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**CLOUD GROWTH IN HIGH GEAR FOR
FINANCIAL INSTITUTIONS**

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A Review of the 2019 Unisys Cloud Success Barometer

Financial institutions of every type and size are embracing cloud environments. They are migrating according to a careful examination of the benefits cloud-based services can offer and the investments and risks associated with such a migration. Some institutions use cloud services extensively, while others are more measured in their overall cloud deployment strategies. Some use public cloud services, while others build their own private cloud environments. And some have a blend of legacy on-site systems and cloud services. Regardless of the deployment of cloud services, each organization makes its decisions based on current and future business needs, product development and overall growth strategies, and commitment to regulatory compliance and best-in-class customer service.

Indeed, migrations to cloud environments by financial institutions are on the rise. But are migrations to cloud environments meeting the expectations of financial institutions? These expectations are based on a number of factors, such as ease of migration and deployment, availability of features and services that mesh with the institution's goals and priorities, security management, flexibility of new product and service development using APIs (application programming interfaces), and positive cost-benefit results.

Unisys recently unveiled results of its Unisys Cloud Success Barometer™ which examined trends and developments in the financial sector. The “Barometer” is a calculated measurement of how well financial institutions are performing according to three specific metrics:

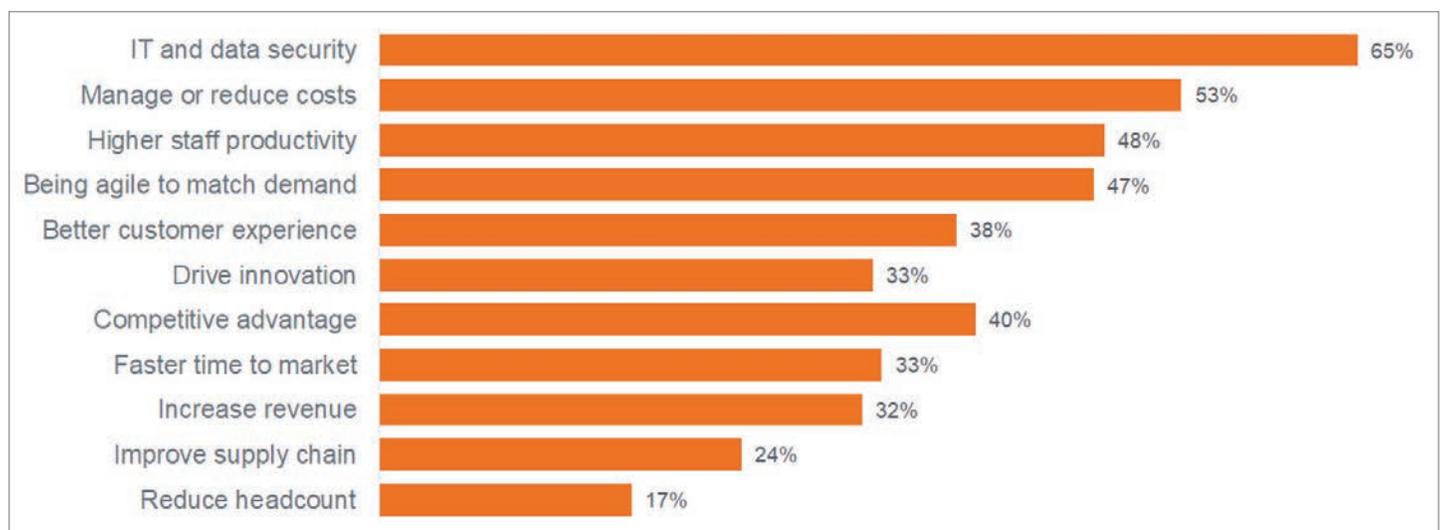
- **Cloud as a way to improve organizational effectiveness** – Cloud is no longer just an IT issue; in fact 83% of those surveyed in the financial sector said cloud resources were core to their business strategy and the technology moderately or greatly improved their organizational effectiveness. This compares to only 60% of those surveyed in which cloud was not core to their business.

