

MODERNISING OPERATIONS AND CUSTOMER INTERACTIONS IN THE FINANCIAL SERVICE INDUSTRY

FSI's recent acceleration to the cloud has outpaced any other industry, facing both new opportunities and challenges. Can the right solution provider ensure successful outcomes?

FROST & SULLIVAN VISUAL WHITEPAPER

CONTENTS

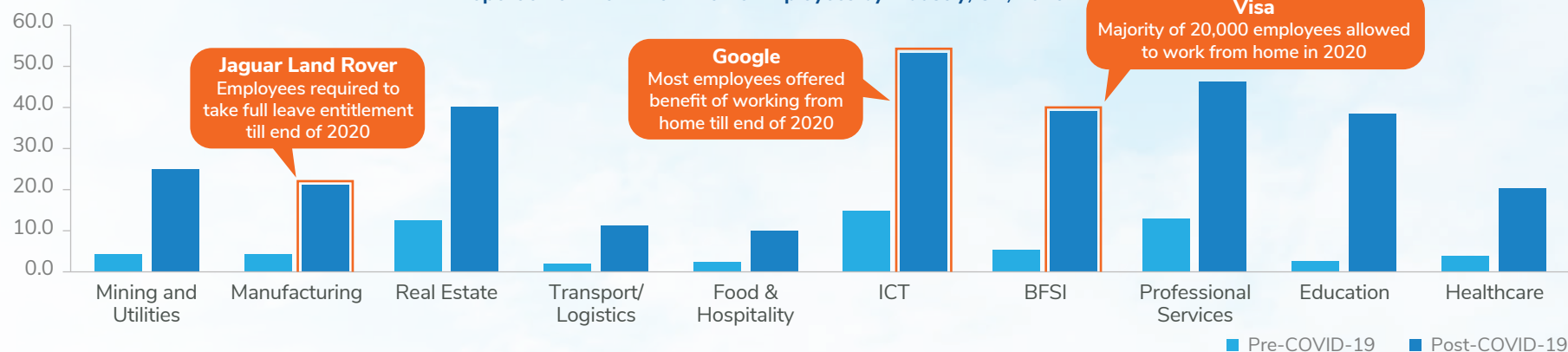
- 3 Will global events forever alter data management and interaction?
- 4 FSI cloud adoption soars, outpacing other industries in their quest for modernisation
- 5 Migration to cloud complex, but necessary, for banks and financial services
- 6 Internal technical challenges increasingly test the ability of banks to fully leverage technological innovations
- 7 How to address FSI's reigning cloud challenges
- 8 Steps for smart FSI cloud adoption and business modernisation

Will global events forever alter data management and interaction?

In 2020, the world experienced unprecedented increases in data generation, utilisation, and management challenges. Work from home mandates and other public restrictions drove the need to digitalise customer and employee interactions, a trend that is expected to persist. The UK in particular experienced a leap in data usage, leading to higher-than-average cloud adoption.

FSI AND TECH HAD THE MOST INCREASE IN WORK FROM HOME¹

Proportion of Work-from-home Employees by Industry, UK, 2020



Internet usage doubled in the UK in 2020²



Cybersecurity breaches

were reported by nearly **40%** of UK businesses in 2020³



- 34% of UK businesses said volume of data grows at least 25% per year

- 33% of UK businesses said volume of data grows at least 50% per year⁴

ADOPTION OF CLOUD INFRASTRUCTURE WAS HIGHER IN THE UK THAN THE AVERAGE BY MAJOR REGION⁴

What percentage of software applications deployed in your organisation is hosted in the following environments?

