

Overcome challenges in financial services with effective cloud adoption

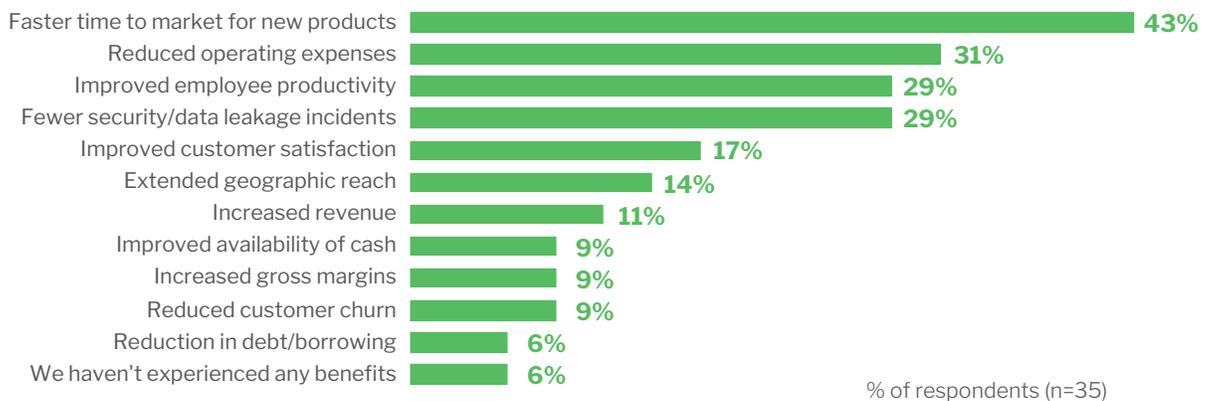
The 451 Take

Cloud technologies and platforms are driving transformation in banking and financial services as businesses in this sector identify cloud as a top enabler of innovation. While this change has been led by new digital challengers in the space – from Robinhood and Ally Bank to Apple Pay and Amazon – established banks and financial services firms increasingly rely on cloud to power customer-facing services and modernize existing operations.

Financial services organizations are under constant pressure to release new strategic products to market, but they are challenged by legacy infrastructure, regulatory restrictions and security concerns. Cloud can help address these issues while helping organizations achieve faster time to market. In 451 Research’s Voice of the Enterprise (VotE): Cloud, Hosting & Managed Services survey, time to market was the most commonly cited benefit to cloud adoption by financial services firms (43%), followed by reduced operating expenses (31%) and improved employee productivity (29%).

Faster Time to Market Top Cloud Benefit for Financial Firms

Source: 451 Research’s Voice of the Enterprise: Cloud, Hosting & Managed Services, Organizational Dynamics 2019
 Q. Which of the following benefits, if any, has your organization experienced as a result of your use of cloud services?



Many banks and financial services organizations have begun to experience these advantages as they use cloud in some capacity today. Responses to a 451 Research VotE survey indicate that 70% of financial services firms use SaaS/hosted applications, and 62% use IaaS/PaaS/public cloud. However, the VotE survey, which comprises responses from IT end-user decision-makers to understand their strategies for cloud platforms, indicates that financial services firms lag other organizations in cloud adoption, largely due to concerns about security. And most firms using cloud are just in the initial phase of implementing production applications.

Financial services firms tell us that successful application deployment in public cloud environments is dependent on other services, such as cost and performance optimization, threat detection and mitigation, and the ability to deploy apps across multiple availability zones. These organizations are willing to pay a premium for these sorts of complementary services and look to trusted partners to deliver more value to cloud deployments. Experienced cloud partners can also help enterprises fill skill gaps to effectively migrate infrastructure and applications from on-premises environments to the cloud, and help modernize applications to take advantage of cloud-native technologies.

451 Research is a leading information technology research and advisory company focusing on technology innovation and market disruption. More than 100 analysts and consultants provide essential insight to more than 1,000 client organizations globally through a combination of syndicated research and data, advisory and go-to-market services, and live events. Founded in 2000 and headquartered in New York, 451 Research is a division of The 451 Group.

Business Impact

CLOUD HELPS FINANCIAL SERVICES ORGANIZATIONS IMPROVE BUSINESS AGILITY. Nearly one-quarter (22%) of financial services firms told 451 Research that the lack of agility is a top challenge for their IT organization. Developers who work in financial services spend more time on the maintenance and management of applications that support existing business processes than developing new applications. With cloud services, developers can focus on the projects that drive competitive business differentiation and deliver faster time to market.

CLOUD SERVICE PROVIDERS (CSPs) HELP BANKS AND FINANCIAL SERVICES FIRMS MEET COMPLIANCE AND SECURITY REQUIREMENTS. CSPs offer a core set of security best practices and compliance controls out of the box, which helps financial services firms ensure their data is protected at rest and in transit. CSPs also support dozens of compliance programs at the infrastructure level, laying the groundwork for users who need additional compliance controls. CSPs often provide access to blueprints and tools that users can use to define and enforce both internal policies and external regulations. In 451 Research's VotE survey, 72% of financial services organizations identified security expertise as an important skill for managing their organization's cloud computing environment.

CLOUD ADOPTION HELPS FINANCIAL SERVICES ORGANIZATIONS ATTRACT AND RETAIN TALENT. Financial services firms that use cloud services deliver an improved employee experience that helps them attract and retain top talent. SaaS applications allow employees to collaborate, enhancing the quality of work while decreasing the amount of time it takes to complete projects. According to 451 Research's VotE survey, 29% of financial services organizations said that employee productivity is a benefit to cloud adoption.

Looking Ahead

From improving employee productivity to supporting faster time to market for new products, cloud services offer a range of business benefits that are critical to banks and financial services firms in an increasingly competitive market. Successful cloud adoption today will support more innovation in the future, and it will allow financial services organizations to consistently deliver new products that respond to customers' changing expectations.

Financial institutions will need strategic partnerships in order to modernize legacy applications and push more production workloads into the cloud. This process of migrating applications from on-premises infrastructure to cloud environments can be challenging, but this is where the right partners can add a lot of value. CSPs are not only able to augment in-house IT capabilities, but they can also improve outcomes around cloud migration, security and performance, and provide ongoing support and management.

Organizations that fail to transform their operations through cloud services and cloud-native technologies will face disruption by new digital-native entrants, including FinTech and BigTech firms, as well as savvier financial services competitors that are more aggressive with cloud adoption. Organizations that embrace cloud services now will benefit from more engaged partners while reducing customer churn. Cloud services drive business agility to help organizations quickly respond to disruptive market trends and build a better competitive position overall.

HITACHI
Inspire the Next

Financial institutions can use cloud to keep pace with a rapidly evolving market by expanding their IT infrastructures to support strategic new offerings. A hybrid environment helps the banking and financial services industry incorporate elements of public cloud and on-premises IT infrastructure to align resources with their business objectives.

Hitachi Vantara provides the most comprehensive approach for hybrid and multicloud to achieve faster deployment, the highest operational and cost efficiency, and maximum business effectiveness.

Connect with Hitachi Vantara Cloud experts [here](#) to plan and implement a successful cloud strategy.