

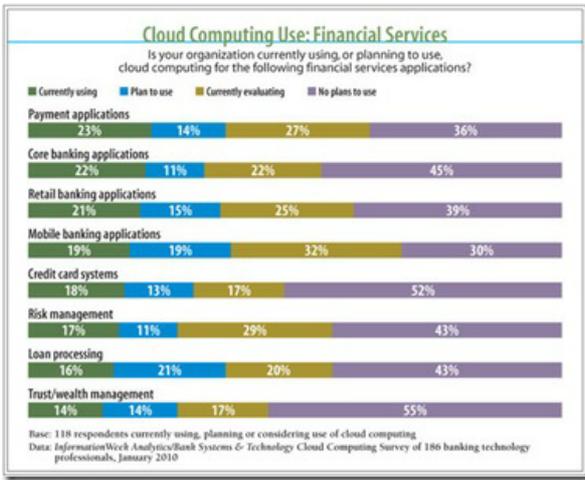
CloudFucius’ Money: Trickle to the Cloud



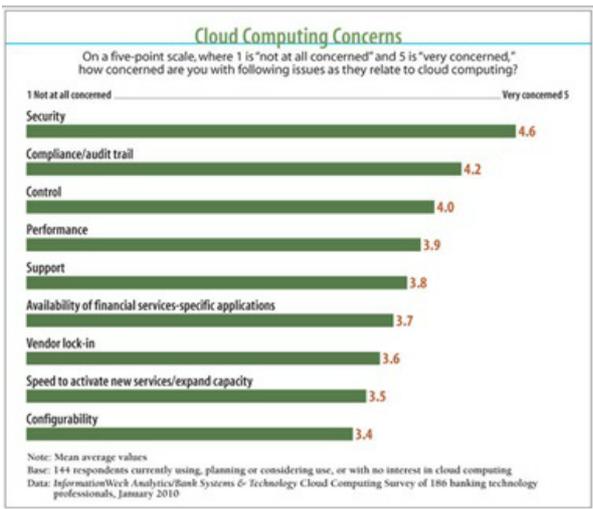
Peter Silva, 2010-18-08



No, I'm not investing some seed money in a cool new company or technology but banks are certainly looking to take advantage of cloud computing services. At least that's the message from a recent survey by [Bank Systems & Technology and InformationWeek Analytics](#). 70% of those that expressed interest in cloud computing said that the 'Ability to meet user demands quickly and achieve scale,' was the top consideration factor. Among the financial services applications that are currently being deployed in the cloud, Payment Applications (23%), Core banking applications (22%) and Retail banking applications (21%) topped the list. Mobile banking applications came in at 19% but another 19% plan to use the cloud for mobile banking and another 32% are currently evaluating the cloud for mobile applications, highest of any financial services apps. Shows where they think future traffic will be coming from.



As with [most cloud surveys](#) and the financial industry in general, Security along with Compliance/Audit were the top concerns. 58% said 'cloud technology does not provide adequate security safeguards' and one-third noted a concern about the audit trail. We've mentioned [here before](#) that the financial industry usually jumps all over new technologies and is an early adopter for many things tech. No so with Cloud. 38% said that Cloud technology is too new and untested.



Another interesting factor that is inhibiting cloud adoption is legacy systems. Most of the current banking applications were written for in-house systems and servers and have not been made 'cloud-aware' or 'cloud-enabled.' They face a tough choice to either invest now to make those apps 'cloud-ready' or wait until cloud vendors have matured and resolved some of the concerns. Yet another issue is [spreading the IT mess](#), according to [Ovum](#) senior analyst Laurent Lachal. Today, many banking systems are in a secure data center (or several with [GSLB](#)) or located in-house. IT knows which room the data resides rather than somewhere, anywhere out in vapor land. The problem occurs when [another department uses a cloud service without IT's knowledge](#) and the mess that creates across boundaries. The integration headache occurs when the same workflow is being done by two different applications. Cost effectiveness gets negated by inefficiencies.

I started thinking about the future of banking and giving the customer the choice of having their data stored in the cloud or on a dedicated, physical server. There is not much we could do if our financial institution decided to put sensitive data in the cloud and I'm sure some of it is there already. But for those many folks who are not comfortable with that (at least for now), I wondered if the 'dedicated server' will become the 'ultra-premium' service of the future. It's kinda far-fetched but go with me on this – maybe, when you open a bank account of the future, you get the choice of having your data in the cloud (get free checking with that, if checks are even still around) or you select a dedicated server for a nominal monthly fee. The promotion could go something like: 'In order to provide you with the most cost effective banking solutions, we have two options for your data storage – a secured cloud environment with our trusted cloud provider (free with any account) or a dedicated physical server housed in our data center (for a small monthly fee). All the security protections and guarantees are built into both options, but we feel that it's important that you choose and know where we store your data.' Now, that would be interesting.

And one from Confucius: [By nature, men are nearly alike; by practice, they get to be wide apart.](#)

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