	UK	North America	Europe (inc. UK)	Asia	Latin America
Public cloud/hosted private cloud	55%	51%	51%	49%	47%
Organisation-managed infrastructure (e.g., on premises data center, edge/ branch, co-location)	45%	49%	49%	51%	53%

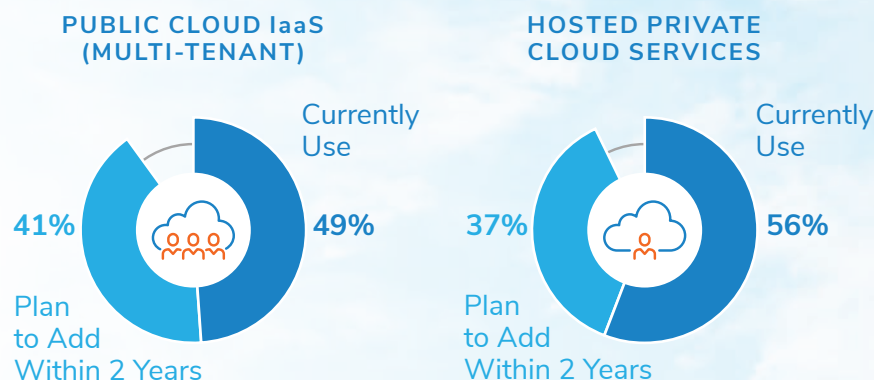
Sources: ¹Frost & Sullivan's Impact of Work-from-home on Mobility Patterns, Scenario Analysis, 2030; ²Openreach; ³UK Cyber Security Breaches Survey 2021

⁴Frost & Sullivan's 2020 Global Cloud Users Survey, December 2020. N=1621 globally

FSI cloud adoption soars, outpacing other industries in their quest for modernisation

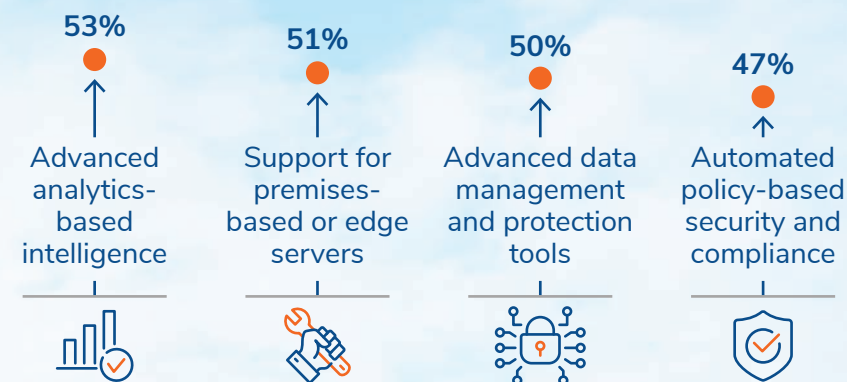
Banks and financial service industry companies (FSIs) are migrating to the cloud at record rates. About half of all FSIs already use public or private cloud services; this is expected to reach 90% by 2023.

USAGE OF CLOUD SERVICES



Providing value-added services is an important feature of a partnership with a hybrid cloud provider. Over half of financial institutions in 2020 sought help with advanced analytics and cross-infrastructure support.

HIGHEST-VALUE FEATURES OF A HYBRID CLOUD PLATFORM (FSI Globally)



CLOUD ADOPTION IS HIGH

Banks and other financial entities are already among the highest users of hybrid cloud, the adoption of which grew an additional 8% in 2020. **Multi-cloud adoption for financial firms soared by 70% in 2020.**

IS EVERYONE ABOVE AVERAGE?

Eighty-three percent of financial industry IT and business leaders believe they are more digitally advanced than their competitors.

This indicates a level of over-confidence in the industry, underestimation of the competition's capabilities and, potentially, great risk of falling behind.

MORE WORKLOADS ARE IN THE CLOUD

The percentage of new workloads being run in the cloud is growing faster for the banking industry than others, **expanding 4% more quickly than businesses overall by 2025.** The financial sector is already ahead, with over half of new workloads run in the cloud as of 2020, whereas the reverse is true when looking at all industries combined.

Migration to cloud complex, but necessary, for banks and financial services

The speed and agility of the cloud help FSIs recognise increased efficiencies with internal processes and enables them to create innovative and competitive customer experiences. The stay-at-home orders in 2020 that forced both workers and customers into virtual interactions over in-person ones further accelerated banks' digital transformation strategies.

However, banks have unique requirements when compared to many other industries that complicate their ability to pursue the advantages of the cloud:



Highly regulated markets often compel banks to retain some proportion of on-premise data storage and utilisation.



Protecting vast quantities of personally identifiable information (PII) makes banks major targets of cybercrime.



