

A SPOTLIGHT ON FINANCIAL SERVICES

The Key To Enterprise Hybrid Cloud: An Annual Forrester Consulting Study Commissioned By IBM

Executive Summary

On-premises infrastructure is critical to any holistic hybrid cloud strategy. It continues to house sensitive, custom applications and data that are integral to organizations' security and health, even as IT teams increasingly embrace cloud environments. Given the impacts of the COVID-19 pandemic, firms now face two monumental tasks: 1.) quickly adapting to this change in the market and 2.) continuing the pace of their delivery to offset any potential market or revenue loss.

In October 2020, IBM commissioned Forrester Consulting to refresh 2019 research that evaluated how organizations developed and implemented their IT infrastructure strategies — for both cloud and on-premises deployments. For the 2020 research, Forrester conducted an online survey with 384 enterprise IT decision-makers (ITDMs) — including 50 in the financial services industry — to explore this topic. We found that financial services IT firms value security, efficiency, and business alignment in times of uncertainty. They realize the urgency of a future-ready hybrid cloud strategy and are investing accordingly as they enter the 2020s. Financial services IT organizations that are able to best leverage a future-ready hybrid cloud infrastructure strategy will be better positioned to capitalize on their agility and resiliency.

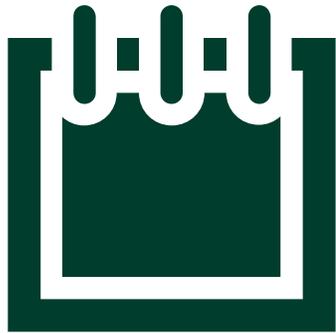
In times of uncertainty, with growing and shifting workloads, it is critical for the **financial services industry** to ready their infrastructure for the future.

Address security, data residency, and compliance priorities while modernizing your firm's infrastructure strategy by:

- Continuously refreshing your strategy to protect against security vulnerabilities.
- Maintaining on-premises infrastructure as a foundational piece to your hybrid cloud strategy.
- Leveraging on-premises infrastructure across workloads for compliance and resiliency.

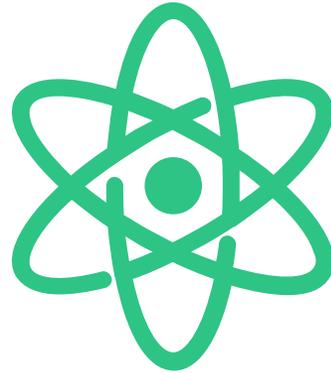
Financial services IT firms prioritize alignment in business functions and faster deliveries during times of uncertainty.

Top ranked IT priorities over the next year:



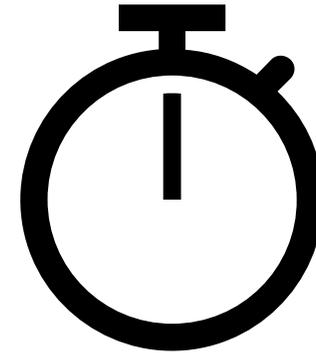
54%

Align IT performance metrics to business outcomes.



48%

Drive continuous improvement in business operations.



48%

Deliver IT projects more quickly.



They plan to invest in innovation to meet goals.

In the face of uncertainty, financial services IT organizations are focused on innovations that allow them to keep their technology agile and resilient.

88%

Agree/strongly agree they will **accelerate digital investments** in their organization.

92%

Agree/strongly agree they will **avoid vendor lock-in** in their purchasing today more than ever.

92%

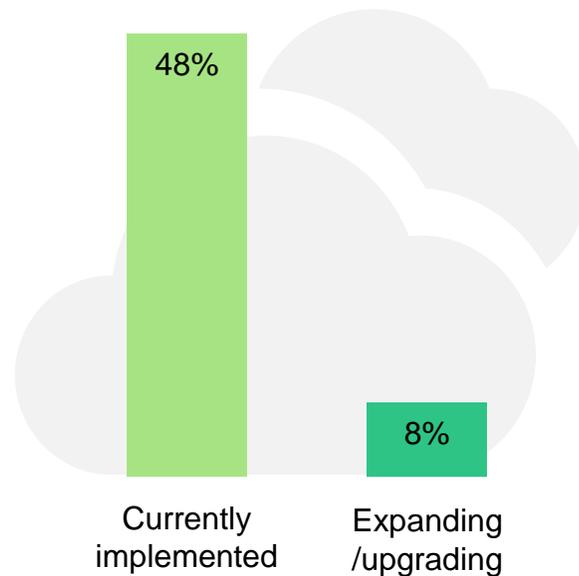
Agree/strongly agree they will **be innovating rapidly and aggressively** to come out on top.

Base: 50 global decision-makers for strategy and execution of IT infrastructure environments in the financial services/insurance industry

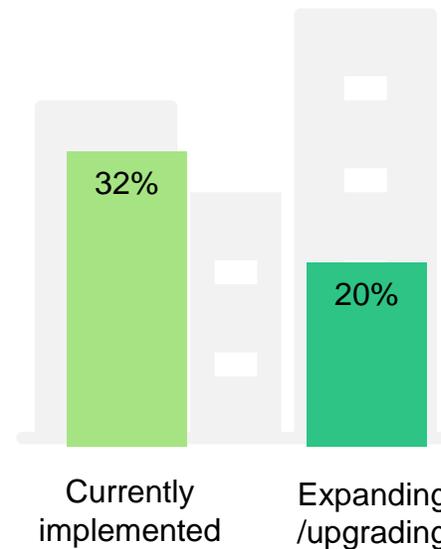
Source: A commissioned study conducted by Forrester Consulting on behalf of IBM, November 2020

As firms continue to push to the public cloud, their plans to expand on-premises infrastructure have not wavered.

