



Grupo Coppel saves nearly 100 million pesos on telecommunications with RD's Cost Reduction methodology

Executive Summary

Grupo Coppel—one of Mexico's largest conglomerates, with more than **120,000 employees**, nearly **1,800 department stores**, more than **1,300 bank branches (BanCoppel)** and **Afore Coppel** among its business units— was spending **approximately 1 billion pesos a year** on telecommunications services, with about 90% concentrated in a single provider group.

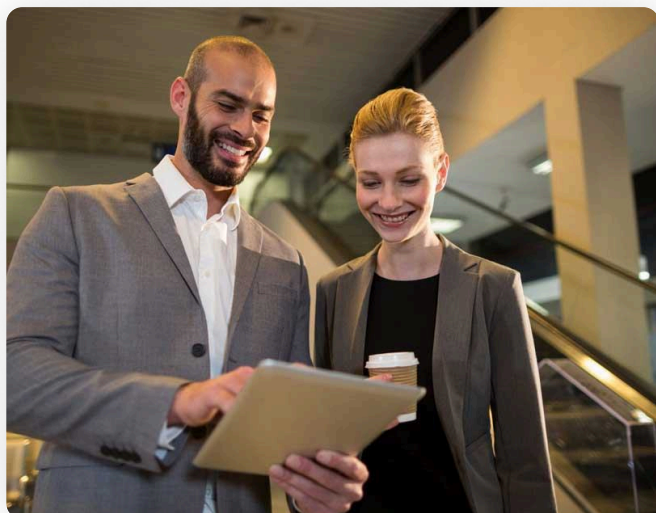
RD delivered an end-to-end optimization project that leveraged the group's economies of scale —consolidating negotiations into a single corporate contract for every business unit— and combined contract redesign, plan right-sizing, and expert negotiation. The result: **nearly 100 million pesos in savings** captured across data, mobile, and fixed-line services.

Client	Industry	Scope	Solution	Outcome
Grupo Coppel	Retail & Banking	Entire group	IT Cost Reduction	~100M MXN (~20%)

The Challenge

The group faced a structural problem common to organizations with a large footprint: business growth was driving a disproportionate increase in IT operating spend, squeezing margins.

- **No consolidated view of spend:** No clear picture of inventory and contracted services at group level.
- **Critical concentration with one provider:** About 90% of telecom spend concentrated in a single provider group.
- **Long-standing operational relationships:** Historic ties between IT teams and providers made frank negotiation difficult.
- **Ongoing technology transformation:** An SD-WAN migration caused staggered cancellations and complicated the audit.
- **Misaligned spend growth:** Operating costs grew out of proportion to business growth.
- **Organizational resistance to change:** Technical teams had operated under the same purchasing logic for decades.



The Solution

RD designed a strategy that leveraged the group's economies of scale —consolidating negotiations into a single master agreement for every business unit— and tackled the three key technologies at once: **mobile, fixed-line, and data/internet**.

The initial finding was striking: a single billed item was generating **~800,000 pesos a month** in charges with no technical justification, equivalent to **nearly 10M MXN a year**.

Phase 1: Baseline and Findings

The real spend baseline was rebuilt from invoices, contracts, and inventories. The technical approach was key to overcoming internal resistance and proving the opportunity with data:

- ✓ **Complete discovery:** Exhaustive analysis of invoices, current contracts, and inventories by business unit.
- ✓ **Unit value per service:** Defining the unit of measure used to audit every future saving.
- ✓ **Early proof point:** Early identification of unjustified charges that accelerated buy-in for the project.
- ✓ **Focus on the concentrated 90%:** Prioritizing the provider with the largest share of total spend.

Phase 2: Design and Execution

Beyond rate negotiation, RD worked on the real sizing of each service and right-sizing plans:

- ✓ **Mobile plan right-sizing:** More than 20,000 lines analyzed and reassigned by usage and profile.
- ✓ **Validated cancellations:** Removal of unused services, validated operationally before cancellation.
- ✓ **Data sizing:** Bandwidth adjusted to each branch's actual transaction volume.
- ✓ **Execution by tracks:** Mobile first (~4 months), then fixed-line and data (~6 additional months).

Phase 3: Audit and Control

Every identified saving was validated on the invoice before being reported. RD supported the client through the entire capture cycle, ensuring the improvements were sustained:

- ✓ **Invoice-by-invoice validation:** Every peso of savings audited against the provider's actual invoices.
- ✓ **Effective application control:** Monthly tracking of compliance with the renegotiated terms.
- ✓ **Spend governance dashboard:** Periodic reporting for the client with capture and projection metrics.
- ✓ **Post-project sustainability:** Review mechanisms and standardized policies to preserve efficiencies over time.

Results & Metrics

The project generated tangible, measurable savings across all three technology fronts:

+100M MXN Total project savings	~20% Reduction over baseline	+20,000 Mobile lines right-sized	3 fronts Mobile · Fixed · Data	2 contracts Benchmarked against market references	1 group Consolidated economies of scale
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The RD Difference

The project showed that large-footprint organizations—retail and banking—hold very significant structural savings opportunities hidden within long-standing commercial relationships. The key was a **line-by-line analysis of each charge**, not negotiating on the total.

RD works under a **success fee** model: 90% of fees depend on actual savings audited on the invoice.



What set this project apart

- ✓ **Group-level consolidated negotiation.** A single master agreement leveraged the combined economies of scale of retail, banking, and Afore.
- ✓ **Early proof point.** ~10M MXN a year found in a single item unlocked organizational buy-in for the project.
- ✓ **90% success fee model.** Fees fully tied to audited savings. Risk assumed by RD.
- ✓ **Technology transformation as leverage.** The ongoing SD-WAN migration became a negotiating argument, not an obstacle.
- ✓ **Three technologies in parallel.** Mobile, fixed-line, and data handled in coordinated tracks, with independent audits per line.
- ✓ **Rigorous post-impact audit.** Invoice-by-invoice validation of every saving captured by the client.

Qualitative Benefits

- **Effective negotiation in complex environments:** Tangible savings despite multiple approval layers.
- **Working on current contracts:** No waiting for expirations, keeping the operational relationship with each provider intact.
- **A complete view of spend:** Market references, inventory, and demand reviewed at the same time.
- **Governable savings:** Reductions in actual rates, not one-off adjustments that are hard to forecast.
- **Post-project sustainability:** Periodic review mechanisms and standardized policies with a multi-year effect.
- **Success fee model:** 90% of fees depend on actual savings validated during the project.

Conclusion

The Grupo Coppel case shows that large-footprint organizations—in both retail and banking—hold **very significant structural savings opportunities**, hidden within long-standing commercial relationships and inherited sizing.

The key was not asking for discounts. It was **rebuilding the baseline with data, challenging specific items on each invoice, using the technology transformation as leverage** instead of seeing it as an obstacle, and **consolidating the group's economies of scale** at a single negotiating table.

The **nearly 100 million pesos in savings** captured across data, mobile, and fixed-line services are concrete results. But the greatest value is the organizational learning: the group now has a replicable model for IT spend governance.



How much could your organization save?

RD is a leading IT spend management and optimization consultancy in Latin America, with a results-based commercial model (success fee).

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