





Preview of EBA Paper: **Business Relevance of Cloud Adoption**

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Welcome to Our Presentation on Cloud Adoption and Its Impact on Operational Models





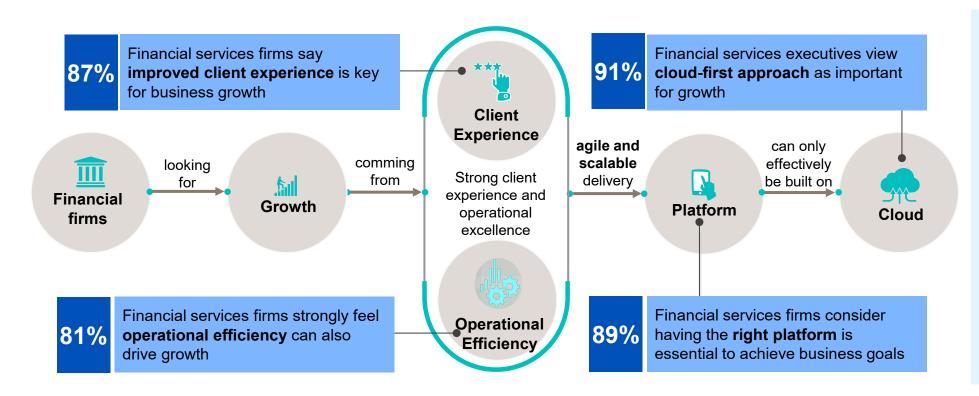


- Share first insights into our paper
 - Business relevance driving cloud integration
 - Status of the cloud integration within Financial Services industry over time
 - Methodology to categorize cloud technology
 - Reviewing cloud usage scenarios for banks over time
 - Highlighting cloud technology as an enabler for new use case: Al Powered Operating Model
- Have an open discussion with the audience



FS Business growth will come with cloud as a key enabler

GENERIC MODEL: DRIVERS TOWARDS CLOUD



COMMENT

Cloud Adoption: A
Strategic Shift Driven by
Business Needs

- Rapid traction in cloud adoption across industries including Financial Services
- Business-related triggers for cloud transformations are essential – moving into the cloud just driven by possible technology enhancements and potential cost savings will not be successful

Source: Capgemini Cloud Survey of Financial Services firms 2023

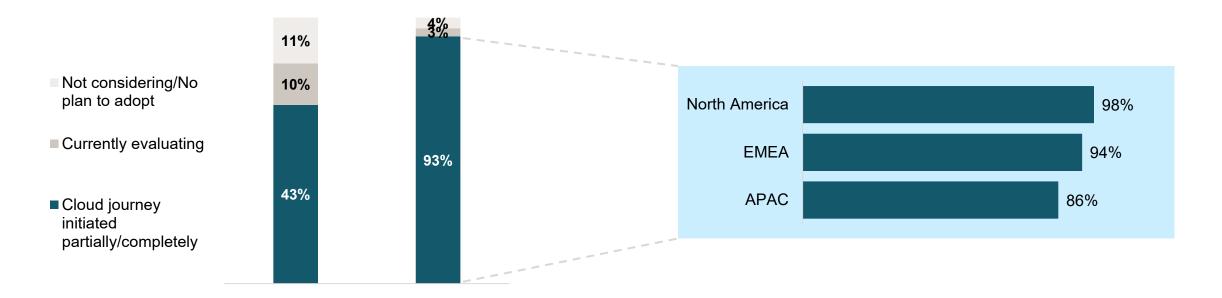


Most banks have initiated their cloud journey

BANKING CLOUD JOURNEY PROGRESS % of FS executives – Aug 2020 V/s Aug 2023

BANKS ADOPTION

(Partial/complete initiation) by region, % of FS executives – Aug 2023



As efforts have started, time has come to harvest the benefits by moving to cloud first and reach - business value

Source: Capgemini Cloud Survey of Financial Services firms 2023



Cloud technology usage is depended on state of the organisation and its current ambition