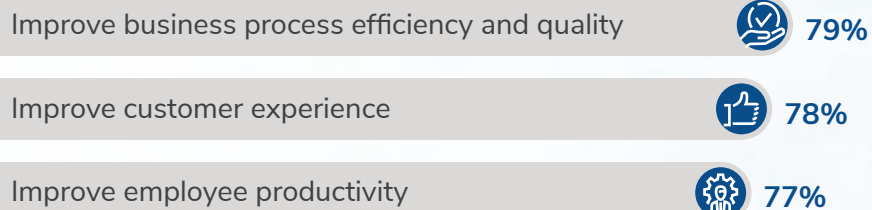
Complex technical know-how needed to migrate to the cloud lies outside the main core competencies of many banks.



Competitive pressures and technical challenges meant that in 2020, the priorities for banks leaned more toward innovation and data utilisation than they did for other industries.

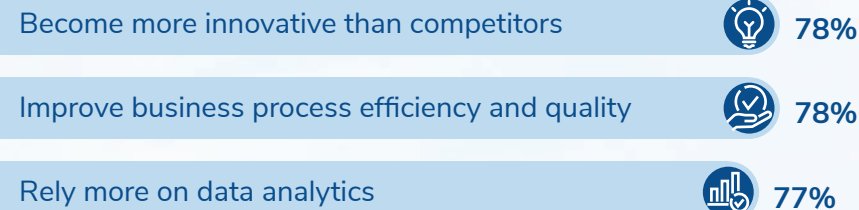
TOP BUSINESS GOALS IN 2020—ALL INDUSTRIES

Strategic Business Goals Rated "Crucial" or "Very Important"



TOP BUSINESS GOALS IN 2020—BANKS

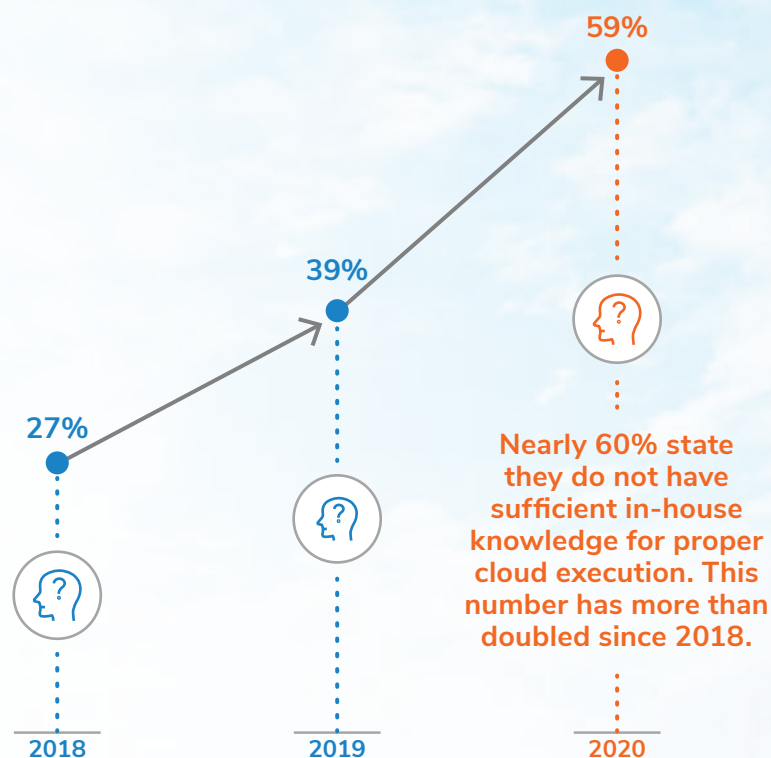
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Internal technical challenges increasingly test the ability of banks to fully leverage technological innovations

