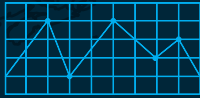


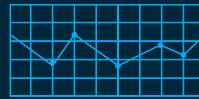
COLOCATION FOR FINANCIAL SERVICES

Turning Obstacles into Opportunities

Nasdaq
7,671.79
+41.78 (+0.55%)



FTSE
7,748.76
+47.91 (+0.62%)



Balance Transfer
Initiated...
// 45%

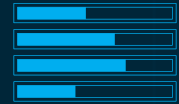




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INTRODUCTION

While the fundamentals of the financial services industry have remained the same over the years, the technology powering it has not. In some ways, the technology is hardly recognizable, and it continues to evolve rapidly. Just look at the Check 21 Act of 2004 that allowed banks to exchange check images instead of actual checks. It paved the way for remote deposit—first by large businesses using specialty scanners, and now by individuals using mobile capture.

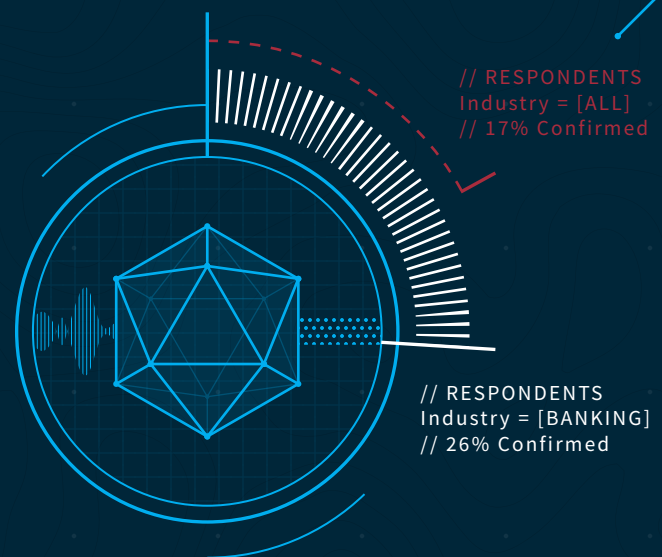
Millennials in particular are taking advantage of these digital breakthroughs, with 64% having at least one full-service banking app on their phone.¹ But technology has had a widespread effect. In fact, nearly 40% of Americans say they haven't been inside their bank or credit union in six months or more.² Similar transformations are going on in insurance companies and other FinServ providers. "Heavy manual data entry, redundant manual data extraction, or a high percentage of exceptions requiring Not in Good Order (NIGO) resolution are ideal candidates for digital transformation," says Russ Gould of the Insurance Innovation Reporter. "This is not just about labor savings—humans make mistakes and automated technologies increase data accuracy."³

"Banks and other banking and investment services organizations clearly recognize that the status quo is not sustainable, and they must disrupt themselves before it is done to them."

— PETE REDSHAW | GARTNER⁴

Advanced technology is no longer just a means for FinServ companies to differentiate themselves. Today it's necessary just to stay operational. It's not surprising, then, that FinServ companies place a higher priority on digital transformation than others. Gartner research indicates that digital transformation is a top priority for 26% of respondents in banking, compared to the all-industries average of 17%.⁴ The challenge for FinServ companies, including trading platforms, lenders, payment processors, asset managers, credit-card companies, insurance agencies, investment banks, and many others, is to enable digital transformation without creating new risk factors or compliance challenges.

FinServ companies have an astonishing array of solutions to choose from on the road to digital transformation. But when it comes to infrastructure, colocation is an option worth careful consideration, as it is often ideally suited to meet the unique IT and organizational challenges today's FinServ companies face.



DIVING DEEPER INTO DIGITAL TRANSFORMATION

“Digital transformation is the customer-driven strategic business transformation that requires cross-cutting organizational change as well as the implementation of digital technologies,” says industry analyst Jason Bloomberg. “Digital transformation requires the organization to deal better with change overall, essentially making change a core competency as the enterprise becomes customer-driven end-to-end.”⁵

