

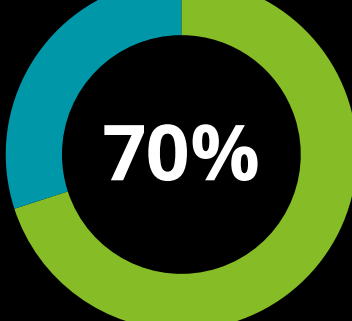
Save-to-transform as a catalyst for embracing digital disruption

Cost management practices and trends in the UK

Deloitte's 2019 Global Cost Survey, also informed by 400+ across Europe as a whole and 100 executive respondents in the UK, provides an up-to-date view of cost management practices and trends shaping the future of business in the UK, Europe, 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.



UK cost reduction efforts



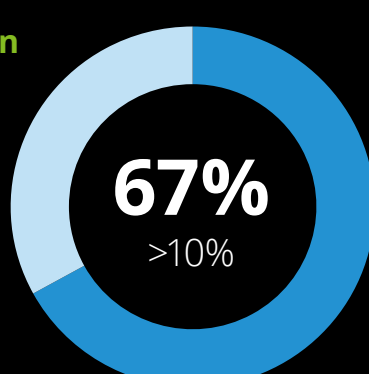
Of UK companies surveyed plan to undertake cost-reduction initiatives over the next 24 months; ahead of European firms (**65%**), but lower than the global & United States average (**71%** and **84%** respectively)

79% of UK firms expect revenue to grow over the next 24 months

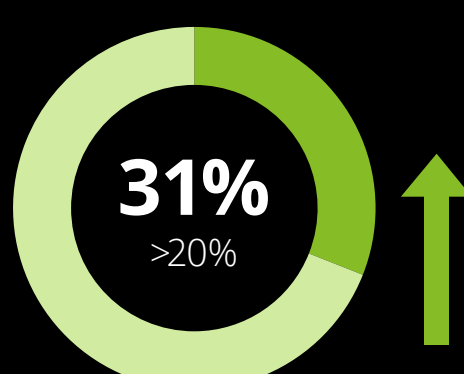


UK cost reduction targets

Cost reduction target:



of UK companies surveyed have overall cost reduction targets above 10% (Global **68%**, European **67%**)



of UK companies surveyed have overall cost reduction targets above 20% (Global **31%**, European **34%**)



83% of UK cost reduction programs **fail** in UK companies surveyed

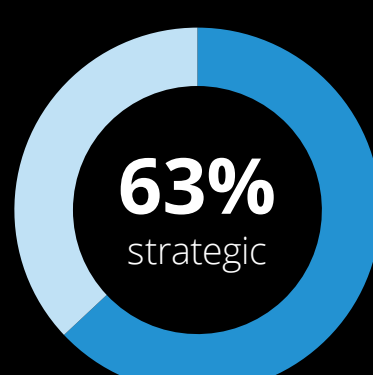
This is comparable to European firms (**83%**) and slightly higher than the global average (**81%**).

UK cost management maturity

32% of UK firms report high levels of maturity in cost management practices (compared to **29%** European firms and **35%** globally).

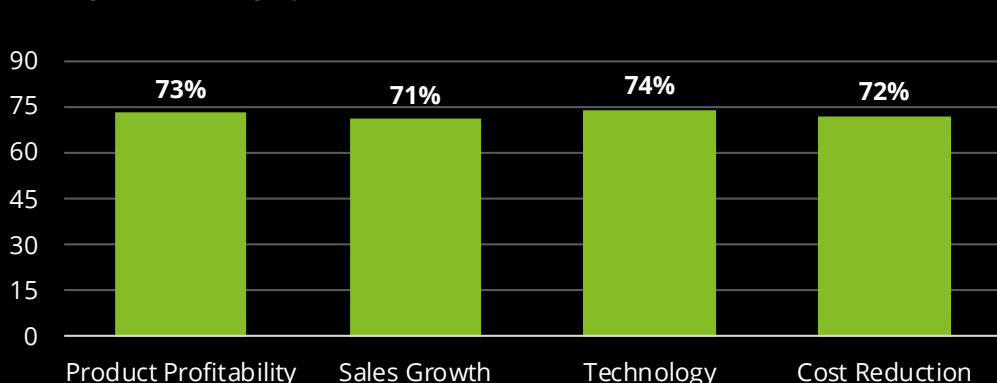
Strategic vs. Tactical measures

UK firms are slightly more likely (vs. **61%**) to implement strategic cost reduction measures in the next 24 months, and less likely to pursue tactical measures (vs. **61%**), than European firms.



