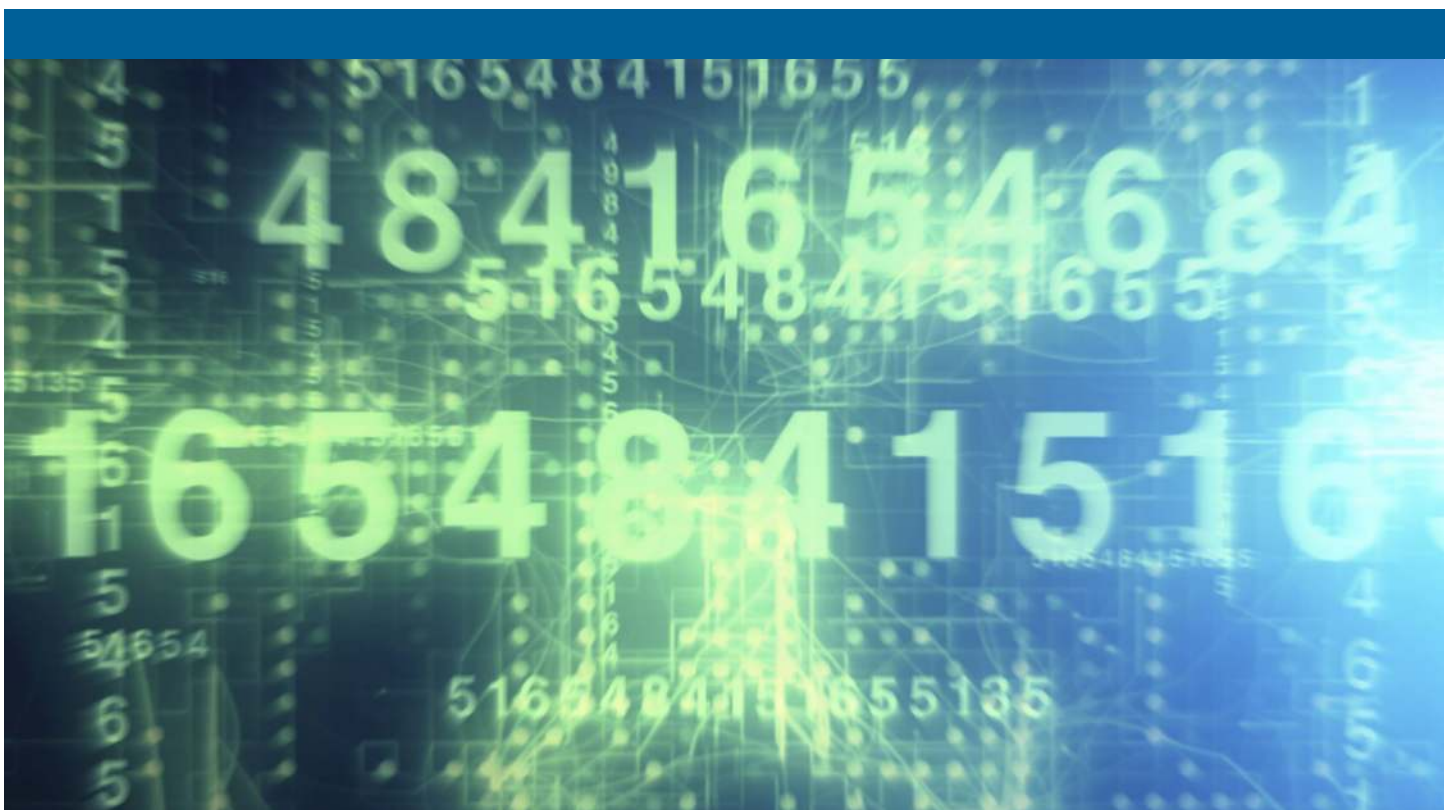


Executive Report

4 Critical Steps Financial Firms Must Take for IT Uptime, Security and Connectivity

When millions of financial transactions are on the line, downtime is not an option



Colocation offers companies more than just an easier way to gain access to interconnect infrastructure; it also reduces costs and enables new levels of network flexibility and security.



The many different entities that come together to make up the financial services industry are highly interdependent. Banks, insurance firms, investment firms, securities organizations, and other companies share information across networks on a millisecond basis and rely heavily on IT systems for optimal uptime, security, connectivity, and data integrity. Without specific quality assurances, today's financial services firms would not be able to maintain high availability of their IT systems while meeting the industry's growing compliance requirements.

To compete successfully in this increasingly complex financial services environment, firms must remain agile while adhering to strict process discipline. Without this edge, companies can quickly lose competitive footing and wind up falling behind their industry peers.

Maintaining data centers in this pressurized environment requires the most robust and reliable tools that can't always be found under a financial service company's roof.

By providing an IT service management framework and interconnection among geographically dispersed data centers, CyrusOne answers an important question that all financial services firms are asking:

How can we effectively manage this unprecedented explosion of data, applications, regulatory requirements, and customer demands?

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Step 1: Managing Big Data

Banks are currently managing an unprecedented amount of data. Managing data efficiently and cost-effectively is critical. Data center colocation reduces the cost of big data management by turning capital expenditures (sunk cost data center and associated infrastructure) into operational expenditures.

In-house data centers are also largely siloed and offer little or no interconnectivity with business partners, vendors, customers, regulators, and other entities.

To manage these growing complexities, financial services firms can rely on colocation services to connect the specialist services that are distributed across a wide range of network connections.

Step 2: Information Security – Needed and Also Regulated

While attention is generally paid to application security, financial companies must also address information security issues such as:

Physical data center security – While the focus is often on security breaches by remote access, data centers are also vulnerable to breaches. Such physical breaches can result due to lax processes, loose check-in procedures, and outdated access lists. These can in turn lead to theft of valuable data as well as theft of actual physical assets, and costly downtime.

