

This IDC Roundtable at a Glance provides a snapshot of the key insights and takeaways from the second in a series of digital roundtables co-hosted by IDC, Red Hat, and Intel.

Benefits of Standardization in Real-World Hybrid Cloud for Financial Services

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Written by: Clay Miller, Senior Executive Advisor, Financial Insights, IDC Asia/Pacific

Introduction

The Cloud Council for Financial Services continues its work to assess the acceleration of cloud in Asia/Pacific banking and insurance, with a focus on the real-world benefits of standardization in hybrid cloud deployments.

As part of the goal in this continued roundtable series to help organizations progress in their cloud journey for more secure, scalable, resilient and available IT services, IDC took a closer look at cloud standardization tools, capabilities, and services, to ensure that workloads are primed for different cloud environments.

Four key takeaways stand out in terms of what industry cloud leaders and their roundtable peers view are driving greater cloud standardization efforts:

- » Standardization assures intended outcomes for cloud services from various cloud environments.
- » Organizing standardization efforts in the use of a technology stack helps accelerate the cloud journey as it brings multiple layers of tools, capabilities and services, for infrastructure as a service (IaaS), platform as a service (PaaS), and software as a service (SaaS).
- » Standardization goals are to support real-time connectivity, data, and workflows while ensuring that the standards are inclusive of cloud architecture, security, governance, and performance.
- » It is about reducing the IT operational burden in managing hybrid cloud.

AT A GLANCE

DIGITAL ROUNDTABLE

October 14, 2021

Roundtable theme: *Benefits of Standardization in Real-World Hybrid Cloud*

SPEAKERS

- » Michael Araneta, Associate Vice President, Head of Advisory and Research, IDC Financial Insights Asia/Pacific, as moderator
- » Clay Miller, Senior Executive Advisor, IDC Financial Insights Asia/Pacific
- » Arvind Swami, Director, Financial Services, Asia/Pacific, Red Hat
- » Vincent Caldeira, Chief FSI Technologist, Asia/Pacific, Red Hat
- » Elise Stanberg, Financial Services Industry Lead, Intel

Standardization for an optimal cloud environment

The benefits of standardization extend throughout the entire cloud journey. By leveraging standardization for cloud, financial services institutions can take advantage of more comprehensive hybrid and multicloud strategies.

Almost all roundtable attendees expect to operate in hybrid and multicloud environments, with hybrid cloud as their ultimate goal. Hybrid cloud is seen as the optimal environment in which a single application or workload runs seamlessly across different cloud environments, leveraging a standard set of tools and processes. Further benefits include better scalability, adaptability, extensibility, and manageability. However, standardization must consist of a big picture perspective encompassing architecture, security, governance, and real-time availability.

As one council member shared, “There are significant benefits that we have seen from cloud standardization, and we made choices from the beginning to standardize. Top of our list of cloud priorities are standardization, security, and the protection of personally identifiable information.”

It is recommended that organizations adopt cloud tools and platforms that focus on standardized capabilities to better manage all cloud services and components. Technical requirements should drive standards to meet customer needs. A standardized cloud technology stack can be effective across multiple layers of tools, capabilities, and services. The future technology stack must deliver real-time connectivity, data, and workflows while ensuring that the standards are inclusive of cloud architecture, security, governance, and performance.

A big proponent of standards is global chip manufacturer Intel. Elise Stanberg, Intel’s Financial Services Industry Lead, shared, “Standards are essential to ensure that you don’t have any glitches or outages within your organization. That means with standards, you can get things done faster and in a more concise way.”

“In the rush to migrate applications and workloads to cloud, standardization may not be top of mind. But as cloud standardization continues to mature within an organization the need to have a strong Cloud Build Team evolves as well.”

Michael Araneta,
Associate Vice President,
IDC Financial Insights

Standardization via a technology stack brings multiple layers of tools, capabilities, and services

The cloud technology stack extends current compute capabilities to support applications modernization, virtualization, and migration from on-premises data centers to cloud. There continues to be significant modernization efforts of legacy application workloads to cloud. The demands are dynamic and provide intended outcomes for what, how, and when cloud offers the best migration possibilities from legacy for banks and insurers.

Selecting which legacy applications and workflows to move to cloud depends on multiple factors. And making the right decisions on whether to replatform, refactor, rebuild, or retire requires careful planning.

One banking council member noted, “If you have a multicloud solution, you ultimately want to have the ability to move workloads from one cloud to the other. You get the most benefit from consuming native cloud services via a standardized technology stack.”

The use of standards of the technology stack will complement the optimization of applications and workloads by leveraging microservices and containers and the further adoption of SaaS. The experience gained from SaaS will enable financial institutions to fortify their capabilities as they adopt even greater cloud capabilities.