MARKET OPTIMIZATION BY CLOUD

CLOUD TECHNOLOGY CATEGORIES

Data Profile

Innovation Profile



Each organization starts with a different intention towards cloud technology and has a therefore a different starting point

AI & IoT for **Big Data Analytics** FS Workloads API and other Dev. Tools & Database **Functions** Containers for Modern **Applications** Modernize & Security & Advanced & Scale a laaS Network. Dedicated Infrastructur DC, Ops Computing **Commodity IT Profile Specialized Profile**

DESCRIPTION

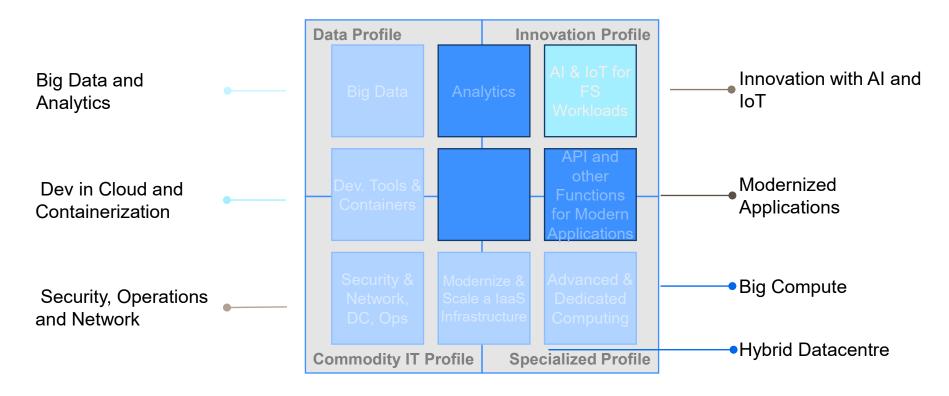
- Cloud services are mapped into 9 distinct technology categories, which relate to certain adoption profiles (Commodity IT, Data, Specialized and Innovation Profile)
- Respective technology categories have the potential to enhance the market position from optimisation to entering new markets
- Research has shown that the optimal value of cloud adoption is obtained with a balanced usage of the 4 cloud profiles