Compliance with increasingly complex regulations – More and more IT leaders say their information management program will not be able to cope with a growing regulatory burden and increased compliance requirements over the near to long term. And the greatest regulatory challenges will be associated with the Dodd-Frank Act, Patriot Act, and Foreign Account Tax and Compliance Act (FATCA).

Business continuity and disaster recovery – Financial companies must ask themselves questions like, “If a hurricane flooded my data center, or a storm cut off its power, how would I continue to provide my customers access to financial services? How long would it take me to resume operations?” Recent natural disasters and resulting blackouts in highly populated areas have brought those questions, about business continuity and disaster recovery for data-dependent companies, to the fore. Some financial services firms are well ahead of the pack, with plans already in place to ensure a rapid, efficient recovery in the event that a data center – for whatever reason – goes down.

Investing in business continuity and disaster recovery is critical because the company’s reputation and its customers’ loyalty is at stake.

When considering a data center for colocation, financial companies should look for:

- Secured, shared infrastructure that can deliver lower costs and faster responsiveness when the financial company needs to change power or size requirements
- Low to very high density solutions that are tailored at the rack level
- Power redundancy tailored at the rack level
- A flexible contract so financial companies can grow into purchased power and space over a given time period
- Metal conduit for communication paths
- SCIF (Sensitive Compartmented Information Facility) features

Step 3: Choosing Colocation is a Better Way Forward

Colocation enables financial companies to quickly scale infrastructure capacity. It can also be used as a critical driver of the cost savings. Benefits include:

Scale efficiently – Data center construction and expansion are huge capital expenses and often require many months to plan. In order to expand data center capacity in-house, most financial companies need to look across a 3- to 5-year timeline, and consider significant capital expenditures for the physical space, additional power, and additional cooling infrastructure. By contrast, expanding data center capacity in a colocation environment is as simple as securing new space and plugging in hardware.

Manage large volumes of customer and transaction data – Abhishek Mehta, managing director for big data and analytics at Bank of America, explains the role of big data in the banking industry well: “Be it Bank of America, be it Walmart, be it Verizon, they are all data companies. You don’t push cash around, it’s moving bits and bytes.” Big data has become a fact of life for financial companies, in an environment in which mobile services exponentially increase the amount of data that needs to be processed at any given time.

Get to market faster – The speed at which business changes is faster than ever, and keeps on increasing. As mobile services continue to expand in the kinds of features available through mobile applications as well as the reach of mobile devices, financial companies will have to keep pace with changes in consumer demands. That’s much easier to do when the company can scale up more quickly and efficiently with a colocation services provider vs. the cost and infrastructure required by scaling up internally.

Ideally, financial companies should have data centers that are a best-fit solution, meaning they grow and adapt as the firm’s needs evolve. That is typically much easier, and less expensive to do in a colocation environment versus in-house.

CyrusOne’s data centers are engineered to deliver top-tier availability backed up by 100% uptime SLA and all data centers are built with up to 2N redundancy of mechanical and electrical systems for a highly resilient environment that’s perfectly suited for the financial services industry.

Compliance with increasingly complex regulations – While many information security regulations apply at the application level (which a colocation services provider wouldn’t touch), there are some infrastructure-related provisions in financial regulations. Look for a data center services provider that is fully certified with SSAE16, TIA 942 Top Tier, HIPAA, and PCI-DSS.

Business continuity and disaster recovery– Financial services companies are managing large volumes of customer and transaction data that customers need to access at all times. Therefore, companies can’t afford for their systems to go down.



Step 4: Colocation Enables Data Center Consolidation

With some exceptions, data can typically live quite well in centralized locations. The benefits of consolidation with a colocation services provider include:

Economies of scale – Because an enterprise colocation data center builds and operates data centers at a much larger scale than most financial services firms would in-house, it allows those data center operators to achieve economies of scale, including economies in construction, and in the purchase of power, one of the most expensive data center operations costs.

Summary

Financial services firms must stay ahead of the curve when accommodating consumer, regulatory, and competitive demands. Unfortunately, many firms don't have the flexible and scalable data center capacity or best-in-class security they need in-house. Colocation with a data center provider is an efficient alternative to building and running their own data center. Colocation can enable financial companies to meet their customers' demands both cost-effectively and efficiently.

CyrusOne can help financial services firms achieve scalable storage and best-in-class security to enable companies to effectively balance consumer, compliance, and IT needs in the most seamless manner possible.



About CyrusOne

CyrusOne specializes in providing highly reliable, flexible and scalable enterprise data center colocation that meets the specific needs of customers across its broad portfolio of carrier-neutral data center facilities in the United States, Europe and Asia. CyrusOne employs its Massively Modular® engineering and design approach to optimize design and construction materials sourcing and enable just-in-time data hall inventory to meet customer demand. The company engineers its facilities with redundant power technology, including an available 2N architecture.

CyrusOne customers can mix and match data centers to create their own production and/or disaster recovery platforms by combining facilities via the low-cost, robust interconnectivity provided by the CyrusOne National Internet Exchange (IX).



About the Author

Tesh Durvasula is Chief Commercial Officer of CyrusOne. Tesh is responsible for Sales, Marketing, Strategy and M&A, and has extensive operating experience in the areas of data centers, hosting, cloud, fiber optics, and telecommunications.

Prior to joining CyrusOne, Tesh was Chief Marketing and Business Officer at QTS, where he successfully helped to create a specialized sales team and organized their product, services and strategy around complex enterprises, colocation, hosting and cloud services.

Prior to working for QTS, Tesh was Chief Marketing and Business Officer at a leading national provider of colocation and interconnection services.

