



WHITEPAPER

Deriving Value from the  
Cloud by Selecting the Right  
Cloud-Native Vendors

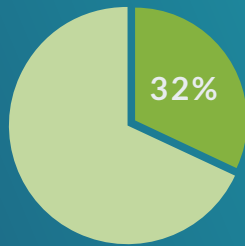
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## CLOUD TECHNOLOGY IS THE KEYSTONE OF DIGITAL TRANSFORMATION

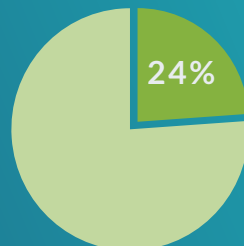
Digital transformation, which is essential for innovation and productivity, is one of the greatest challenges faced by business leaders today. One way of achieving it is to adopt the cloud. Cloud migration can take many forms, and depending on which path you adopt, monetizing your investment and realizing value can be achieved.

### UK board-level executives

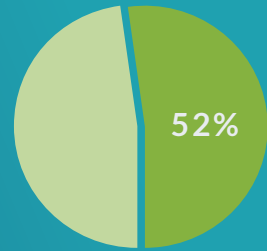
on cloud strategy in their company<sup>1</sup>



believed that digital transformation was the biggest opportunity for their businesses

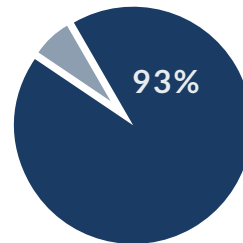


were unsure about why their companies were placing so much emphasis on digital transformation



believed that a digital strategy is the same as an IT strategy, showing a fundamental misunderstanding

Nearly all companies are contemplating or implementing the cloud. Investment in the cloud is at record levels. However, extracting the maximum value from this investment is still elusive. Many factors contribute to the success of a cloud migration initiative. It is useful to consider what a business case for cloud adoption would include.



of CFOs told Deloitte they are considering the cloud<sup>2</sup>

<sup>1</sup> <https://www.information-age.com/digital-divide-boardroom-123463428/>

<sup>2</sup> [https://www2.deloitte.com/ie/en/pages/finance-transformation/articles/The\\_CFO\\_Finance\\_guide\\_to\\_cloud.html](https://www2.deloitte.com/ie/en/pages/finance-transformation/articles/The_CFO_Finance_guide_to_cloud.html)

## FOUR DRIVERS CAN HELP REALIZE THE BENEFITS OF THE CLOUD



### 1. STRATEGY: TECHNICAL AND BUSINESS REQUIREMENTS

It is important to articulate the desired outcomes in a target operating model with all relevant stakeholders. Evaluating the IT portfolio across infrastructure, security and application environments will lead to better decisions. Forecasting peaks and troughs of demand supports the procurement process.

Financial institutions seeking to develop new customer facing products can use cloud-based systems to integrate what the front office teams require with what the middle and back-office teams need to streamline their operations.

B2B applications such as trading and B2C services such as mortgages can be developed effectively and efficiently with shorter time-to-market. Capital markets teams wishing to do analysis on market risk and counterparty risk can use the cloud to conduct such testing without exposing assets or the balance sheet to stresses or intraday calculations.

**Taking time to create a robust business case for the cloud is time well spent.**

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## 2. TECHNOLOGY: ANALYTICAL TOOLS TO UNDERSTAND DEMAND

Once a cloud provider is in place, the observation of the actual demand for the cloud may be different than the demand forecasted in the initial assumptions. This is to be expected. Companies will discover fluctuations in usage, which will lead to renegotiation of pricing and refinement of the target operating model.

Time series databases (TSDBs) are critical to trading operations. TSDBs in the cloud are optimized to handle large datasets, transparent querying of the complete dataset at high speed and low latency, as well as detect trader activity and potential market anomalies.

Data that is captured and stored in silos is costing banks in terms of time and money. Cost savings can be monitored by capturing the usage of data and the elimination of duplication of efforts across business units. The inefficiency of silos can be mitigated with the intelligent use of data.

Additionally, cloud providers can teach client partners on new tools to use data to automate existing processes. Once processes are rebuilt for the cloud, data can be used in combination with databases, streaming and accelerators to innovate.

**Innovation becomes part of the culture of the company, where agile teams, with the right training and upscaling, can create new products and propositions efficiently.**



### ORGANIZATION

lacks the scale, speed, computational power and analytical engines to analyze data on its own



cloud enables a “read across” of data across lines of business



### CLOUD

cloud provides transparency into golden sources of data, quality of data and processes to measure risk, report and hedge positions

### 3. PROCESS: INTERNAL MEASUREMENT AND GOVERNANCE

Development of forecasting tools and KPIs will facilitate ongoing monitoring of cloud usage, capacity and costs. Whether costs are allocated by business unit, by product or by user, a good governance model will allow transparency on allocation decisions. Functions such as Finance, Risk and Compliance will also benefit from the enhanced data analytics.