UK strategic priorities align with save-to-transform

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



Save-to-transform has surpassed save-to-grow as the predominant cost reduction mindset in the UK and Europe, but the shift is less pronounced than in the US and globally.

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

UK top external risks



69% Commodity price fluctuations vs. **62%** Global, **61%** Europe

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66% Currency fluctuations vs. **68%** Global, **57%** Europe

Top external risk identified in the US is **cyber security** and in Europe is **digital disruption**.

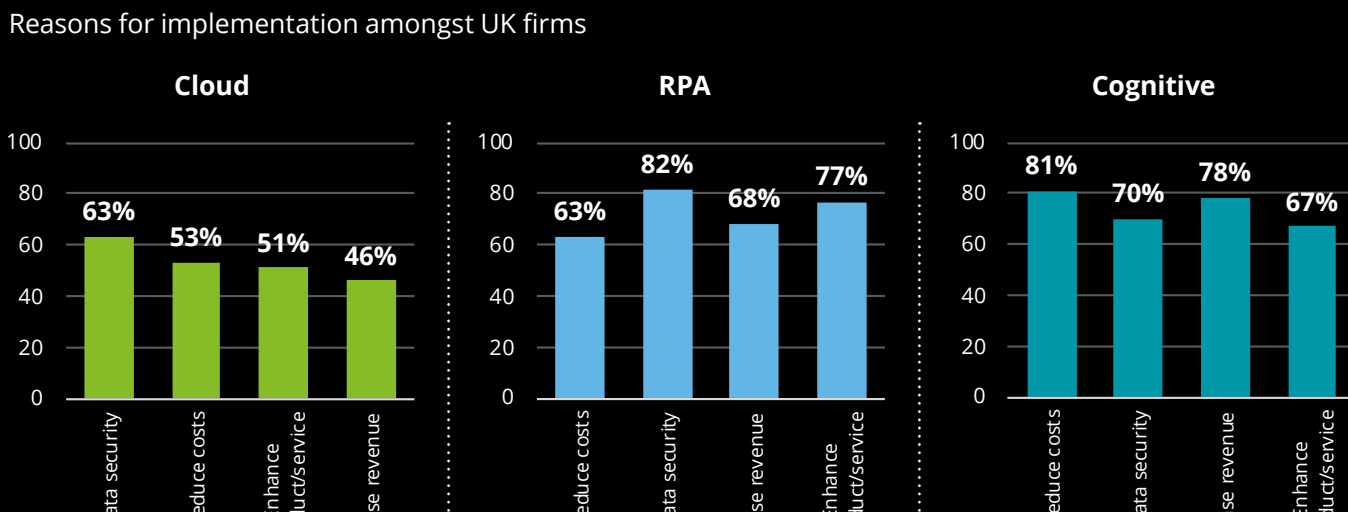
UK top internal risks

Recruitment, development and retention of required talent to support business initiatives are the top key internal risks.

The other key risks indicated by UK firms, consistent with both the US and global views are **reliability and functionality of information systems** to support business processes and decisions, and the **lack of controls, processes and systems** to ensure business continuity.

Digital & technology solutions applied to cost management

Reasons for implementation amongst UK firms



Implementation of digital technologies

The level of technology implementation is on average **93%** higher when UK firms designate a digital leader.

In the UK, RPA is the most affected by presence of a **digital leader** with a **160%** increase in the level of technology implementation.

The save-to-transform playbook

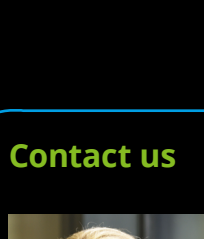
Shifting from save-to-grow into a save-to-transform mode means that in addition to cost, growth, and talent, technology is a key focus area. Companies in this mode continue to focus on cost reduction as a way to fund their growth strategies. However, they also invest in IT and digital technologies that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

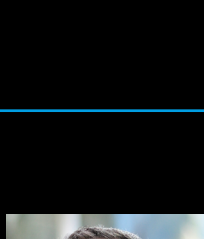
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