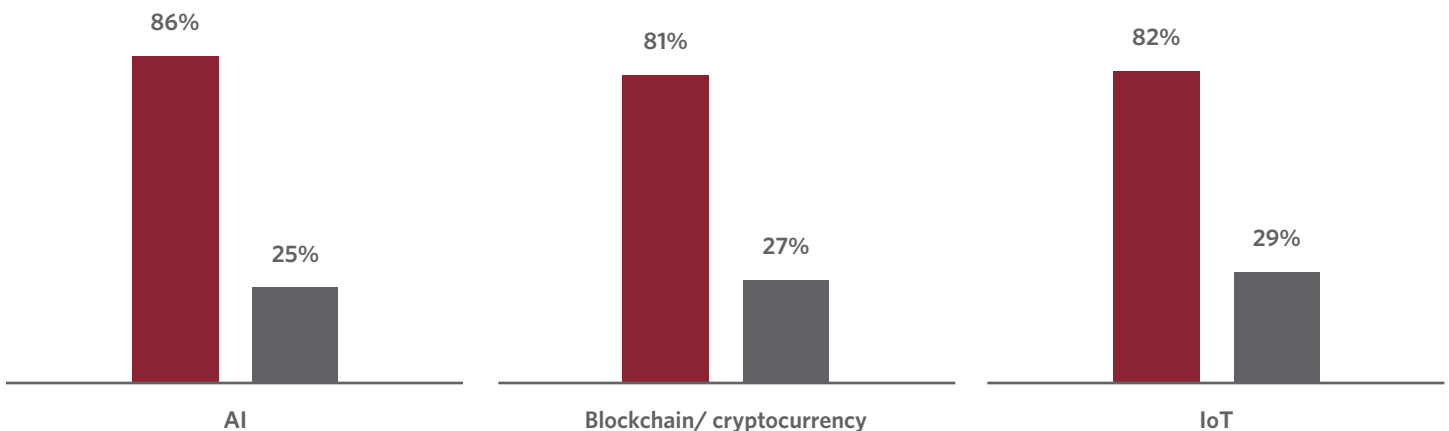
It’s a tall order, but digital transformation can yield extraordinary benefits, driving revenue through customer insights and enhanced user experience, and enabling companies to deploy adaptable, modern platforms that facilitate innovation. Seeing these benefits within reach, 65% of FinServ IT pros placed digital transformation in their top five tech initiatives in a recent survey conducted by Spiceworks.

While digital transformation will manifest in different ways for different companies, some recurring themes appear, including analytics powered by big data, sensors and devices associated with the Internet of Things (IoT), and edge computing. Other emerging technologies continue to gain speed as well, such as virtual reality and augmented reality systems, artificial intelligence, and blockchain/cryptocurrency. In fact, Royal Bank of Canada, JP Morgan, Goldman Sachs, and many other FinServ companies are currently in the process of either evaluating or adopting blockchain.⁶

FinServ IT pros know that these technologies are coming their way, if they haven’t already arrived. According to the Spiceworks research, the vast majority of IT pros in the industry believe that emerging technologies will impact their organization. Unfortunately, the vast majority also say that their infrastructures are not completely prepared to support them.

DIGITAL TRANSFORMATION: EMERGING TECHNOLOGIES

- These emerging technologies will impact my organization
- My infrastructure is completely prepared to support these technologies



THREE MAJOR BARRIERS

Achieving digital transformation, however, is easier said than done, especially in FinServ. Companies in this industry tend to face a specific set of challenges, including heavy regulations, a risk-averse culture, and IT resource gaps.

HEAVY REGULATIONS

Many financial services organizations, including private sector companies that have contractual relationships with the government, are highly regulated, bound by regulations such as FISMA, PCI DSS, SOC 2, and ISO 27001.

A RISK-AVERSE CULTURE

IT organizations in heavily regulated industries like FinServ are naturally cautious when it comes to making major changes, especially around projects that require a “rip and replace” approach. New implementations can’t put requirements for 24/7 availability and security at risk. They likewise can’t put the balance sheet in jeopardy by making risky IT investments.

IT RESOURCE GAPS

Resource gaps manifest in two ways. First is a lack of personnel bandwidth necessary to take on new projects that would benefit the company, and second is a lack of specific skills or knowledge required for implementation success. Gartner research shows that more than half of CIOs today are worried about IT resource gaps.⁷



