Where are the levers for sustainable cost reduction through AI?

The question of concrete cost reduction levers through artificial intelligence is currently occupying virtually every management board in the German-speaking Mittelstand (SMEs). With 4–6 billion daily AI requests worldwide (as of November 2025), the technology has long outgrown the experimental phase. Nevertheless, analyses show that around 70 percent of all AI projects do not deliver the expected results. The central cause: companies fail to identify the right levers for their specific context.

This guide, based on the consulting practice of Dreher Consulting, shows you where the real potentials lie – and how to methodically unlock them.

The Cost Reduction Potential: 12–28% Fixed Costs by 2026

Current market analyses and our project experience show: medium-sized companies can reduce their fixed costs by 12 to 28 percent through systematic AI deployment. This range results from differences in industry, digital maturity level, and the chosen implementation approach.

The crucial understanding here is that AI is not a monolithic solution but a portfolio of technologies that must be targeted at specific process weaknesses. The First Principle Approach – i.e., reducing complex problems to their fundamental components – forms the methodical basis for lever identification.

The Three Primary Lever Areas in Operational Business

Our process analyses in over 120 Mittelstand projects consistently show three areas with the highest ROI potential for AI-supported optimization:

1. Purchasing and Procurement

Purchasing regularly offers the fastest quick wins while having high scaling potential. The levers are distributed across the following functional areas:

Demand Determination and Disposition

Classic MRP systems (Material Requirements Planning) often generate a flood of exception messages that must be processed manually. AI-based Demand-Sensing algorithms reduce this exception rate by 40–60 percent by automatically incorporating seasonal and promotional corrections and intelligently prioritizing schedulable MRP runs.

Order Processing and Approval Workflows

The degree of automation in Purchase Orders (PO) and EDI processing is below 50 percent in many companies. Through AI-supported touchless order processes, automatic BST generation, and intelligent blanket orders, this value can be increased to over 85 percent – with corresponding savings in personnel capacity.

Supplier Management

AI-based supplier evaluation and automatic qualification scores enable more objective and faster supplier selection. Especially in regulated industries like medical technology, automatic checks in the sanction monitor significantly accelerate compliance processes.

2. Warehouse and Inventory Management

Intralogistics offers significant efficiency potential through AI optimization, which directly impacts working capital and personnel costs:

Dock-to-Stock Optimization

The time from goods receipt to put-away (Dock-to-Stock Cycle Time) is 12 hours or more in many companies. Through AI-supported ASN processing (Advanced Shipping Notice), automatic put-away logic, and rule-based sample checking, this value can be reduced to 4 hours – DACH benchmark companies even achieve 2 hours.

Picking and Pick Strategies

Multi-order picking, mobile pick lists, and pick-and-pack verification through Vision AI reduce error rates and increase throughput per employee hour. The real-time integration of inventory decreases upon shipment also minimizes inventory discrepancies.

Inventory and Stock Correction

Cyclical inventory planning with AI-based tolerance limits and mobile counting significantly reduces the effort for full counts. RFID or camera-based inventory solutions (Vision AI) can reconcile variances within 24 hours.

3. Branch Operations and Point of Sale

Additional levers are available for companies with branch business or stationary retail:

- **Checkout Processes:** Automatic barcode/PLU capture, price and VAT checks, and mixed payment capability reduce transaction times and error rates.
- **Price and Discount Management:** AI-driven price synchronization, automatic promotion periods, and dynamic mix-and-match discounts increase margin while simultaneously improving customer loyalty.
- **Returns Management:** Intelligent returns at the POS with automatic inventory posting and fraud detection through pattern analysis.

Methodology: How Do You Identify Your Specific Levers?

The systematic identification of the right levers follows a structured procedure that we at Dreher Consulting call the 'Atomic Intelligence' approach:

Step 1: Create a Process Map

First, a complete overview of all operational processes is created – from demand determination to warehousing and point of sale. This map forms the basis for further analysis.

Step 2: AI Readiness Assessment

Each process is evaluated regarding its automability. Criteria include data quality, process standardization, integration effort, and expected business impact. The result is a color-coded matrix (red = need for action, yellow = potential for optimization, green = already optimized).

