The State of Cost Optimization Initiatives Today

Rising Year-over-Year Targets

Many companies have long-running cost optimization programs; others do it on an as-needed basis.

In 2020, needs shifted, demanding digital spend to adapt to pandemic stay-at-home orders.

In 2022, cost optimization goals were high, but most reported meeting them.

In 2023, they’re even higher, and the easy wins are much harder to find.

Cost Optimization Motivations

Enterprise Motivations Are Not Reactive

Over 1/2 of cost optimization programs are immature at less than 1 year in age. But enterprise motivation is most commonly **long-term efficiency or growth**, not just **reactive savings** in response to today’s economic state.

Top 5 Challenges

Leadership Remains a Top Challenge

Like 2022, **leadership was reported as the greatest challenge** for cost savings programs in 2023. 1/3 said their program didn’t have a dedicated lead, which leads to a siloed, inefficient approach. Leadership is critical to realizing the next wave of savings.

Cost Optimization Partners

Multiple Partners Needed to Achieve Targets

An average of **58% report leaning on their platform providers to achieve cost optimization**. This goes up to 61% for transformation-led programs, who also often tap strategy consultants and tier 1 providers. Meanwhile, it goes down to 54% for efficiency-led programs, who often seek out BPO providers.

Contact us to purchase the full study report. If your organization is not used to agile, tight spend cycles & transformation-based cost optimization, ISG can help.

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