Source: Microsoft 2024



From cloud technologies to usage scenarios

MAPPING OF CLOUD USAGE SCENARIOS



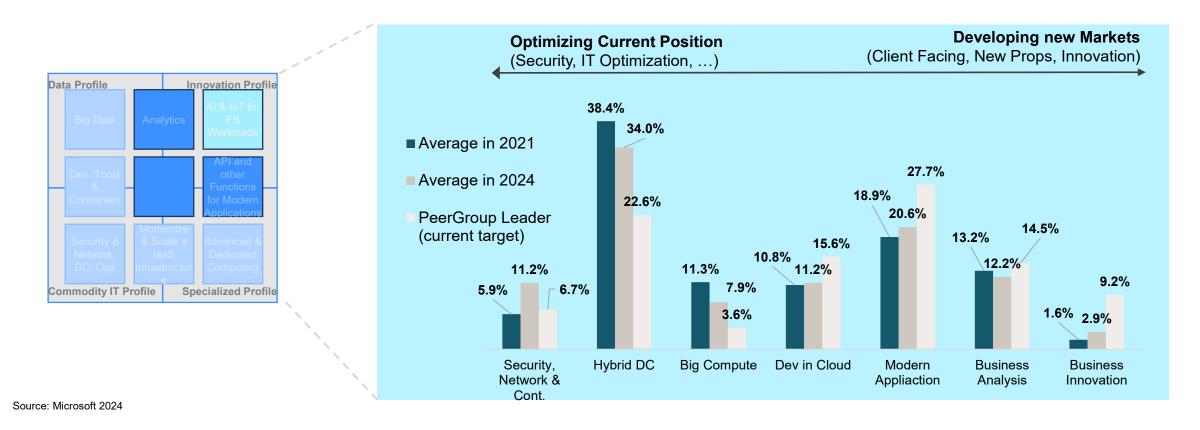
Source: Microsoft 2024



Over time, Banks have shifted priories towards business and innovation scenarios

CLOUD USAGE SCENARIOS

EVOLUTION OF CLOUD USAGE SCENARIOS OVER TIME



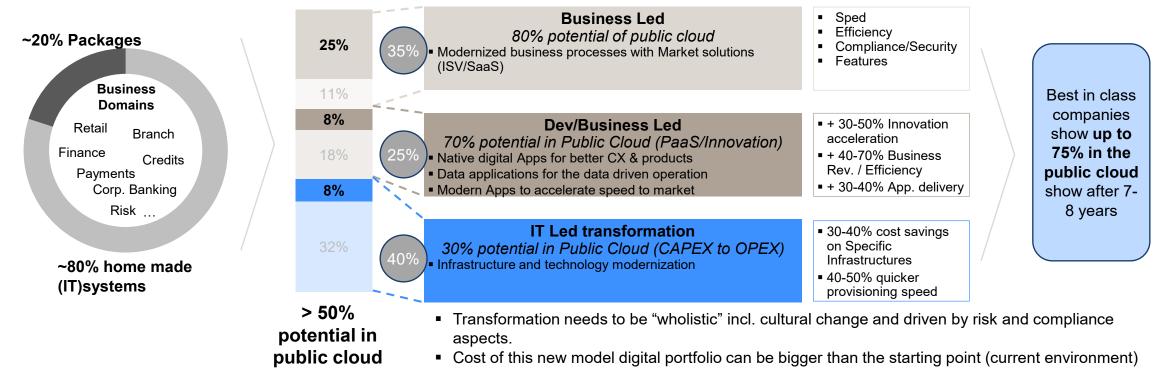
ABE **** EBA

EURO BANKING ASSOCIATION

After 5 years of transformation more than 50% of public cloud potential can be achieved

EXEMPLARY
STARTING POINT

PUBLIC CLOUD POTENTIAL AFTER BANK WAS IN 5 YEARS OF CLOUD TRANFORMATION (EXEMPLARY)



Source: Capgemini Cloud Survey of Financial Services firms 2023, Microsoft 2024, Gartner 2023



Setting the stage for Cloud Adoption is a multidimensional challenge

TRANSFORMATION ELEMENTS TOWARDS CLOUD

- Identify KPIs driven by **business** priorities (and not financial returns)
- Define total cost of ownership of building cloud-native systems

Define internal and external API strategy



- **Platform** integrity
- Ensure client data protection
- Put compliance and regulatory factors such as sovereign, as the heart of your decision



Engage with cloud experts, cloud platform providers, and implementation partners to ensure successful migration



- Create crossfunctional team with "IT as a trusted business partner"
- Leverage healthy mix of honing internal talent, hiring, and engaging with partners

Source: Capgemini Cloud Survey of Financial Services firms 2023



Ensure the right platform integrity and robust strategy to decide on the right options (hybrid, public, private, and multi-cloud)



Compliance and Security

- Determine the right cloud provider(s) based on the API strategy, platform integrity and security
- Consider regional provider support for data sovereignty

needs

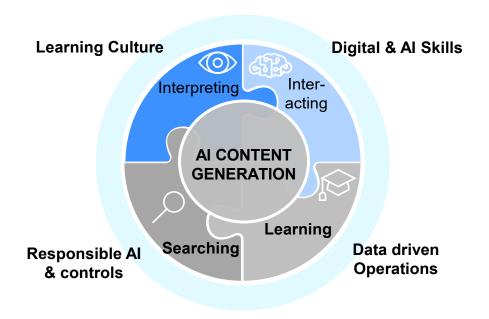


Partners



Al Powered Operating Model: Change in culture

EXAMPLE: CLOUD ENABLED AI OPERATION MODEL



FUTURE STATE: GEN AI USE CASES ACROSS FS DOMAINS

As Generative AI use cases mature, significant impact will be created from AI – Payments is expected to have highest use case adoption

(based on ~500 Executive responses in 2023)

Payments	72%
Retail banking	69%
Wealth management	68%
Capital markets	66%

Source: Capgemini Cloud Survey of Financial Services firms 2023, Microsoft 2024



We are looking forward presenting you our final report end of Summer 2024!







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