

# How Financial Services Can Stay Ahead of Their Customers' Needs

Hybrid cloud portability: Discover the three steps to make it happen.

## Executive Summary

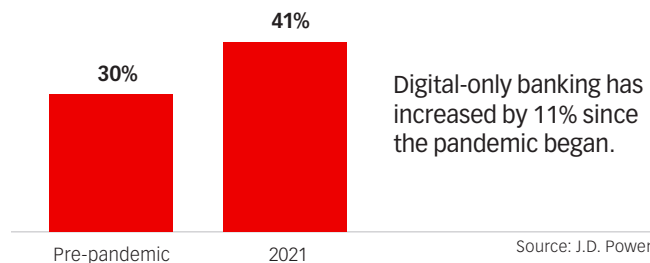
*In financial services, there are few things more important than providing an excellent customer experience. But the way in which customers interact with financial services companies is rapidly changing and becoming more reliant on digital channels. To ensure customer satisfaction, these organizations need the flexibility, agility, and resiliency that only the open hybrid cloud can provide.*

**IN BANKING AND INSURANCE**, delivering an excellent customer experience has become a competitive imperative. According to an [April 2021 survey from Sitel Group](#), 82% of consumers said that customer experience is one of the top three most important factors in choosing a financial services provider. More than four in 10 (42%) said that it was the most important factor.

But while delivering a great customer experience requires strong employee training and a customer-centric culture, that's not enough. Increasingly, the customer experience is technology-driven because the ways customers interact with financial services are increasingly digital. For example, [J.D. Power conducted a study](#) on US banks that found 30% of banking customers were digital-only prior to the pandemic. In 2021, that figure rose to 41%. Satisfaction improved most among customers who had a high level of digital engagement with their institutions.

Institutions gather data to gain insight into customers (existing and potential) and then use that insight to roll out new products and services or rapidly enhance current ones. It's a lot to ask of a legacy on-premises infrastructure and, as a result,

FIGURE 1. Digital-only banking customers



One might think that enterprises are primarily seeking to reduce costs with this rapid move to cloud, but the survey shows that other considerations are far more important.

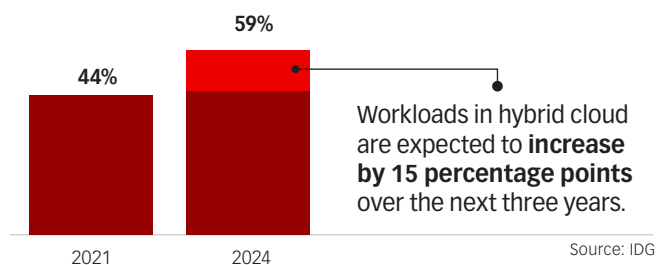
banks and financial services organizations are increasingly turning to hybrid cloud to gain the agility, flexibility, and resilience that they require to meet customer expectations.

### Financial services' rapid move to hybrid cloud

In September 2021, IDG conducted a survey of IT and business managers at US financial services organizations who were involved in cloud computing strategy and purchasing to better understand how those organizations are deploying hybrid cloud today. Because hybrid cloud can mean different things to different people, the survey precisely defined it as an IT infrastructure that incorporates some degree of workload portability, orchestration, and management across two or more environments. Examples include two private clouds, private and public clouds, multiple public clouds, and on-premises resources and public clouds.

The survey found a significant proportion of financial services firms' workloads (44%) are already in hybrid cloud and will continue to move into a hybrid environment at a rapid pace. Within three years, 59% of workloads will be deployed in a hybrid environment (FIGURE 2). Drilling down deeper into the data reveals that nearly three-quarters (72%) of organizations expect to have half of their applications in a hybrid environment within three years, and just under a quarter (23%) expect to see 75% of their applications there.