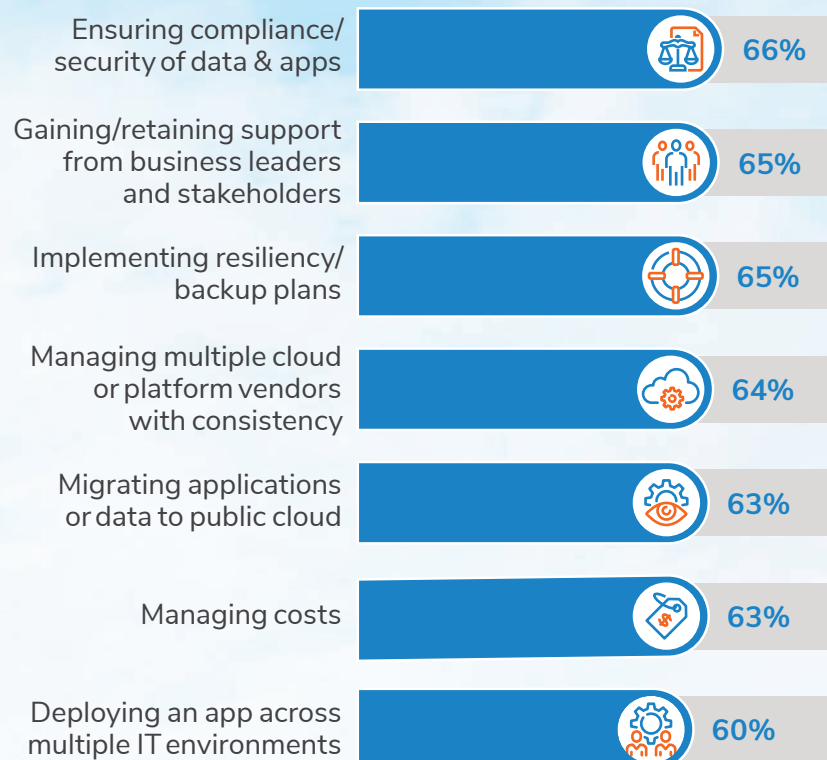
Banks demonstrated strong confidence in the progress made with digital transformation, but this begins to falter when looking at their own capabilities.

FINANCIAL FIRMS CITING INSUFFICIENT EXPERTISE AS A SIGNIFICANT HURDLE TO CLOUD IMPLEMENTATION



Banks cite a multitude of challenges with cloud implementation, ranging from security and compliance issues to managing multiple cloud partners.

IMPLEMENTATION CHALLENGES



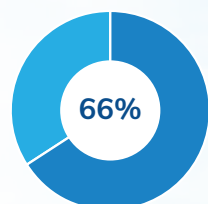
How to address FSI's reigning cloud challenges

Banks recognise how critical it is to be innovative and keep data secure, but also their technical limitations in meeting these goals.

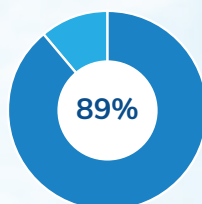
Eighty-four percent of UK enterprises with cloud services use, or plan to use, third-party cloud experts. Advanced cloud solution providers such as NetApp work with FSIs on their direct needs as well as offer greater organisational visibility through a “single pane of glass” offering.

Data compliance and security is critical for proper FSI cloud implementation. In the UK, 66% of businesses cite security as their major cloud-related concern. Eighty-nine percent of global IT executives in FSI reported an increase in cyberattacks in 2020.*

IMPLEMENTATION CHALLENGES OF FSIs



UK enterprises say security is top cloud concern



Reported more cyber attacks in 2020

LEADING SOLUTION

NetApp Cloud Manager delivers a SaaS-based, single pane of glass control plane, enabling integrated cloud compliance and cloud security solutions to automatically ensure data and apps are safe and compliant. As a result, FSIs can focus more resources on innovation, services and operations.

Ensuring optimal data backup and recovery from the cloud is the number one service that FSI businesses seek from a cloud partner. As with security, hyperscalers typically put the onus of data backup and recovery on the client.

MOST POPULAR MANAGED/ PROFESSIONAL SERVICES, GLOBAL

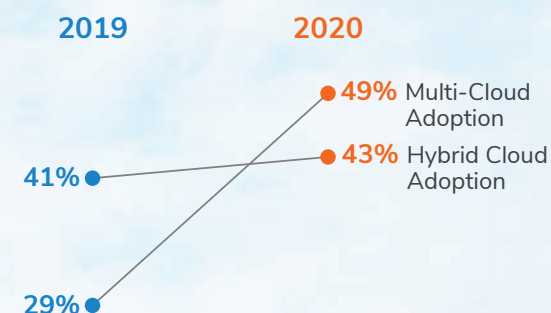


LEADING SOLUTION

FSIs can leverage backup services from their advanced cloud service providers, such as NetApp's Cloud Volumes solutions that work across hyperscalers and workloads.

