initiatives

**“Deloitte analyzed the budget of each Institution's business area in order to justify each expenditure for 2021 and identify concrete opportunities for improvement and their respective optimization potential.”**

### Case study results

 Relevant savings potential for the next 3 years: around 7 million Euros

 Multiple and concrete cost optimization initiatives: around 210 cost optimization initiatives were analyzed

 List of concrete KPIs to follow-up the developed model and optimization initiatives

#### Results

After 12 weeks, the following value-added was delivered to the Client:

- Identification of a relevant savings potential for the next 3 years
- Identification of a range of concrete operational cost optimization initiatives regarding business and IT related expenses
- List of concrete KPIs to follow-up the developed model and optimization initiatives
- Adoption of best industry practices in order to achieve better results



Ready to make SMART Decisions? Let's talk.



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