



NPI Delivers Seven-Figure Savings to Lafarge’s Telecom and IT Budget



LafargeHolcim may not be a household name, but with 63,000 employees in 61 countries, it’s a multi-billion dollar enterprise and one of the world’s largest producers of concrete, gypsum and other construction materials. Prior to its merger with Holcim, Lafarge North America oversaw an annual IT and telecom budget of more than \$75 million. The company’s IT and sourcing department was progressive in its approach to cost management – taking extra measures to ensure a fair price and best-in-class terms with their IT and telecom vendors.

Case Study: Lafarge North America

The Challenge:

- Unable to confirm fair market value and terms for major telecom and IT contracts
- Lacked visibility into IT and telecom spending
- Needed to quickly develop negotiation goals and related strategies for working with an incumbent provider

- Delivered \$3+ million in savings on major telecom contract
- Reduced vendor pricing for additional telecom, hardware and software purchases by an average of 20 percent
- Consolidated vendor contracts for maximum, long-term savings

Uncertainty Leads to Action

Like most companies, Lafarge was unsure if they were getting the best pricing and terms for their telecom purchases. While they could compare internal pricing data based on past vendor deals, they lacked visibility into what other companies of their size and requirements were paying. In a move that would define Lafarge’s progressive IT sourcing operations, the company brought NPI in to review several major telecom purchases and analyze its overall IT spending. By benchmarking pricing and terms, Lafarge was able to identify potential areas of overspending and avoid them.

Better Pricing and Terms Drive Down Costs

Within the first few weeks, NPI benchmarked a large networking and data telecom contract with AT&T. Results showed that the current pricing and terms were out of line with fair market pricing, leading to gross overspending without correction. Following the benchmark, NPI helped the company execute a comprehensive RFP to revamp its voice, data and wireless contracts. NPI also guided Lafarge through complex and lengthy vendor negotiations – directly negotiating with some vendors while also providing Lafarge with the guidance that would allow them to optimize pricing and terms on their own.



Real experts.
Real data.
Real savings.

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“NPI brought industry knowledge and benchmarking that we didn’t have access to. I think that’s one of the greatest components of their service.”

Vice President of IT and CIO,
Lafarge North America

Savings that Surpass Expectation

Lafarge’s decision to bring NPI to the table paid off. The team achieved \$3+ million in savings on the AT&T data and networking deal, and reduced other telecom purchases by up to 20 percent. Scope included all North American telecom vendor agreements ranging from voice (local, long distance, campus and call center) and data (MPLS, ISDN) to wireless contracts with three different carriers and management services.

Additionally, NPI helped Lafarge optimize purchases with other large IT vendors, including EMC, Cisco, VMware, Microsoft and HP. From server maintenance and enterprise agreement renewals, to outsourced help desk services and network hardware purchases, NPI was able to deliver an average savings of 20 percent to virtually every aspect of Lafarge’s IT infrastructure. In each case NPI’s market data and vendor expertise helped Lafarge purchase the right level of products and services at the right price with fair terms. The result has been seven-figure savings with improved terms and overall less time invested by Lafarge’s internal resources.

The savings weren’t limited to the initial contract price. NPI helped Lafarge address areas of contractual concern, such as key terms and conditions around SLAs, governance, service provisioning and credits as a way to establish long-term savings. For most purchases, NPI was able to negotiate multi-year deals that afforded price flexibility and prevented unjustified cost increases. Additionally, by consolidating contracts, Lafarge has achieved more visibility into its telecom and IT spending. With ongoing savings and flexibility, the company has been able to drive down IT and telecom costs and improve sourcing performance year after year.

About NPI

NPI is an IT sourcing consulting company that helps enterprises identify and eliminate overspending on IT purchases, accelerate purchasing cycles and align internal buying teams. We deliver transaction-level price benchmark analysis, license and service optimization advice, and vendor-specific negotiation intel that enables IT buying teams to drive measurable savings. NPI analyzes billions of dollars in spend each year for clients spanning all industries that invest heavily in IT. For more information, visit www.npifinancial.com.



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