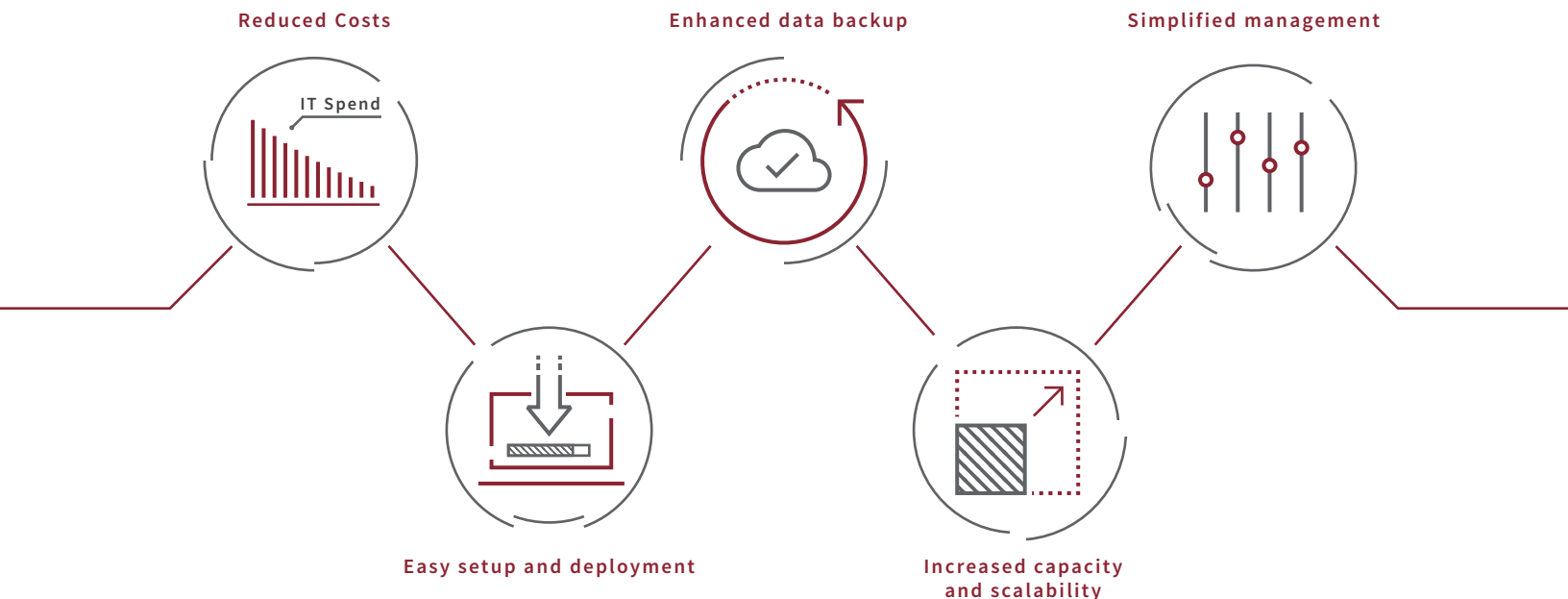
COLOCATION: A SOLID FOUNDATION

Colocation is one way FinServ organizations can prepare for the emerging technologies associated with digital transformation, offering significant business and IT advantages while helping address the barriers these organizations often face.

For example, colocation can provide much-needed relief for IT teams by helping them achieve FISMA-compliance while simultaneously taking on the burden of maintaining server uptime. It also allows FinServ organizations to quickly expand their IT environments to support new initiatives without upfront capital investment. Ideally, a colocation provider will also offer the ability to connect to networks, clouds, and other vendors within the same data center, centralizing the IT environment.

IT pros in FinServ organizations are already seeing the benefits colocation provides. According to the Spiceworks study, the top five benefits IT pros report are:

- 1. Reduced costs**, along with more predictable budgeting as a result of shifting infrastructure costs from CapEx to OpEx
- 2. Easy setup and deployment**, facilitated by features such as simple cloud on-ramps and network access onsite
- 3. Enhanced data backup**, going hand in hand with improved business continuity capabilities
- 4. Increased capacity and scalability** thanks to highly scalable infrastructures that can accommodate growing and shifting workload requirements
- 5. Simplified management** that allows IT staff to focus on digital transformation



COLOCATION IN ACTION

A leading international financial institution recently took on the task of moving out of its aging data center—a mammoth undertaking that had to be done with no downtime. The organization’s top goals for the new data center? To minimize latency to major financial exchanges in New York City while establishing a scalable, connected infrastructure that would help future-proof their business.

The bank chose CoreSite colocation because it checked all the bank’s search criteria—multiple connectivity options, high-density power, cost-effective options for growth, and an ultra low-latency network with roundtrip responses under 10ms to downtown Manhattan.

In addition, CoreSite offered access to AWS Direct Connect. For the cost and ease of a cross connect, the bank can get the fastest, most secure, and most reliable connection to AWS on the market, at considerably lower rates than private connections—ideal for high-frequency trading and other time-sensitive financial business operations.

Exchanging an underpowered, outdated data center for an ultra-modern one with sufficient power, lightning-fast connectivity, and room to grow was an enormous boost to the bank’s business operations. CoreSite’s team was instrumental in planning the migration, as the multi-phase move had to account for shutting down the existing data center site without taking operations offline. The bank put its trust in CoreSite’s reputation and came away with a low-latency, scalable, and cost-effective colocation solution that will carry the business for years to come.



