

Hybrid cloud offers greater flexibility and lower costs for banking sector

Digital disruption enhances the need for banks to satisfy the demands of increasingly connected customers. Competition for the digital consumer has driven banks to offer more personalized services using a multitude of channels and devices.

On-premise solutions that are not scalable enough to deliver the needs of the on-demand consumer have driven migration to the cloud, causing transformation in operational processes, development, and services. For years, banks have used the cloud for noncritical systems such as email, customer relationship management, and application development. With the independence offered by cloud adoption to quickly add compute, unique product lines, and divisions within, banks have pursued different cloud providers, resulting in inconsistent tools and procedures for monitoring, orchestration, and management. Critical transacting applications (deposits, loans, etc.) have largely remained in place because of perceived security risks and the cost of modernizing these systems. Over time, with the cloud becoming more important to IT environments, providing new agility to application development along with enterprise tooling, these core functions became monoliths in data centers, with brittle code that can inhibit the responsiveness that consumers want.

As competition and expectations have increased, many firms are considering ways to rethink cloud as an enterprise strategy that achieves high operational flexibility and scalability for critical functions. With the promise of faster time to market for innovative products and services, cloud operations for critical workloads have become an attractive way to decrease costs and improve operational efficiency with flexible, modern application development processes that include security and resiliency.

A hybrid cloud strategy draws on well-established controls in the datacenter, protecting desired business functions in a private cloud while extending other functions to the scalability of off-premise public cloud infrastructure. Hybrid cloud involves using a combination of public and private clouds with some degree of workload portability between the two. Hybrid cloud provides the ability to choose which data, applications, and services are kept behind corporate firewalls. The added flexibility and compute power improves internal efficiency, lowers costs, and enhances the agility needed to accommodate future digital evolution. Using hybrid cloud concepts and tools applied to more than one public cloud (i.e. multi-cloud implementation) can benefit from outstanding approaches to application development and enhancement. The key is to develop a single strategy that readily supports the bank's ability to change configuration and adjust with demands.

Organizations that want to maximize their cloud strategy for current needs while preparing for future change should consider the following:

Synchronize the enterprise

- Do you struggle with custom tooling to orchestrate interoperability between various lines of business?
- Do you have applications running in one environment that need to be reconfigured to run in a different environment?
- Can you get data and dashboards across your cloud environments for business decisions, insights, and analytics?



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- Are you concerned with your ability to adapt and scale up quickly across all critical environments in response to high demand or failover?
- Do you want to mitigate the cost of maintaining substantial infrastructure and choose where your data is processed and stored?

Consider a hybrid cloud strategy for a consistent enterprise-wide cloud platform that offers interoperability across the business between on-site and public cloud infrastructures, allowing you to respond to requests, deploy new tools, and limit disruptions with a highly scalable environment.

Drive business innovation and efficiencies

- Do you want to take advantage of the scale public cloud offers but are hampered by existing legacy applications?
- Are you looking to provide a Kubernetes-based orchestration framework for your DevOps teams to create and administer containers and microservices across the enterprise consistently?
- Are legacy systems an obstacle to obtaining the reliable data needed to build tailored financial services for digital-savvy customers?
- Have you considered using public and private clouds to deliver innovative services to customers, predict problems, and prevent business disruptions more reliably and quickly?
- Are you challenged with using public environments and unable to take advantage of consumption-model pricing to help eliminate overspending on unused hardware?

A hybrid cloud solution may help your organization economically deliver innovation. By using a wider set of technology that is consistent across the data center and public cloud(s), you can foster better collaboration, more secure tooling, and personalized products and services that can be adjusted more dynamically.

Enhance security and ease compliance efforts

- Are your bank's current infrastructure and capabilities limiting your ability to detect and address new risks and vulnerabilities?
- Are you confident that you can apply security and organizational policies consistently across clouds that you have now or plan to use in the future?
- Are you restricted to specialized data centers due to heightened security or regulations that limit where customer data is stored?
- Is it daunting to meet evolving regulatory reporting requirements in multiple operating jurisdictions?
- Might you benefit from a solution that helps monitor key performance metrics to identify potential issues which can initiate proactive activities to address them?

Consider using a hybrid cloud approach that includes policy and governance by design. While individual cloud providers may offer elevated security protocols specifically designed for financial services, they each require prescribed, proprietary tools that make it difficult to monitor across all environments holistically. By using an enterprise-wide hybrid cloud, you can better apply the systems and controls you need to stay compliant across a range of cloud environments and software.

Attract new talent and promote new ways of working without vendor lock-in

- Are new solutions and capabilities being delayed or rejected because resources lack the necessary tools or skills?
- Do you struggle with aligning tech development with business needs or with aligning newly created services to revenue-generating activities?
- Do you need to foster participation so that application development teams can spend more time on strategic investment activities, removing them from maintenance projects?
- Have you considered adopting a hybrid cloud strategy to improve development time with access to necessary tooling?
- Will your infrastructure strategy adapt to marketplace changes without having to re-platform when moving from one vendor to another?

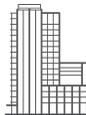
Hybrid cloud represents an opportunity to reskill teams to the tools they want to become proficient in, so you can develop and extend talent to prioritized projects across the business. Hybrid cloud, along with containers, microservices, and cloud-native development tooling that is inherent with enterprise hybrid cloud strategy, allows your bank to deploy modern technology environments regardless of provider.

Next steps and how Red Hat can help

Hybrid cloud is not just helping banks innovate IT strategy, it is also helping firms build flexible, secure enterprise capabilities and services that address strategic business imperatives while remaining competitive among peers and financial startups. By creating customer insights and experiences, hybrid cloud adoption will become instrumental for improving time to market of new innovations, productivity improvements, and enterprise-wide efficiencies with automated security and resilience that you can bank on—today and in the technology future to come.

[Learn more about the benefits of hybrid cloud in banking and financial services.](#)

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