

HIGH FINANCE HEADS TO THE CLOUDS

A Vertical Market Guide to Cloud Solutions for the Financial Services
and Banking Industries



INTRODUCTION

Cloud solutions continue to be one of the fastest-growing technologies in the financial services and banking industries, which have a precise set of compliance and regulatory needs that must be addressed.

As financial services firms make the transition from on-premise to cloud-based solutions and services, they are demanding reduced capital costs, increased business agility, seamless infrastructure support and maintenance and robust security.



More than 60% of financial firms are only in the formative stages of cloud adoption.



Nearly 50% plan to use a mix of on-premise IT with private and public clouds.



18% of firms plan to use private clouds while very few intend to host a majority of their applications or systems in a public cloud.



Only 3% of financial firms have a strict cloud policy in place.

The banking and financial services market is ripe for cloud adoption

COST SAVINGS

USAGE-BASED BILLING

The capital expenditure for infrastructure has always been a primary obstacle for major investment in new technology, regardless of industry. However, the regulatory burden on the financial services industry creates even greater cost concerns in order to comply with various government regulations at both federal and state levels.

With cloud solutions, financial institutions can turn a large upfront capital expenditure into a smaller, recurring operational cost. There is no need for heavy investments in new hardware, software and support personnel, which reduces the firm's IT footprint and operating budget.

Such cost savings allow financial institutions to meet their compliance burden and cut overall costs at the same time. This means greater resources can be applied to serving existing customers, finding new clients and adding new branches.

Reduced costs remain a powerful motivation behind cloud adoption in the Financial sector

14.3%

At 14.3%, the financial industry's IT spend as a percent of total costs is the highest of all industries.

7.3%

As a percentage of revenue, financial IT costs (at 7.3%) are nearly twice the average across all industries (3.7%).*

INCREASED BUSINESS AGILITY AND FOCUS

DYOPATH

Adopting a cloud-based model provides financial institutions with a secure and scalable platform that can handle mission-critical workloads while offering greater flexibility and performance. This results in shorter development cycles for new financial products and supports a faster, more efficient response to customers.

- Enhanced Productivity: Centralized, cloud-based applications enable employees to access business data anytime, from anywhere, on any desktop or mobile device. Such freedom boosts the productivity of mobile, remote and branch employees (even as it reduces IT costs and complexity).
- Improved Customer Service: Because employees can respond to customer needs regardless of location or time of day, they can ultimately offer better service and build stronger, more long-term relationships with their banking clients. Cloud features such as wi-fi access enable self-service functions for customers, allowing them to access information and conduct transactions while in the branch without having to wait in line or engage a teller.
- Streamlined Operations: By moving assets to the cloud, financial institutions can streamline operations and reduce costs, while boosting the utilization of existing resources. Desktops and software can be updated immediately, new applications can be integrated rapidly and since the cloud is maintained by a service provider, firms can eliminate the demands of maintaining on-premise servers, allowing them to focus on the business of financial services instead of managing IT issues.
- Faster Flexibility: Cloud solutions enable firms to adapt quickly and cost-effectively to sudden changes such as mergers or seasonal swings. Because cloud solutions enable anytime, anywhere access from any device, new or temporary employees can easily get up to speed without having to wait for their workstation or laptop to be set up. The cloud's rapid response time also enables new branches and remote offices to get up and running faster.

What are financial firms looking for in the cloud?

- 1) Increased transparency and better auditing controls (80%)
- 2) Flexible infrastructure capacity (68%)
- 3) Reduced time for provisioning (63%)
- 4) Better data encryption (57%)
- 5) CRM (46%)
- 6) App development (45%)
- 7) Email (41%)
- 8) Back-end services (20%)
- 9) Virtual desktops (14%)

SECURITY, COMPLIANCE AND CONTINUITY

Strict government regulations mandate that financial institutions must ensure data confidentiality, security, regulatory compliance, interoperability of standards and quality of services. With cloud solutions, financial firms gain a higher level of data protection, fault tolerance and disaster recovery than with on-premise servers. The cloud also provides a high level of redundancy and backup at a lower cost than traditional managed solutions.

The confidentiality and security of financial data and personally identifiable information (PII), as well as the stability of mission-critical applications, is paramount. To address these concerns, cloud solutions are engineered with state-of-the-art encryption, tokenization and other security controls. Application policies can be defined and managed at the data center level so that access is restricted based on employee roles and devices, ensuring data security without compromising user experience.

By keeping data secure in the cloud, rather than stored in multiple physical locations, financial firms can maintain complete and consistent control over business and customer data, and comply with all regulatory mandates. And because all data and applications are centrally located offsite, firms can maintain business continuity and productivity in the event of a disaster or other business interruption.



What matters most to financial firms looking to move to the cloud?

Data protection (75%)



Corporate governance (68%)



PCI-DSS (54%)



Government regulations (47%)



MARKET CHALLENGES

Financial firms remain apprehensive about critical data and proprietary assets being compromised on a public cloud, as well as customer data being misused or mishandled by a cloud services provider. Because financial services firms operate in a highly-regulated environment, any loss of customer data or assets could have disastrous implications for their business, including loss of customer trust, a tarnished brand and litigation from customers and shareholders.



Vendor lock-in and data availability are additional concerns for many banking executives. If a firm wanted to switch cloud providers, there is a perception that such a move would be costly (and risky).



These concerns are why it's critical to do business with a stable, well-established cloud provider with a good industry reputation and a solid track record on data security.



TREMENDOUS BENEFITS

DYOPATH

Financial services firms that rely heavily on IT-enabled services can benefit greatly from the features of cloud computing. Cost savings, scalability, faster deployment, virtualization of data, enterprise standardization and the ability to access data and applications anytime, from anywhere are all critical factors that can motivate financial services firms to adopt cloud solutions.

DYOPATH delivers custom, cloud-based data storage, backup and recovery and infrastructure solutions and services. Our solutions meet the demand for secure, efficient and reliable technology without tremendous capital outlay and long-term investments in an IT staff.



We've invested in the cloud so that you don't have to.