Managing a multi-cloud environment has become critical to FSIs as nearly half (49%) employ multi-cloud services. However, 34% say they have challenges moving to the cloud, and 67% have repatriated workloads back on-premises.

FINANCIAL FIRMS USING HYBRID AND MULTI-CLOUD SERVICES, GLOBAL



LEADING SOLUTION

Leveraging the powerful data management capabilities of NetApp ONTAP®-based solutions, FSI customers can efficiently build and manage a multi-cloud environment either on-prem with AFF, near-prem with NPS and in the cloud with CVO, without the risks of data silos.

Steps for smart FSI cloud adoption and business modernisation

Businesses within the FSI space may struggle with data management, and have the added challenges of being heavily regulated, highly competitive, and major targets for cybersecurity threat actors.

STEP 1

Data has to be fully protected yet fully accessible, wherever it lives and works

To remain competitive as data and technology advance, FSIs must shore up their operations regardless of data infrastructure and utilisation, including:

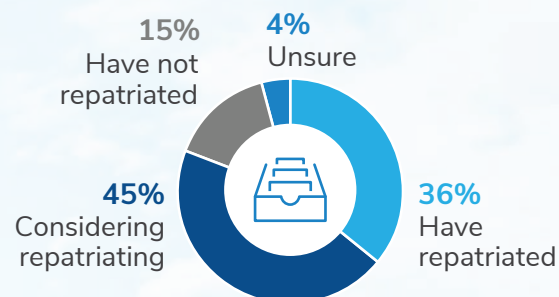
- ▶ Hyperscale clouds, on-prem, and hybrid
- ▶ At the edge, server, mobile devices
- ▶ As back-up or in action.

STEP 2

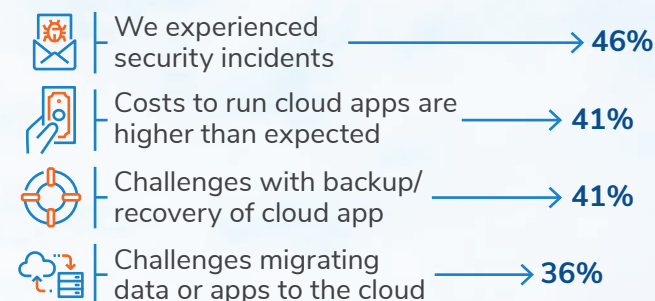
Leverage cloud advantages whilst limiting risk

Banks and financial institutions are a cornerstone of the national economy; their focus and efforts need to be on providing high-value services with the greatest security and availability. FSI businesses are well-suited to work with partners who understand the industry's need for secure, compliant solutions, and thereby provide the right tools for data storage and management. This can help avert costly repatriation, security challenges, and help keep costs aligned with expectations.

WORKLOAD REPATRIATION FROM CLOUD TO PREMISES, (UK, ALL INDUSTRIES)



REASONS FOR REPATRIATING A WORKLOAD, RANKED (UK, ALL INDUSTRIES)



STEP 3

Engage the right partner to remain competitive in the face of new challenges

Is the organisation prepared for the increasing onslaught of data generation and cybersecurity attacks? Can it be certain that all data, apps, and systems will always comply with evolving regulatory demands? Does the current data and security strategy scale easily for growth and expansion? To remain competitive and allow their focus to be on outcomes and innovation, FSIs must work with a cloud partner that provides technology-driven tools to keep roadblocks at bay.



NetApp is a cloud-led, data-centric software company. We help the largest financial services companies—including retail banking, capital markets, hedge funds and insurance—to take advantage of their vast volumes of readily available data to improve business performance and efficiency. Our offering covers the full range of capabilities required to build and manage the unique data fabric, which provides a common framework to simplify the integration and orchestration of data services on-premise and in the cloud. NetApp unlocks the best of both.

F R O S T  S U L L I V A N

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