



Digital Force Multiplier – A Cloud Adoption Story in Banking and Financial Services: Public Cloud First

Banking, Financial Services, and Insurance (BFSI) IT Outsourcing
Thematic Report – August 2017: Complimentary Abstract / Table of Contents

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Background and scope of the research

Background of this research

Technology is creating entirely new ways of serving the existing customer needs and significantly disrupting the value chain by improving the quality, speed, and price at which value is delivered



Consumers are increasingly making decisions based on the ease with which they interact with enterprises and demand customized service offerings on their fingertips



Huge pressure to **reduce cost** due to shrinking operating margin. Generating high growth and profitability remain quintessential



Enterprises have been investing heavily in **digital technologies** to drive efficiencies across back-office and core mid-office business processes to dramatically improve customer experience



Cloud technology is a key enabler in the digital transformation journey of Banking and Financial Services (BFS) enterprises, helping them respond swiftly to customers' demands, reduce operational cost, and enhance the front-office user experience

Scope of this research

- In this report, we have highlighted the evolution of cloud technology, impact of regulations, and leading use cases of adoption by BFS enterprises`
- We have analyzed the state of cloud adoption for the top 15 BFS firms across four geographies (Australia, Europe, the United Kingdom, and the United States) and their digital experience
- We have analyzed leading cloud service providers on the basis of their adoption by BFS enterprises and solutions catering to the financial services sector
- Only **publicly-available information** has been used for the entire analysis in this report which includes
 - Company filings and press releases (annual reports, investor presentations, SEC filings, etc.)

Source: Everest Group (2017)

Key takeaways from this report

Our digital adoption research suggests that 86% of the enterprises consider cloud to be a key cog in their digital journey

Sharp rise in the number of deals with cloud as a key component for banking (~24%) and capital markets (~47%) industry in the CY 2016

Large BFS enterprises in the United States have invested heavily in cloud technology, enabling them to provide superior customer experience, which their peers in other geographies are yet to demonstrate

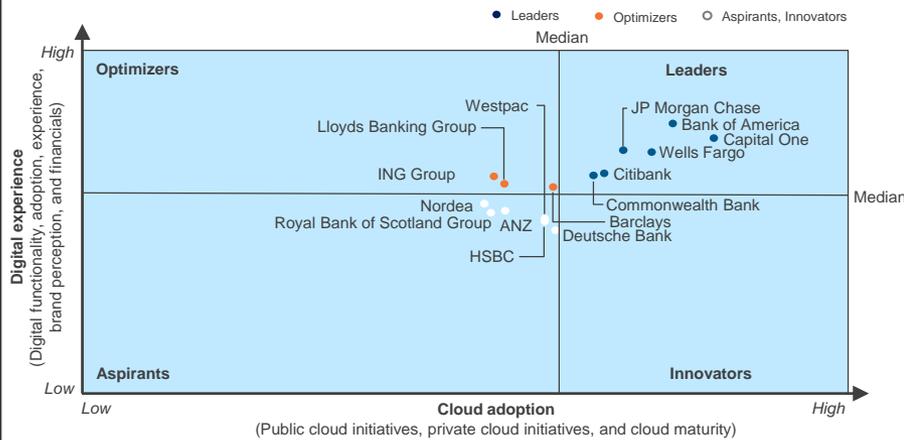
Among cloud service providers, Amazon Web Services and Microsoft Azure lead in terms of adoption and solutions catering to the BFS industry

Regulators across the globe are actively defining guidelines to clear ambiguity with respect to data protection and cloud services

Source: Everest Group (2017)

Everest Group analyzed leading BFS enterprises globally to understand the role of cloud technology in enhancing the digital experience