// NETWORK LATENCY
Round Trip Response
...<10ms

100ms

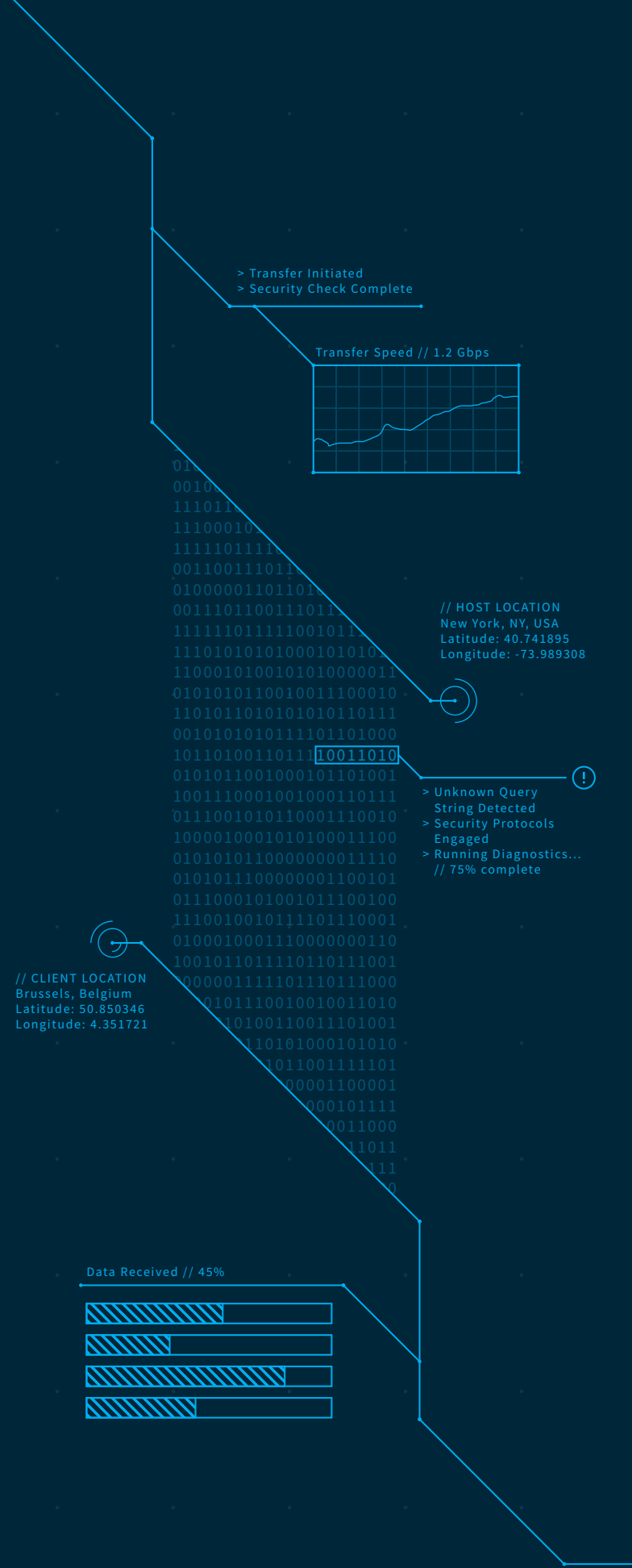
FINDING THE RIGHT COLOCATION PARTNER

“Companies that fall behind competitors in AI, big data, and machine learning will find it increasingly hard to catch up later,” says Vijay Gurbaxani, Director of the Center of Digital Transformation at the University of California.⁷ By serving as a strategic IT partner, the right colocation provider can help you face the challenge by offering valuable expertise, a robust set of capabilities, and a comprehensive ecosystem of providers and interconnections.

Look for a colocation provider who can:

- Accelerate performance by providing the proximity you need to end users, your institution, and/or financial exchanges in order to minimize latency
- Provide access to nearly any cloud or network provider you need within the facility either through a cross-connect, or through one-to-many cloud and peering exchanges
- Offer the flexibility to cost-effectively grow with your business, whether you need a few cabinets or an entire floor of data center space
- Provide a track record of outstanding uptime and customer satisfaction

Keep in mind that no two colocation providers are the same. When making your selection, it’s best to think long-term—at least two years out. Not every provider will be able to deliver the features and capabilities you may need in the future, even if it works today. And make sure the provider you choose has the expertise to add value every step of the way, and is committed to being a full-time business partner you can count on.



CONCLUSION

The world relies on FinServ companies every second of every day, and your infrastructure choices are crucial. An advanced colocation provider can set you up for success by laying a solid foundation for digital transformation, and by providing the security, reliability, and network accessibility required for successful financial operations—even as the technology landscape evolves.

ABOUT CORESITE

CoreSite offers secure, reliable, high-performance data center and interconnection solutions backed by exceptional customer support. CoreSite fuels business growth for FinServ organizations, providing connections to hundreds of networks, clouds, and IT service providers, all with six 9s of uptime.

LEARN MORE



ABOUT THE SPICEWORKS SURVEY

CoreSite commissioned Spiceworks to conduct a survey in April 2018. This survey targeted IT decision-makers, including IT directors, IT managers, and other IT staff, to understand current data center perceptions and practices in FinServ organizations. Survey results included responses from approximately 150 participants in the U.S. who work at FinServ organizations with 50 or more employees.

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