

To the cloud: How banks are driving transformation

Cloud adoption is crucial to the financial industry as a means of accelerating the digital transformation and adopting emerging technologies. But the cloud journey also comes with questions, such as: what should be moved first? How do banks move away from their own data centers to become more agile, while at the same time ensuring security and resilience? And how can they sustainably support the cloud journey in line with the climate goals they have set? To make the most of their data, banks need the right infrastructure. *Future Banking* talks to Roger Süess, CEO at **Green**.

How important is the cloud in a modern financial institution's business transformation journey?

Roger Süess: Cloud computing is the key driver of agility and innovation, and this is especially true when it comes to banking. Here, established businesses are facing the challenge of rapidly responding to changes in customer needs, and to disruptive new market participants. While rigid infrastructures and long implementation periods haven't managed to achieve this agility so far, the cloud is creating space for more flexibility. At the same time, it's allowing for faster-paced innovation by providing on-demand AI, blockchain, data analytics components and more. This makes systematic cloud adoption an essential element of modern, digitalised financial institutions.

How do you see the role of IT in banks changing?

The role of IT has fundamentally changed. IT was once viewed as a provider of services and as a cost item. Then, in the early 2000s, companies started to bring the CIO back on to management boards – and technology became a business enabler. These days, this perspective goes one step further by making technology critical to a bank's success. I would even go so far as to say that technology is the new banking.

What do banks look at in particular when building their digital platforms?

Digital platforms have a hybrid and strongly interconnected structure, with a growing proportion of it located in the

Roger Süess,
CEO, Green



public cloud. As the shift to the public cloud continues, so does the need to move legacy and private cloud elements away from the enterprise data centre and closer to the cloud. This is making in-house data centres superfluous, and causing data flows to switch from an inside-out model to one that is outside-in – a trend that has only been reinforced by the Covid-19 pandemic. All of a sudden, a lot of offices are left empty. Most users now connect via WAN. Commercial data centres are, therefore, becoming more important: banks find added value in places where



Banks find added value in commercial data centres where lots of partners, connections and entire ecosystems come together.

a lot of partners, connections and entire ecosystems come together. That is why digital platforms are being created with data-centre providers – which ideally host the cloud providers too.

You talk about adding value with ecosystems. What does that look like in practice?

Data has become a valuable raw material. At the same time, classic vertical value chains are losing their dominance as the cloud allows us to bring different technologies together. We have, therefore, created a vast ecosystem. This ecosystem includes cloud providers (hyperscalers), software companies, security providers, carriers, integrators and, of course, specialised developers and consultants. We believe this is the best way to bring best-of-breed solutions to life in a pre-integrated way, all accessible in just one place. Which offers great added value for our clients and drives forward their cloud adoption.

What are the best practices in a step-by-step approach to achieving a hybrid computing environment?

Planning infrastructure strategy in life cycles has become an established practice. After all, the relocation to the cloud is similar to a journey. It starts off with first steps, usually together with a strategic partner and clarifying regulatory issues. Then, more and more suitable workloads are transferred, while legacy systems stay in place where necessary.

This gradual shift inevitably leads to in-house data centres becoming excessively large. This ties up capital

unnecessarily – while at the same time, high maintenance costs cut into the resources that are needed for true digital innovation. The right data-centre provider ensures the overall success of this transformation, including that of the reference model: in other words, from focusing on CapEx (capital expenditures) to OpEx (operational expenditures).

How can a data-centre provider support agility and transformation on all levels?

The right provider offers maximum flexibility, including in data centres. They can do this, for example, by offering pay-as-you-grow payment models to match the costing models of the public cloud. This allows the payment model behind the IT infrastructure to be transformed – from CapEx to OpEx. What's more, the right partner needs to have assessment and migration skills. Both help accelerate and realise major migration projects with minimal effort by customers. This, in turn, eases the burden on in-house resources – as it's no secret that specialists are hard to find.

“Data centre providers have the power to make a significant contribution to climate-friendly digitalisation.”

What kind of impact is digital transformation having on a financial institution's sustainability agenda? And how can a data-centre provider support this?

We can't avoid making climate targets our priority. Missing them would be fatal. The pressure on the economy will only increase – through regulatory requirements, specific sanctions with financial consequences and pressure from consumers. Since banking is nearly fully digitalised, so-called 'green IT' plays a key role here. No matter where providers supply technology elements they will have to contribute to achieving climate targets.

There are two different approaches here: providers can either make commitments through carbon credits or launch their own initiatives. I don't consider the first option to be particularly useful, especially as it doesn't affect any change in the digital



Green has launched its own green initiative, whereby it feeds the waste heat from the data centre into a specially designed heating network to be used for public heating purposes.

economy over the long term. Data centre providers, on the other hand, are in particular able to support FSI customers very well. They can do this, for example, by testing different cooling concepts, helping to optimise architecture, carefully recycling hardware and supplying 100% sustainable energy at reasonable costs. In this respect,

we go one step further. We feed the waste heat from the data centre into a specially designed heating network, so that it can be used by the public for heating purposes. While data centres may be major consumers, due to the energy used by the customers' servers, they can also be part of the solution. Data centre providers have the power to make a significant contribution to climate-friendly digitalisation.

What can you tell us about the challenges financial institutions face in respect to security – and ensuring the constant availability and resiliency of their mission-critical infrastructure?

Security, availability and resiliency requirements have all increased over the past few years. Additionally, processes have to be documented, tested and certified, as stipulated by the Uptime Institute's leading

M&O standard, by which Green is certified. In contrast, there is a shortage of qualified specialists for these kinds of demanding operations across data centres. The high standard data-centre providers operate at makes it easier for FSI customers to buy infrastructures as a service. A good provider meets all the common standards – as well as the specific ones set out by FSI customers. A mission-critical ethos is anchored within the organisation. These days, individual requests for specific security systems are another common occurrence in large data centres – and whatever the customer wants is put into action.

What can you tell us about Switzerland as a data centre location and what makes it a particularly suitable place for banks to locate their servers?

Switzerland is ideally located at the heart of Europe – and has a long tradition of security and neutrality. It boasts political stability, well-qualified specialists, a highly developed infrastructure and data sovereignty. No wonder companies value its location and view it as a suitable hub for its activities for all sectors across Europe. From a TCO perspective, it's also highly competitive when it comes to pricing. Growth rates of 20% and more per year speak volumes of Switzerland's qualities as a data centre market. ●

www.green.ch