Everest Group's proprietary assessment

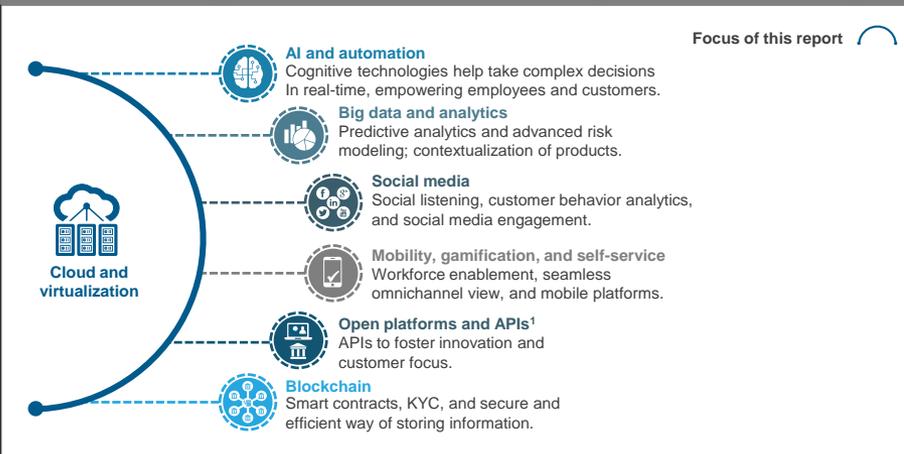


BFS enterprises assessed

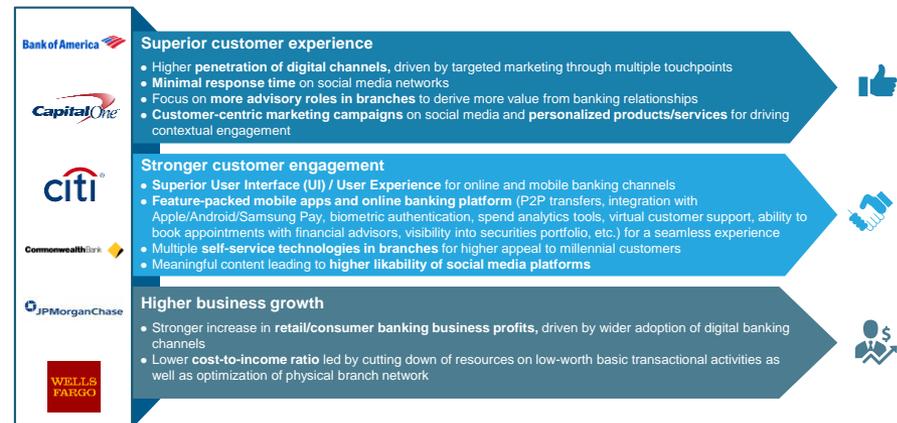
Everest Group assessed the state of cloud adoption for the top 15 BFS enterprises across four geographies (Australia, Europe, the United Kingdom, and the United States) and also studied their digital experience



Cloud technology acts as an enabler for next-generation technologies



BFS enterprises offering superior customer experience



Source: Everest Group (2017)

This report also provides a snapshot of key cloud initiatives and cloud adoption trends by top 15 BFS enterprises

Bank A

NOT EXHAUSTIVE



Bank A is in the process of transitioning its IT infrastructure to a single platform-as-a-service framework, adopting a hybrid cloud strategy. The transformation was initiated to free developers from day-to-day non-value-adding tasks and concentrating on building customers' needs quickly.

Key cloud initiatives

- Investing in private cloud to support its application development process, using Amazon best practices. The self-service provision servers and deploy code for their applications swiftly
- Bank A has partnered with Google Cloud to experiment with blockchain technology in areas such as clearing and settlement
- It has implemented Adobe's Marketing Cloud application to expand the bank's marketing expertise and understanding of its customers. This helped Bank A to become more relevant to its customers through interactions online, within the call center and the branch
- In 2017, Bank A implemented ServiceNow's ITSM Ticketing System, reducing the time it took to raise a change request
- It is a member of distributed ledger consortium R3, a group of large banks working together to bring distributed ledger technology (DLT) to their processes leveraging Microsoft Azure cloud capabilities

Leadership's opinion

“Resilience has significantly improved and increased through the use of Infrastructure as-a-Service(IaaS) and private cloud. That has improved the value technology delivers to the bank's customers.”