Plans to adopt public cloud in the next 12 months



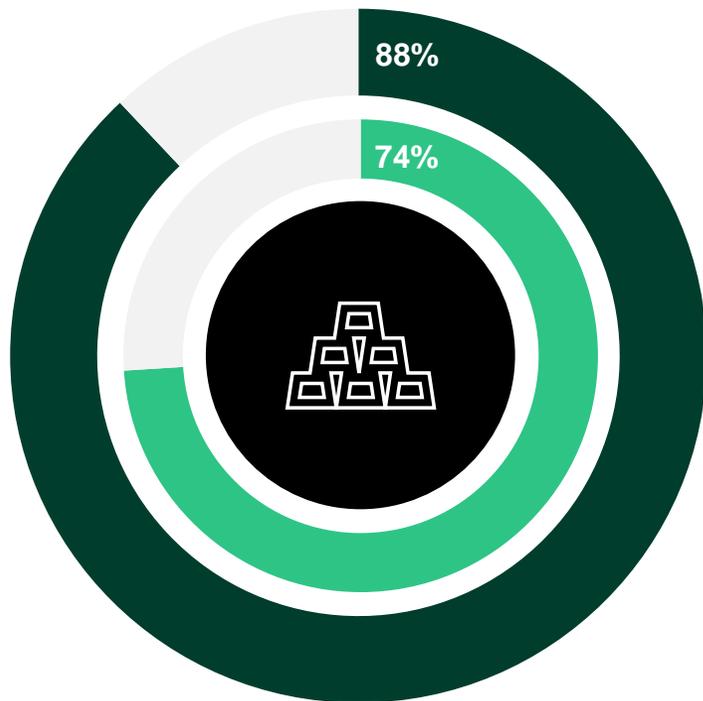
Plans to adopt on-premises in the next 12 months



52%

Of financial services IT firms either **currently implement or plan to expand or upgrade** their implementation on-premises.

Yet, most financial services ITDMs face significantly more pushback when it comes to advocating for non-cloud strategies.



- Financial services
- All other industries

88%

Say that advocating for strategies outside of cloud environments is met with significant pushback.

A lack of reinvestment leads to costly vulnerabilities.

Financial services IT firms are more likely to delay infrastructure refreshes:

84% have delayed an infrastructure refresh a few times or more in the last five years, compared to **65%** among all other industries.



Top Risks Of Delaying Infrastructure Refreshes

(Showing top 10, ranked 1 to 5)

Security vulnerabilities	44%
Diminished performance	44%
Loss of competitive edge as an IT organization	39%
Higher costs	39%
Restrictions on compatible apps, software, services, integration	35%
Regulatory violations	33%
Inability to run successful disaster recovery tests	33%
Loss of openness or flexibility	33%
Inefficient power usage	30%
Inability to meet increasing expectations of customers and employees	26%

Maintain on-premises infrastructure as a foundational piece to your hybrid cloud strategy.

A hybrid cloud strategy allows financial services IT firms to diversify their infrastructure tool kit, without sacrificing security and performance. On-premises infrastructure remains foundational and a critical part of a secure and resilient hybrid cloud strategy.

8/10

ITDMs agree that on-premises infrastructure is a critical part of their firms' hybrid cloud strategies.



63%

Of ITDMs say the public cloud's **data residency challenges** is a reason they maintain infrastructure outside of the public cloud platform.

Leverage on-premises infrastructure for improved compliance and resiliency.

Top-ranked reasons for using on-premises resources for data-sensitive workloads and applications:



Key Recommendations



Prioritize infrastructure refreshes. Too many firms assume making ongoing refreshes of on-premises infrastructure is something to be avoided. To the contrary, 84% of financial services ITDMs report delaying on-premises/non-cloud or private cloud infrastructure upgrades in the past five years, which is significantly more than all other industries combined. These delays result in costly repercussions such as security and performance vulnerabilities.



Make yours a hybrid cloud infrastructure strategy. Each aspect of a hybrid cloud strategy is already in use by about three-fifths of the ITDMs we surveyed. These respondents have already implemented or are expanding/upgrading their implementations of the four aspects of public cloud, internal private cloud, hosted private cloud, and/or on-premises hardware.



Keep on-premises as part of the strategy for the foreseeable future. On-premises infrastructure should remain an active part of your hybrid cloud strategy. This continuation of commitment to traditional compute doesn't represent a failure to move forward. Look to on-premises infrastructure to address specific needs in the financial services industry, namely around data residency, regulatory requirements, security, and specific infrastructure performance requirements.



Download the
full study

Methodology

In this study, Forrester conducted an online survey of 384 global decision-makers for IT infrastructure environments (including 50 in the financial services/insurance industry) to evaluate how organizations develop and implement their infrastructure strategies. Survey participants included IT decision-makers in infrastructure and operations, application management or maintenance, and/or software development. Questions provided to the participants asked about environments used for different workloads and infrastructure investments. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in October 2020 and was completed in November 2020.

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