

## **Building Leaner, Faster, Stronger Companies**

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Cost discipline is an evergreen topic for CEOs and other senior executives—but it’s not always talked about prominently. Untethered to larger goals, cost control can be shortsighted.

In fact, a singular focus on costs can leave an organization less capable and less able to reach strategic goals. Companies need a plan more aspirational than “cutting our way to greatness.” When was the last time that worked out?

Our cost transformation work with clients increasingly comprises three interlocked elements that prepare companies for the future, not just their next earnings call:

**Leaner.** Applying strategic focus and tools to do more with less

**Faster.** Deploying activist program management that cuts through bureaucracy, removes roadblocks, and creates a constant sense of urgency around execution

**Stronger.** Establishing strong governance and building new capabilities to ensure that progress becomes permanent

Over the past 18 months, my colleagues in the Technology, Media, and Telecommunications practice had the privilege of putting this approach to work as they [partnered with IBM to enable its strategy](#): helping companies integrate AI into the fabric of their organizations and thrive in a hybrid world of on-premise, private, and public clouds.

This ambition required a fundamental transformation that allowed IBM to achieve more than \$1.5 billion in savings to date, with more

to come. Much of the savings came from [simplifying and automating processes](#), taking advantage of digital technologies and platforms, and consolidating third-party spending.

IBM supplied its GenAI-powered software to automate and improve processes, along with more than a century of experience helping companies install and operate technology. BCG provided analytical horsepower and experience developed over 61 years that has helped thousands of clients transform.

**At IBM, transformation is about more than just costs.** The company wanted to get in shape to grow and become, in the words of Joanne Wright, senior vice president of transformation and operations, the “most productive company in the world.”

**IBM is funneling the savings from its transformation into innovation and growth.** For example, IBM’s proposed \$6.4 billion acquisition of HashiCorp will extend the hybrid-cloud services it offers to companies.

This is a perfect example of how a company becomes leaner and faster to ultimately become strategically stronger.

IBM has a long, storied history of continual reinvention, moving through the eras of business machines, punch cards, mainframes, PCs, the cloud, and now GenAI. All companies will eventually find the need to constantly manage cost—and invest in the future—if they want the same staying power.

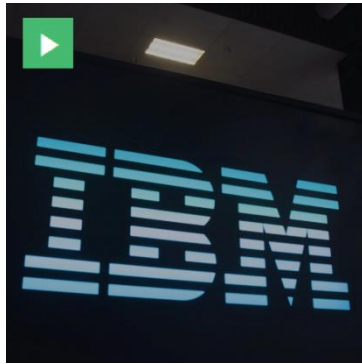
Until next time,

A handwritten signature in black ink, appearing to read 'Christoph', written in a cursive style.

**Christoph Schweizer**  
Chief Executive Officer

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**Further Insights**



## How IBM Achieved Over \$1.5 Billion and Counting in Bottom-Line Impact

BCG helped IBM improve productivity, reduce complexity, and liberate significant resources to invest in long-term growth and innovation.

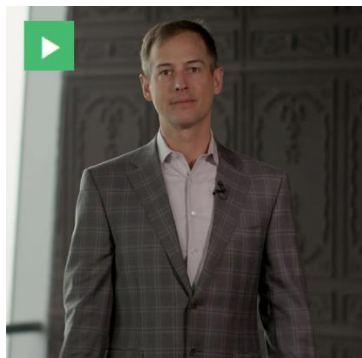
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## Cost Management

BCG's cost advantage approach resets costs within a framework that is customized, precise, and thorough.

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## Competitive Advantage Starts with Cost Management

Leaders need to thoughtfully manage costs now to sustain future growth. But each company's path to cost savings is unique, as BCG's Paul Goydan explains.

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