

Cost Optimisation under Hermes Case Study



Background

Hermes UK is the biggest dedicated parcel delivery company in the UK, offering 7-day solutions and successfully delivering over 400 million parcels a year working on behalf of 80% of the UK's top retail brands. The company has delivered double-digit growth for the past 7 years.

In November 2020, a Private Equity (PE) investment took a majority stake in the business. This investment resulted in a “Carve-Out” from Hermes Europe creating an independent company with sharper strategic focus, accelerating growth and driving efficiency.

To enable the carve out, Hermes executed a “lift and shift” from the Hermes Europe data centres to public cloud. Some refactoring was taken into account, however, the primary focus was to exit the Hermes Europe data centres at pace in support of the investment. As a result, the value creation plan required cloud cost reduction and more efficient scaling as the business grows.



Challenge

Hermes conducted a rapid ‘Lift & Shift’ to AWS as part of the carve out resulting in pragmatic decisions that traded efficiency for velocity.

The value creation plan recognised these choices and required an urgent need to optimise the estate and reduce costs whilst providing a stable base to support business growth efficiently.

As the business grows the AWS estate must scale at a lower rate than business volumes and revenue, making IT margin accretive and the public cloud an enabler of business success.

Cost Optimisation under Hermes Case Study



Solution

Thebes Cloud Management was asked to conduct an initial, rapid discovery over 2 weeks to identify where to eliminate waste and optimise the AWS estate.

This led to a further 12 week engagement using our ATAI™ Framework (which brings together the best of breed practices from FinOps & Technology Business Management) and deploying cloud management tooling.

A comprehensive plan was formed in 4 weeks and was then successfully delivered rapidly over an 8 week period by our practitioners and Hermes staff.

Key to the success of the engagement, was our team forming trusted and collaborative relationships at all levels of the business and with the PE investor. At a tactical level, we worked with Hermes staff to ensure they were trained, enabled and empowered to deliver the savings.



Timescale

“ We successfully delivered in just 12 weeks by forming collaborative relationships at all levels of the business, working with them to ensure they were trained and empowered to deliver the savings. ”

Cost Optimisation under Hermes Case Study



Outcomes

The engagement delivered the following benefits:

Cost Reduction of the AWS estate by 22% (c.£900k), materially contributing to a wider value creation plan.

Achieved cost transparency of AWS cloud spend and identified the unit economics of products & services to measure business growth.

Supported Hermes in establishing its own FinOps capability to actively manage its estate for the future on a cost perspective.

Additionally, helped Hermes to accelerate remediation of significant portions of technical debt in its AWS architecture which simplified the environment, improved legacy solutions and avoided additional costs.

Client Testimonials

"In just 12 weeks, we saw a significant reduction in our AWS spend; this is critical to delivery of the value creation plan. We also now have an AWS estate that enables strategic growth."

Chris Ashworth – CIO, Hermes UK

"The aim of our 12 week engagement with Thebes Cloud Management was to reduce and rationalise our AWS estate and reduce our overall Cloud spend. Through their expertise and strategic partner approach, Thebes became trusted advisors and enabled Hermes to achieve a strong foundation for ongoing Cloud management that can be expanded to other areas of technology spend, on top of the very sizable reduction in AWS cost."

Belma Velic – Head of Office of the CIO – Hermes UK