

When AI and Cost Become One Agenda

In almost all my meetings with CEOs, we talk about AI. Often, we also talk about day-to-day pressure and practical difficulties in changing the cost structure of their business.

Leading companies have figured out how to marry AI prowess with cost discipline. AI leaders deliver 3 times greater cost reduction, 1.6 times higher EBIT margins, and 2.7 times the return on invested capital relative to their peers, according to BCG's [Build for the Future](#) research.

What Matters Most

The companies pulling ahead are treating AI and cost transformation as one integrated agenda that combines near-term results with deeper change and ambitions. BCG's cost and AI experts have identified [four practices that matter most](#):

Start with what is proven to work. Focus first on a few mature, high-value use cases that can deliver savings quickly. Procurement is a good example: AI can spot overpayment, identify supplier opportunities, and improve working capital within months.

Reinvent workflows, not just tasks. Applying AI to existing processes can create incremental gains. The larger prize comes from redesigning workflows end to end across functions. This is harder, but it can generate several times the impact.

Use agentic AI where it fits. AI agents can observe, plan, and act with defined goals, making them especially useful in complex

but lower-risk workflows. They can accelerate work in many areas, including HR, finance, IT, customer service, engineering, supply chain planning, and product development. But they need the right use cases, human oversight, and clear guardrails.

Track value rigorously. To generate meaningful value from AI, leaders need to link those improvements to bottom-line impact. This requires a clear business plan with specific metrics, timelines, and projected ROI. Moreover, teams need to make strategic decisions for how freed-up staff time can be reallocated.

What Nestlé Did

[Nestlé shows what this looks like.](#) The company has more than 2,000 brands and a presence in 185 countries. Its scale is a strength, but can also create complexity.

To respond, Nestlé launched an ambitious transformation to simplify procurement and reinvest in growth. AI-enabled simplification was a key element in the overall transformation. An AI solution scraped more than 200,000 purchase orders covering more than 100,000 spare parts. The insights generated allowed the company to consolidate nearly 7,900 suppliers into eight distributors.

Similarly, Nestlé used AI to simplify packaging. Many of its brands had their own specs. This was a pain point for procurement and R&D. The company reduced the number of packaging specs by nearly two-thirds. R&D and marketing teams then locked in the new standards to prevent complexity from creeping back.

In its first year, this three-year transformation delivered CHF 700 million (\$900 million) in savings. Equally important, the transformation helped Nestlé embrace a culture of simplicity, speed, and agility as a global enterprise.

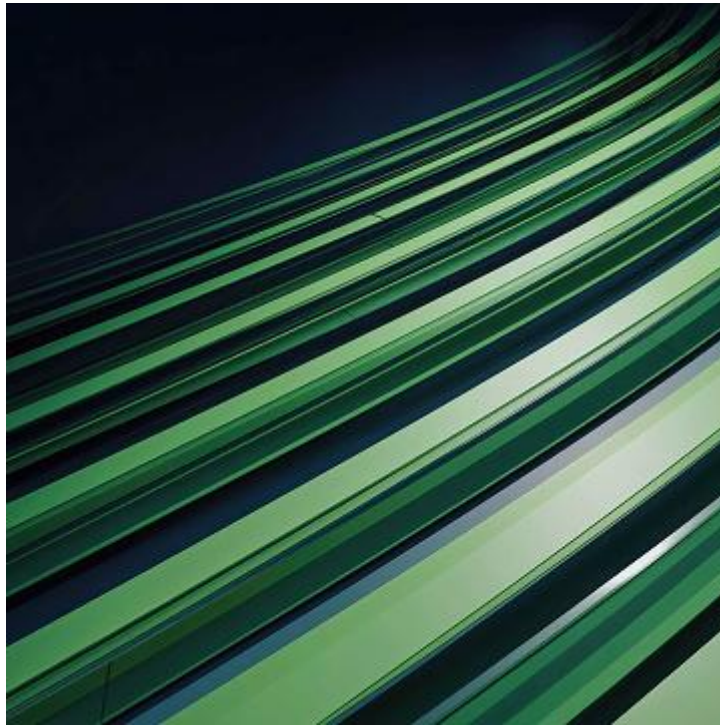
AI-enabled cost transformation is not about applying technology to isolated problems. It works best when it is focused, business-led, and financially disciplined. Early use cases create momentum.

Workflow redesign creates scale. Rigorous tracking ensures the value reaches the business.



Christoph Schweizer
Chief Executive Officer

Further Insights



How Leaders Build an AI-First Cost Advantage

Most companies are failing to realize meaningful returns from AI investments. Here's what it takes.

**BUILD AN AI
COST
ADVANTAGE**



**Nestlé's CHF
2.5 Billion
Transformation
to Boost
Efficiency, Cut
Costs, and Fuel
Growth**

The consumer giant reimagined its organization, betting big to free up the capital needed to reinvest in innovation and growth.

**SEE HOW NESTLÉ
TRANSFORMED**



**As Trade
Gets
Tougher,
Companies
Turn to
Cost
Discipline**

In an era of permanent uncertainty, leaders can still build a foundation of competitive strength.

STRENGTHEN
COST
DISCIPLINE

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