The finance team may find tax and accounting benefits to the cloud. In some countries, those hardware costs can become operating expenses instead of capital expenditures. Cloud software is typically—but not always—bought and paid for on a monthly or annual basis.

In capital markets teams, risk managers want to continue conducting analysis on market risk and counterparty risk without exposing assets and the balance sheet to additional stresses or additional intraday calculations.

Compliance and regulatory management colleagues are challenged with tracking and reporting to regulators in multiple jurisdictions.

All financial institutions are under increased global regulatory pressures related to data; moving to the cloud has a positive impact on data management capacity and data governance capabilities.

Cloud provides levels of control, so that a client can decide permission rules governing which users have access to specific data, which documents can be worked on by various people and which documents are classified or widely circulated.

**This flexible method of governance facilitates collaboration among teams.**



#### Efficiently manage workstreams such as

- Reference data management
- Product pricing
- Regulatory risk reporting (LCR, NSFR, CCAR, FRTB)
- and non-financial reporting (LOPR, OATS, TRACE)

## 4. PEOPLE: AGILE TEAMS WORKING TOGETHER

Training and development of people in new ways of working contributes to the efficacy of the cloud. People can be brought out of their functional areas to work together in a “FinOps” team, combining financial, technical and procurement professionals working together to achieve shared objectives.

Employees with complementary skill sets often sit in distinct areas such as finance, risk, product and sales. However, working on cloud-based projects requires people to work on a cross-functional basis to share knowledge and experience. This leads to the expansion of capabilities, capacity and competencies within a company.

Agile working not only benefits clients and shareholders, but results in higher employee satisfaction and retention. One study found that companies in the top quartile for employee engagement were 21% more profitable and their employees 87% less likely to leave than companies in the lowest quartile.<sup>3</sup>

**Bringing together strategy, technology, process and people in an integrated initiative will bring the benefits of cloud adoption to fruition and make the goal of digital transformation a reality.**

<sup>3</sup> <https://bmmagazine.co.uk/business/how-to-keep-employees-engaged-during-turbulent-times/>

## SELECTING THE RIGHT VENDOR

Almost half of respondents to the latest Economist Intelligence Unit (EIU) survey say that cloud computing will be the most important technology for treasurers over the next five years, followed by big data analytics and artificial intelligence.<sup>4</sup>

The right vendor can improve the ability of Treasury and Finance to work with other functions to improve modelling and scenario planning, all of which will lead to real-time forecasting capability. Data can be transformed into actionable information and visual analytics. Once the business model for cloud adoption has been approved, the emphasis shifts towards the planning to identify, select and onboard new vendors.

A comprehensive and transparent approach to Vendor Risk Management (VRM) ensures that the needs of all stakeholders are addressed before decisions are made and that the consensus achieved will endure throughout implementation.

Some companies have adopted a vendor risk management maturity model (VRMMM). This is a tool for measuring third party risk management programs. Six levels of risk are defined, ranging from startups with little awareness of risk management to more mature vendors that have a clear framework for risk management with continuous improvement.

Whatever framework your company uses for vendor selection, identifying vendors that share your values and commitment to good governance and detailed risk management policies will ensure a strong partnership and a smooth implementation period. Committing to the cloud at all levels of management, including the board, is the first step along the path of digital transformation.

**Engaging with relevant stakeholder groups early in the process of vendor selection is vital for advocates of cloud adoption.**



### Many banks use the Three Lines of Defense Model:

1. Line: the owner of the risk (IT or a business unit)
2. Line: the control functions of risk, legal, compliance and finance
3. Line: the audit function

To learn more about how you can use a cloud vendor to optimize your outbound payments, visit [tis.biz/en/outbound-payments](https://tis.biz/en/outbound-payments).

<sup>4</sup> <https://eiuperspectives.economist.com/strategy-leadership/quantum-leap-building-data-driven-treasury>

## ABOUT TIS

TIS is reimagining the world of enterprise payments through a cloud-based platform uniquely designed to help global organizations optimize outbound payments. Corporations, banks and business vendors leverage TIS to transform how they connect global accounts, collaborate on payment processes, execute outbound payments, analyze cash flow and compliance data, and improve critical outbound payment functions. The TIS corporate payments technology platform helps businesses improve operational efficiency, lower risk, manage liquidity, gain strategic advantage – and ultimately achieve enterprise payment optimization. Visit [tis.biz](https://tis.biz) to reimagine your approach to payment

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