- **Investment in cloud improves organizational effectiveness** – 80% of those surveyed who plan to spend substantially more on cloud computing in 2020 already reported seeing their organizational effectiveness change moderately to greatly for the better.
- **Third party support improves cloud migration results** – 27% of surveyed organizations said they were more likely to report a great or moderate increase in organizational effectiveness vs. those who handled the cloud migration process internally.
- **Leverage agility** to better meet market/customer demands using cloud apps, tools, and infrastructure

The Barometer further demonstrated that financial institutions that migrated to cloud technologies have been positively impacted in six key business criteria:

- **IT and data security** – Financial institutions who responded to the survey stated they increased security to IT assets when using a cloud environment.
- **Higher staff productivity** – Financial institutions noted that the use of cloud-based resources had a positive impact on employee productivity.
- **Being agile to match demand** – Financial institutions were confident they increased their agility in responding to market opportunities when using cloud-based resources.
- **Competitive advantage** – Financial institutions general agree that the use of cloud-based services increases their competitive advantage.
- **Increase revenue** – Financial institutions have been able to demonstrate that the use of cloud-based services can increase revenues.
- **Manage or reduce costs** – Financial institutions have been able to better manage and even reduce costs through the use of cloud-based services.

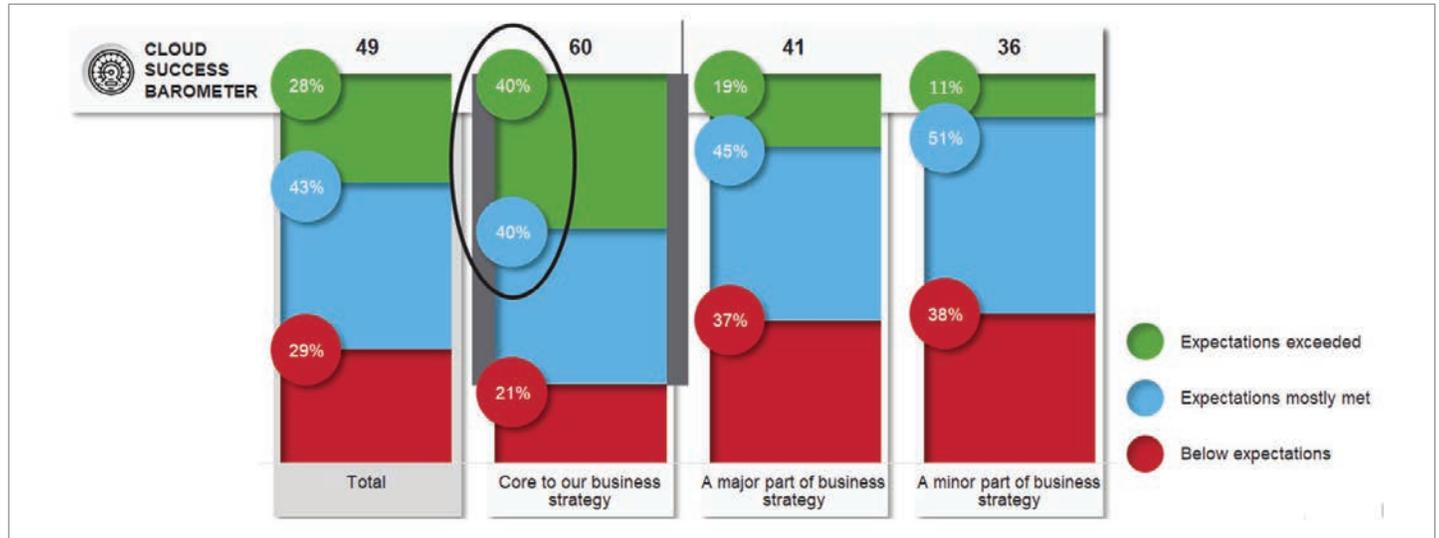
The following graphic depicts the most important business criteria for financial institutions. It shows the percentage of respondents who said their decision to migrate to cloud technology was driven by various business and operational factors:



The Barometer's results clearly show that a migration to cloud technology generates significant benefits to financial institutions.