Step 3: KPI-based Prioritization

Concrete target values are defined for each identified lever. Example: Reduction of the Dock-to-Stock Cycle Time from 12 to 4 hours (achievable) or 2 hours (DACH best practice). These KPIs enable objective prioritization based on ROI potential.

Step 4: Develop a Roadmap

Implementation takes place in defined time horizons: quick wins within 6 months, medium-term levers in 1–2 years, and strategic transformations over a 5-year horizon. This staged approach ensures early successes while simultaneously building sustainable competitive advantages.

“70% of AI projects fail. The other 30% have correctly identified their levers.”

Success Factors for Implementation

The successful realization of the identified potentials depends on several factors:

- **Data Quality:** AI models are only as good as their training data. Cleaning and standardizing master data is often a prerequisite.
- **Change Management:** Employee acceptance determines success or failure. Early involvement and qualification are essential.
- **ERP Integration:** Island solutions create new silos. Integration into existing ERP systems (SAP, Microsoft Dynamics, proALPHA, etc.) is crucial for scalability.
- **Governance and Compliance:** Especially in regulated industries (medical technology, food), AI solutions must meet standards such as ISO 27001, ISO 9001, or industry-specific requirements.

Frequently Asked Questions (FAQ)

1. Which company size is suitable for AI-supported cost optimization?

Basically, companies with an annual turnover of approximately 20 million euros or more benefit. However, transaction volume and process repetition are more decisive than mere size. A medium-sized wholesaler with 50,000 order items per month typically has higher optimization potential than a service provider with complex but infrequent transactions.

2. How quickly do AI investments typically amortize?

With targeted lever selection, we see amortization periods of 6 to 18 months. Quick wins in the area of automated order processing or MRP optimization often achieve positive cash flows after just 3–4 months. More complex transformations (e.g., fully automated warehouse control) require longer investment horizons of 2–3 years.

3. What data requirements must be met?

The minimum requirements include historical transaction data of 12–24 months, consistent master data (articles, suppliers, customers), and documented process flows. In practice, many projects start with a Data Quality Assessment that identifies and prioritizes needs for action.

4. How do I proceed if my ERP system is outdated?

An outdated ERP system is not a knockout criterion. Modern AI solutions can often be implemented as an 'overlay' that communicates with the existing system via interfaces (APIs, middleware). However, it should be checked whether a parallel ERP modernization makes more sense – especially if support is running out or scaling limits are reached.

5. Which internal resources do I need for an AI project?

For a typical pilot project, we recommend a core team consisting of a project manager (50% capacity), a department representative (30% capacity), and IT support for interface topics (20% capacity). The actual AI expertise can initially be sourced externally but should be built up internally in the medium term.

Conclusion: The Right Time is Now

The question 'Where are the levers?' cannot be answered generally. It requires a systematic analysis of one's own process landscape, an honest assessment of the status quo, and a clear prioritization based on business impact. The companies that carry out this analysis now will belong to the 30 percent in 2026 whose AI projects deliver the expected results.

The advantage is not created by waiting for the 'perfect' solution but by structured action with the means available today. The innovation curve is exponential – whoever starts today increases their distance from competitors who are still hesitating.

Next Step: Your Individual Pain Point Analyser

Arrange a non-binding strategy discussion with Dreher Consulting. In a 60-minute discussion and exchange, we will jointly identify the three to five levers with the highest ROI potential for your company.

About the Author

Harald Dreher is the founder and managing director of Dreher Consulting. For over 33 years, he has advised medium-sized and large companies in the DACH region on the digitization of their business processes, ERP selection, and AI integration. His consulting philosophy combines strategic depth with pragmatic implementation orientation.

Sources and Methodology

The key figures mentioned in this article are based on aggregated data from Dreher Consulting customer projects (2022–2025), benchmarks from the Warehouse Education and Research Council (WERC), analyses from the Institute for Supply Management (ISM), and publicly available studies from Gartner and McKinsey on the topic of AI adoption in the Mittelstand.