



Internal Audit NEWSLETTER







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Business Strategies for Cost Optimization: Cost Optimization is a continuous effort, specifically designed to drive spending and cost reduction while maximizing business value. Following are the business strategies for achieving cost optimization:

- Demand Management
- Rationalize External Spend
- Streamline Business operating expenses
- Develop Alternative Solutions
- Manage Funds
- Sustain Market Competition

Key Benefits

-  **Maximize Business Value**
-  **Favorable terms & conditions and pricing for business transactions**
-  **Business centric focus**
-  **Continuous discipline in monitoring propriety & cost management**
-  **Hedges concentrated transactions by exploring alternatives**
-  **Highlight outline between mandatory & avoidable business spend**

Coverage

Revisit Cost Incurrence

- Determine the Avoidable Fixed Costs
- Discovering Alternatives to Move Towards Variable Cost Model
- Analyze Capex Inefficiencies & Defer Capex Expenditure
- Optimize Usage & Disposal of Assets

Viable Operating Model

- Explore Composition of Lean Teams for Business Sustainability
- Third Party Evaluation to Shift Towards Localization
- Arm's Length Assessment - Excess Expense being charged by & paid to Vendors

Cash Conservation

- Evaluate Liquidity & Working Capital Requirements to Preserve Cash
- Assess continuity of Ongoing Contracts Reviewing Trend of Transactions denoting Cash Inflows & Outflows

Re-Define Business Blue Print

- Re-define the Terms & Conditions of Contracts
- Re-negotiate collection date with Customers & payment date with Vendors
- Re-assess the Inventory Requirement & Revisit Purchase Orders