FIGURE 2. **The move toward hybrid cloud**



One might think that enterprises are primarily seeking to reduce costs with this rapid move to cloud, but the survey shows that other considerations are far more important. Among the top 10 considerations for choosing a cloud (private, public or hybrid), cost-related benefits were ranked near the very bottom. The top four considerations were all strongly linked to improving the customer experience:

- Need for flexibility or customization
- Manageability and performance monitoring capabilities
- Application accessibility and availability
- Performance

### The need for speed and responsiveness

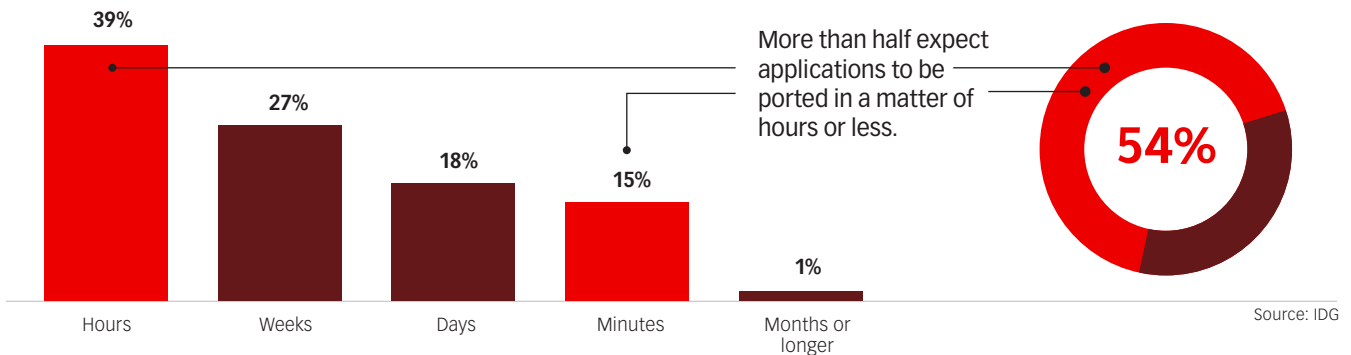
Financial services organizations require the flexibility to move applications as needed to take advantage of different capabilities in different environments, ensure services are available to customers, and avoid lock-in with a single cloud. For example, more than half (54%) of financial services companies expect the speed of application and workload portability to be measured in days, hours, or even minutes (FIGURE 3).

Easy and fast portability is essential. But unless applications are built with portability in mind—and plenty of critical ones currently in use were not—financial organizations will be limited to moving workloads between different geographies within the same cloud, so long as local data privacy laws allow it. Financial organizations need the ability to rapidly move workloads from cloud to cloud, private to public, and cloud to virtual environments on-premises.

### Red Hat's solution for hybrid cloud portability

Red Hat helps institutions mitigate the hybrid cloud portability challenge with a three-pronged approach. First, IT must create a consistent foundation across all environments—Red Hat Enterprise Linux does precisely that. This open-source operating system has become the standard

FIGURE 3. **Expectations regarding the speed of applications and workload portability when deploying critical applications to the cloud**



for running workloads in every major public cloud, private cloud, and many enterprise data centers.

Second, IT should enable applications to run anywhere and on any infrastructure for maximum flexibility. By strategically planning for a flexible hybrid infrastructure, financial services organizations can address potential portability pitfalls before they become business inhibitors. Red Hat OpenShift provides an enterprise Kubernetes platform built on Red Hat Enterprise Linux that containerizes applications for easy portability and consistent functionality.

And finally, IT needs to enable automation across environments to make installations, upgrades, day-to-day manage-

ment, and movement of applications repeatable and reliable. Red Hat Ansible Automation Platform provides a solid foundation for building and operating automation across an organization's entire hybrid infrastructure.

Hybrid environments provide financial services firms with unparalleled agility to build and manage applications with the performance, accessibility, and flexibility needed to meet constantly changing customer expectations and provide a superior experience. But that hybrid infrastructure requires a common application environment to develop, orchestrate, and run applications across cloud and on-premises infrastructures. With Red Hat, IT can provide that foundation.

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