THE S.T.E.P. EXECUTION ARCHITECTURE(TM) BY STEFANO ROSA ROSSO

From EUR 200M to EUR 80M

How execution governance enabled a 60% reduction in external consulting expenditure while preserving delivery quality.

Starting point EUR 200M	**End state EUR 80M**	**Structural reduction 60%**

Strategy Demands Execution. Transformation Demands Integrity.

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SITUATION

The cost base was an operating-model signal

Annual external consulting expenditure had reached EUR 200M in a large, regulated banking technology environment.

The exposure could not be solved through rate negotiation alone. Demand, supplier dependency, delivery ownership and internal capability were structurally connected.

A blunt cost reduction would have transferred risk into delivery and weakened the organisation's capacity to execute.

DECISION

Govern demand and delivery before compressing price

The mandate was defined as an execution-governance intervention, not a procurement campaign.

The non-negotiable condition was clear: reduce structural expenditure while preserving delivery quality.

That required management to distinguish business-critical external capability from unmanaged dependency and duplicated demand.

EXECUTION

Connect economics to accountable ownership

- Established transparent demand and expenditure baselines.
- Separated critical capability from avoidable external dependency.
- Connected sourcing decisions to delivery owners and executive sponsors.
- Used supplier and contract interventions alongside demand governance.
- Protected internal capability so savings did not create a future execution deficit.

RESULT

A measurable structural reset

External consulting expenditure decreased from EUR 200M to EUR 80M.

The reduction was 60%.

Delivery quality was preserved.

The result demonstrated that material cost reduction can be achieved without making delivery the residual risk owner.

EUR 200M -> EUR 80M | -60% | Delivery quality preserved

LESSON

Vendor rationalisation is the consequence. Governance is the mechanism.

Cost becomes durable when Economics and Performance are governed together.

Supplier negotiations cannot compensate for ambiguous demand or fragmented accountability.

The organisation must retain the capability to operate the new economics after the intervention ends.

BOARD APPLICATION

Five questions before launching a cost programme

- Which demand exists without an accountable business outcome?
- Which external capability is genuinely critical, and which dependency has become habitual?
- Who owns delivery risk when a supplier decision changes?
- Which baseline and realised-value rules will Finance validate?
- Which capability must remain inside the organisation after savings are delivered?

This case informs the Economics and Performance disciplines of The S.T.E.P. Execution Architecture(TM) by Stefano Rosa Rosso.

Discuss a confidential spend-and-governance mandate

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