Indeed, technology complexities have an impact on productivity. According to one Hong Kong insurer, its team of applications developers wasted time due to infrastructure complexities. Noting the results of an internal survey of applications developers, he said, “They wanted more standards-based platforms and tools so that they can focus on development activities and not have to worry about the infrastructure.”

Standardization to support real-time connectivity, data, and workflows via microservices and containers

By 2023, 70% of IT organizations, as a pillar of their IT multicloud approach, will have implemented strategic microservices and container strategies. The proliferation of microservices architecture will also break down applications into more efficient, deployable cloud components. Automation and self-service provisioning are at the heart of cloud computing. Users can select from a service catalog, requiring minimal intervention from the cloud provider. The goals are to spend less time provisioning infrastructure, and to bring products to market faster.

It is crucial to continue modernizing legacy systems with a view on cloud as part of the cloud architecture of the future. In addition, legacy code is often highly inefficient, and moving to the cloud can be expensive. If legacy systems can't work on cloud, then adopting a hybrid model is the best approach.

For most of the roundtable attendees, their portfolios of applications leverage containers and cloud-native applications, which enable horizontal cloud scalability. This allows them to leverage standards for portability and distributed processing to extend automation to the far edge.

Relieving the complexity burden

Reducing complexities and simplifying cloud are areas in which IDC Cloud Council members have learned much and are striving to master.

Vincent Caldeira, Chief FSI Technologist, Asia/Pacific, Red Hat, highlighted the need for practical uses of standards to drive efficiency. “In my work with customers and partners across the region, focus on standardization over the past 12 months has been improving, resulting in more efficient interaction between the development and platform teams,” he said. “And the key question is: *How are you able to leverage the standards and use them most effectively?*”

Financial services institutions are encouraged to approach the legacy versus cloud conundrum by considering all aspects of cloud economics. The idea is to simplify and reduce complexities by leveraging hybrid cloud variability to ensure agile business outcomes via containers and microservices.

IDC Financial Insights research shows that 80% of businesses currently use or plan to deploy SaaS. The experience gained will enable organizations to fortify their capabilities as they adopt more cloud capabilities.

“As financial services customers continue to transform across Asia/Pacific, they are seeking ways to operate with simplicity whilst working with a set of best-of-breed open source technologies to unlock the true value of hybrid cloud.”

Vincent Caldeira,
Chief FSI Technologist, Asia/Pacific,
Red Hat

Future-proof the business by learning from industry cloud leaders

To better understand the cloud practitioner's point of view, Red Hat and Intel commissioned IDC to document the experiences of six financial institutions further down their cloud journey. Their experiences offer 10 practical lessons on what works when leveraging cloud, as shown in Figure 1.

Figure 1: **10 lessons learned from the cloud trenches**



Source: IDC InfoBrief, sponsored by Red Hat and Intel, *Fast-Moving Clouds*, August 2021, Doc #AP241258IB

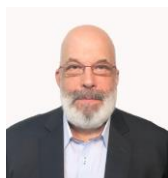
Beyond this topic on cloud standardization, IDC Financial Insights has identified a further comprehensive list of best practices for cloud practitioners. The continued acceleration of cloud, and the desire to move faster to cloud, underscores the importance of reducing cloud complexity. And the importance of standards is just one of many areas necessary to achieve maximum cloud business value. Success is based on a comprehensive cloud plan and strategy, overcoming challenges around operational management, transitioning from legacy applications to microservices and containers, and then optimizing cloud expenditures and resources.

Stay tuned

IDC Financial Insights will continue to explore these topics in future Industry Cloud Council roundtables and the top priorities that banks and insurers face on their cloud journey.

The next digital roundtable, ***The Need for Evolving the Security Model in a Cloud-First Strategy***, delves into the most common approaches to get to cloud fast, and why those might not be enough, as well as the components and considerations of a cloud-first security model. IDC, Red Hat, and Intel continue to explore the best practices from the industry's early adopters on what it takes to make cloud security work.

About the Analyst



Clay Miller, Senior Executive Advisor, Financial Insights IDC Asia/Pacific

Clay Miller is a senior executive advisor and part of the IDC Financial Insights Asia/Pacific team. His key focus areas of research and advisory are cloud, agile, DevOps, artificial intelligence, and core banking transformation. Clay leverages his over 30 years of experience to advise C-level executives in Asia. He was the former executive VP and chief technology officer (CTO) of JP Insurance in Thailand. He was part of JP Insurance, the first Thailand insurance company that operated 100% on cloud and leveraged insurtech and leading-edge technologies. He also worked as CIO and chief human resource officer (CHRO) for luminary companies, such as IBM, AMD, Motorola, Kulicke & Soffa, Lattice Semiconductor, and Paradigm Geophysical.



IDC Asia/Pacific

83 Clemenceau Avenue
#17-01 UE Square West Wing
Singapore 239920
T 65.6226.0330
Twitter @IDC
idc-insights-community.com
www.idc.com

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