



Investment management and the private cloud: Growing momentum around cloud-based computing

November 12, 2013 - Design / Build

In a recent survey of cloud adoption trends within the investment management industry, respondents reported that despite concerns over security and adaptability, use of cloud services is widespread for investment firms, who are handling both basic business functions and financial applications hosting using cloud services.

Moving to the cloud, rather than continued on-site hosting of applications and business data, is the common practice for businesses of all kinds that want to advance their information technology infrastructure and enjoy extreme flexibility, scalability and security. Investment management firms are no different, and may enjoy advantages within a cloud system when it comes to big data and business intelligence, redundancy of data, and application integration.

Despite some questions about how receptive investors and clients would be to the use of cloud computing and worries about lack of custom application availability, moving to cloud hosting was the choice for nearly 90% of the investment management firms responding to the survey, which was conducted by an integration services provider.

One predictive analysis forecast is that the cloud computing market will grow from \$40.7 billion in 2011 to \$241 billion in 2020, over several dozen distinct market segments. Other forecasts put that number significantly higher. Cloud services growth is expected to contribute to 14 million new jobs, worldwide, by 2015. Recently initiatives by Microsoft, GoDaddy, expansion by industry pioneers like Amazon, and an influx of venture capitalist funding have fast-tracked the private cloud market for major growth. This long-awaited innovation in computing has arrived as a cost and efficiency saver for companies of all sizes.

Financial and investment management firms, including banks, sovereign wealth organizations, and government institutions are among those moving forward with use of private clouds. To alleviate concerns about security, most use a private cloud solution, though there are multiple options to choose from when considering cloud adoption. The options for cloud users are nearly endless, with service providers offering a wide range of options for network configuration, security, replication and access protocols.

For those unfamiliar with the concept of private clouds, they are an extension of your on-site corporate network. Companies can choose how much of their network they wish to retain on on-site servers, and some are making full transitions to all-cloud networks.

Imagine an office where the only technology you needed to run your company was Internet access. Could you run your company from a tablet computer, or have all your employees on Wyse thin client terminals with minimal infrastructure? It's possible with the private cloud, the environment type which is typically the choice of hedge funds and large, sophisticated investment managers with complex integration needs.

Investment management firms can capitalize on the option to manage their private cloud as much or as little as desired. The beauty of the private cloud is that all aspects are customizable. Network management, including hardware, software, and support can be self-managed by the client or completely managed by external experts. Provisions can be made for speed requirements—for example, a company with a need for near-instant access to certain files or data might be provisioned with a server in their environment housing those particular files, which could be ideal in the fast-paced investment management environment.

It's important to have a multi-disciplinary technical team with the expertise to seamlessly set up private clouds. Clients can control all aspects of security, including firewall configurations. Encrypted data and control over the environment, when utilizing a private cloud, provide additional peace of mind.

"Investment management firms can be assured that important client data will be just as secure in the cloud as it was when hosted in-house, especially when working with a best in class, experienced and certified cloud hosting provider," said Robert Teel, senior VP of commercial and investment management at Yardi Systems. "The added benefits of data redundancy, flexibility and scalability make cloud hosting an extremely attractive option for investment management firms of all sizes."

The cloud's flexibility allows investment management firms to grow their application services and broaden how they utilize available data in powerful ways. Analysis of trends and achievement of business intelligence is a major added benefit of a private cloud environment.

Nor should custom application availability within the cloud be a concern. Especially in a private cloud environment, any program or application that you would install in your private network can be cloud hosted. For businesses with multiple interfaces and numerous integrated applications, the private cloud can be especially attractive.

Investment management firms that have already moved to cloud hosting and private clouds are ahead of the curve. With the growing momentum around cloud-based computing, clients and investors will become increasingly comfortable and unsurprised with handing their assets to investment management companies that harness the power of the cloud.

Leah Etling is a writer for Yardi Systems and a contributing editor to Multi-Housing News and Commercial Property Executive, Santa Barbara, Calif.