—XXXXX –CIO, Bank A

Source: Everest Group (2017)

Benefits achieved through cloud adoption

- Accelerated time-to-market for new experiments (ideation to final deployment of application)
- Reduced content management footprint on a single platform
- Enhanced customer experience on digital channels (e.g. mobile app) powered by cloud analytics

Cloud adoption trends across 15 BFS enterprises analyzed as part of this report (page 1 of 2)

NOT EXHAUSTIVE

Bank	Public cloud adoption							Private cloud
	AWS	Microsoft Azure	IBM	Google Cloud	Oracle Cloud	Adobe marketing cloud	Others	
Bank 1	✓	✓	✓					✓
Bank 2		✓			✓			✓
Bank 3	✓	✓				✓		✓
Bank 4	✓	✓		✓			Salesforce	✓
Bank 5	✓	✓	✓	✓				✓
Bank 6	✓	✓					Workday	✓
Bank 7	✓						HP Helion and Workday	✓

Source: Everest Group (2017)

Source: Everest Group (2017)

BFSI ITS research calendar – 2017

Published
 Planned
 Current release

Flagship BFSI ITO reports

Release date

Analytics Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
Mobility Services in Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2016	January 2017
Banking ITO Service Provider Landscape with PEAK™ Matrix Assessment and Profiles Compendium	June 2017
Capital Markets ITO Service Provider Landscape with PEAK™ Matrix Assessment and Profiles Compendium	June 2017
Insurance, L&P, and P&C Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium	Q3 2017
Future of banking – “Experience First” : Banking ITO Annual Report	Q3 2017
Simpler, Smarter, and Seamless Capital Markets – The Digital Revolution: Capital Markets ITO – Annual Report:	Q3 2017
Insurance ITO – Annual Report: Insurer of the future	Q3 2017
One Investments To Rule All Compliance Efforts – Data: PEAK Matrix™ Assessment for IT Services in Risk and Regulatory Compliance in BFS	Q3 2017
Digital Services in Consumer Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017
Digital Services in Wealth Management – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017
Digital Services in P&C Insurance – Service Provider Landscape with PEAK Matrix™ Assessment 2017	Q4 2017

Thematic BFSI ITO reports

Release date

FinTechs in Payments – Top 40 Trailblazers	May 2017
InsurTechs Envisioning the Future of Insurance – Top 40 Trailblazers	May 2017
Digital Force Multiplier – A Cloud Adoption Story in Banking and Financial Services: Public Cloud First	August 2017

Note: For a list of all BFSI ITO reports published by us, please refer to <http://www2.everestgrp.com/reports?Cat0=837>

Additional research references

The following documents are recommended for additional insight into the topic covered in this report. The recommended documents either provide additional details on the topic or complementary content that may be of interest.

1. **Digital Effectiveness in U.S. Retail Banking – APEX Matrix™ to Identify the Digital Banking Leaders 2016** ([EGR-2016-11-R-1810](#)); 2016. In this report, 26 large U.S. retail banks are mapped on Everest Group's Ability | Performance | Experience (APEX) Matrix, which is a composite index of a range of distinct metrics related to each bank's customer-facing digital investments and the associated business impact. The analysis helps to identify characteristics of leading banks on individual themes assessed on Everest Group's APEX Matrix for digital effectiveness in retail banking
2. **IT Outsourcing in Global Banking – Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium** ([EGR-2017-11-R-2232](#)); 2017. This report provides an overview of the Application Outsourcing (AO) market for the banking industry through an in-depth analysis of large-sized AO contracts (i.e., contracts over US\$25 million in TCV and over three years in duration). The report analyzes key trends in market size & growth, demand drivers, adoption & scope trends, emerging priorities of buyers, key investment themes, and future outlook for 2016 with regards to such large capital markets AO deals
3. **IT Outsourcing in Global Capital Market – Service Provider Landscape with PEAK Matrix™ Assessment 2017 and Profiles Compendium**: ([EGR-2017-11-R-2233](#)); 2017. This report provides an overview of the Application Outsourcing (AO) market for the capital markets industry through an in-depth analysis of large-sized AO contracts (i.e., contracts over US\$25 million in TCV and over three years in duration). The report analyzes key trends in market size & growth, demand drivers, adoption & scope trends, emerging priorities of buyers, key investment themes, and future outlook for 2016 with regards to such large capital markets AO deals

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About Everest Group

Everest Group is a consulting and research firm focused on strategic IT, business services, and sourcing. We are trusted advisors to senior executives of leading enterprises, providers, and investors. Our firm helps clients improve operational and financial performance through a hands-on process that supports them in making well-informed decisions that deliver high-impact results and achieve sustained value. Our insight and guidance empower clients to improve organizational efficiency, effectiveness, agility, and responsiveness. What sets Everest Group apart is the integration of deep sourcing knowledge, problem-solving skills and original research. Details and in-depth content are available at www.everestgrp.com.

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