Financial Services

Cloud computing for financial services: test and development in the Cloud

Brighter outlook, tighter reins
The financial services industry has as many opportunities as it does hurdles, being faced with exponential growth in the emerging markets, shrinking operating margins, a tighter regulatory framework, and emerging opportunities and competition from new market entrants.

To tackle this complexity—which almost 80 percent of industry CEOs expect to grow significantly over the next five years—banks will need to find new and more creative ways to increase their agility, efficiency, cost-effectiveness and responsiveness.

As an enabler of innovation and a catalyst for change, Cloud computing promises to play a significant role in banks’ efforts to reinvent their business and operating models in the coming years. In technical terms, a Cloud computing platform automatically assembles, connects, configures and reconfigures virtualized technology resources to accomplish business goals. In business terms, it eliminates the constraints of where physical IT resources are located or what specific technologies they employ, enabling the rapid, low-cost formulation and deployment of new business services and new partnerships.

These attributes make it likely that test and development will be among the first workloads that financial services companies will seek to move to a Cloud computing environment. Test and development represents a relatively low-risk workload for banks, while offering significant potential for rapid ROI.

Achieving greater efficiency
As the pace of change in the market grows, financial services companies will need to move ever faster to deploy new products and services.

In a traditional environment, the development team will need to gain budgetary approval for a new set of dedicated computing resources, specify and order them, await delivery, install and configure the resources, and finally set up the required development environment. In an already crowded data center that may be running out of available electrical power and cooling capacity, it will be difficult and costly to set up the new resources, and many studies have shown that they will likely be under-utilized during their working life.
Similarly, for software testing, it may be necessary to order and deploy new sets of resources to precisely mimic each ultimate production environment, and it may not be easy to re-use them for different requirements once the testing project is complete. When test and development efforts span multiple cities or countries, it is likely that there will be even greater redundancy and duplication, representing wasted capital and operational expenditure.

Test and development in the Cloud is far more efficient. With a single set of completely virtualized resources, accessed via the web, developers can meet new requirements by simply specifying what they need. The provisioning element of the Cloud platform then instantly and automatically creates the required virtual environment—typically from pre-built templates representing various different final production environments—and makes it ready for use. No waiting, no redundancy, and no incremental capital expenditure for each new requirement. When development or testing is complete, the virtual environment is cleansed of all data and its resources are returned to the common pool, ready for re-use.

Faster and more agile
Beyond eliminating cost, waste and delays in building out the physical test and development infrastructure, the Cloud model delivers even greater benefits in terms of time-to-market and flexibility. Test and development teams are no longer constrained by their physical location, but can work on any resources from any location. New projects can be launched within minutes, and teams have the flexibility to specify the precise environment they need.

By removing costs and delays from test and development environments, the Cloud model can dramatically accelerate time to market for the bank’s projects. Perhaps more important, while significantly reducing costs and speeding time-to-value, adopting Cloud in their development environments can facilitate more rapid and iterative approaches, improving overall quality while supporting the ability for banks to innovate and tackle the growing complexity in their chosen markets.

For more information
To learn more about the advantages Cloud computing can bring to your test and development functions, please contact your IBM representative, or visit ibm.com/Cloud

Proven solutions from IBM
Aiming to be more client-focused while reducing costs, a major Dutch bank just successfully piloted IBM Tivoli Provisioning Manager to provision new cloud-based test and development environments overnight. IT staff can now focus fully on serving the business, supporting faster time-to-value for new initiatives.

Nissay IT, the IT service provider for one of the largest life insurers in Asia Pacific, worked with IBM to build a cloud-based test and development solution, supporting the rapid development of web systems. The IBM cloud cuts the creation time for new environments from months to hours, helping reduce IT labor costs by 50 percent. It also improves quality and drastically reduces time-to-market.

One of the big four state-owned commercial banks in China accelerated the deployment of test and development environments by automating previously manual processes—reducing the associated workload by 70 percent, and speeding testing environment preparation from 1-2 weeks to 2 hours.