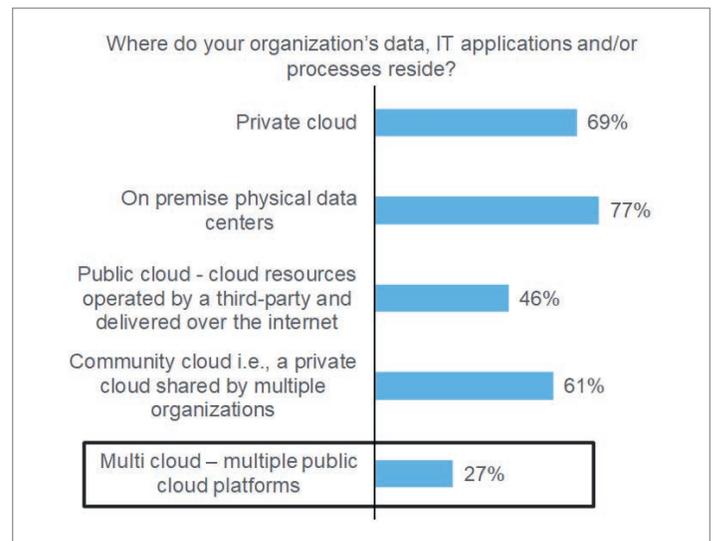
Meeting Expectations With Cloud Technology as a Core Technology

Financial institutions are major users of technology, and any advance that gives them a technical and/or competitive advantage is likely to be used. The following graphic underscores this by demonstrating that 80% of institutions using cloud technology as a key element of their core business strategies have had their expectations met.



Multi-Cloud Solutions Not yet Embraced

It's a well-known fact that financial institutions, despite their embrace of cloud technologies, still manage legacy technology environments. While this is likely to change in the coming decade, two key points identified by the Barometer are that financial institutions 1) are likely to continue deploying and managing physical data centers, and 2) they will continue to utilize single-cloud environments, whether internally or externally provided. Slightly over one quarter of the organizations surveyed indicated they were using multiple clouds as part of their technology operations. From an IT perspective, financial institutions are clearly taking prudent and measured steps in the evolution of their technology environments. Single-image cloud-based solutions will play an increasing key role in achieving business goals, and the use of multiple clouds shows that the technology will indeed play a greater role in the coming years.



Notes on the Cloud Success Barometer

Unisys contacted 1,045 business leaders in the U.S., of which 728 were IT leaders and 317 were senior business leaders who are sole or joint decision makers for their organization's technology decisions. Unisys conducted online interviews across 13 vertical markets during August and September 2019.

We analyzed responses from 155 financial services executives, and assumed the respondents were familiar with cloud computing.

The survey measured how well organizations were meeting their expectations with cloud migration, and Unisys created a Barometer (scaled 0 – 100) to rate it. The global score for financial institutions came to 49, a “middle-of-the-road” score as still approximately one-third of the people surveyed are not finding their expectations met.

Summary

Based on results of the Cloud Success Barometer, cloud adoption within the banking industry clearly has plenty of opportunity for growth and acceptance. Many banks have already made significant investments in the technology. Alongside this acceptance, the regulatory implications of cloud adoption for banks must be seriously considered. Regulators around the world are concerned about key issues such as storage and use of personal customer information, dependence on third-party providers and security of cloud infrastructures. Long-term success in the adoption of cloud technology requires the right strategies, programs, frameworks and processes along with close partnerships among regulators, financial institutions and cloud providers.

About the Author



Jorge Gomez

Jorge Gomez is the Industry Director for Financial Services in LATAM. In his role, Jorge is building a cohesive strategy for the financial services vertical, and supporting new deals in the region. Given his extensive industry experience, Jorge ensures that Unisys solutions and services are delivered to meet the strategic goals and objectives of our clients.

To learn more, visit us at www.unisys.com/openbanking



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