

Forecast: cloudy, for the foreseeable future

John Araneo and Vinod Paul, of Align, highlight how the investment management industry is benefiting from the public cloud

The evolution of the public clouds (i.e., Microsoft Azure, AWS, IBM, G-Suite, etc.) has not gone unnoticed by the investment management industry. Historically, investment managers avoided the realm of the public cloud almost categorically. However, in the last few quarters, we have seen a clear industry-wide capitulation of this trend, and more and more forward-thinking investment firms are now confidently embracing the extraordinary benefits offered by the public cloud. And they are winning.

ZDNet recently reported that spending on cloud computing infrastructure in Q2 2018 reached \$20bn (\$80bn annually). AWS leads the space; however, contenders Microsoft and Google are gaining. The forecast appears to be 'cloudy' for the foreseeable future. In fact, Align's Cloud Solutions Team has witnessed an aggressive uptick in public cloud adoption among startup, emerging and mature fund managers alike. And while each of these managers is entirely unique, their decisions to use the public cloud turn on the same factors: (i) unmatched security controls; (ii) predictable IT costs; (iii) flexible scalability; and (iv) passive innovation.

The new frontier of cutting-edge, up-to-the-minute security controls

The public cloud has apparently crossed a tipping point. Having shed its image as an unstable environment with zero security controls, today the public cloud is developing as the forefront of emerging, best-of-breed and thriving security developments and controls. This security-driven ecosystem provides a safe harbour that appeals to every investment



John Araneo
Align

John Araneo is managing director, Align Cybersecurity, and general counsel. He possesses a broad corporate legal background, encompassing investment management law, data privacy and cybersecurity law, governance and employment law. John is a published author, thought leader and expert with regard to cybersecurity issues. John serves on the Committee of Hearts for Help For Children/Hedge Funds Care, a global non-profit organisation.



Vinod Paul
Align

Vinod Paul brings over 20 years of in-depth financial services and technology experience to his role as Align's chief operating officer. Vinod serves on the global board of directors for Help for Children/Hedge Funds Care, a worldwide nonprofit dedicated to supporting efforts to prevent and treat child abuse.

manager dealing with cyber-security challenges.

For example, Align's managed cloud solutions, built around Amazon Web Services (AWS) and Microsoft Azure, each offer an IT architecture that is layered and stacked with built-in technological cyber-security controls, components and features. This allows Align's managed cloud clients to operate within a comprehensive and cutting-edge IT environment that is not only high-performing but also entirely secure, meeting both the current regulatory requirements and prevailing operational due diligence expectations, as each relates to cyber-security.

Predictable IT costs

IT budgeting has historically been opaque and unpredictable. In contrast, public cloud environments provide a more elegant approach to budgeting, as they are audaciously predictable. There are no upfront infrastructure costs, no legacy systems to replace, no mass migrations and no retrofitting. Moreover, unlike other cloud environments, the public cloud model enables customers to only pay for the resources that they consume, as they consume them. The predictable nature of public cloud costs is better aligned with the more paramount concerns of

fund managers: controlling costs and building a track record of profitability.

Scalable and flexible

Public cloud environments provide investment managers with unprecedented ease of scalability as well as the necessary agility to support rapid operational changes and abrupt business growth while eliminating downtime and increasing system availability. In other words, your business runs at optimal speeds and remains up and running as it grows, without the business disruptions and unnecessary costs inherent in other environments.

Because of its dynamic nature and advanced capabilities, the public cloud environment is suitable for any fund manager regardless of its size, location, investment programme, complexity or other attributes.

Passive innovation

Public cloud providers are continually enhancing and perfecting solutions by developing innovative technologies and integrating these emerging developments into the environment, contemporaneously with their creation. The end user is not charged, not upsold and there are no delays, no legacy system retrofitting – innovation lives and breathes within each public cloud environment, entirely apart from their users. And so, each user benefits from these innovations immediately and merely by being present.

Conclusion

The benefits inuring to those investment managers that are using the public cloud are providing them with numerous, dynamic competitive advantages. For example, tasked with performing voluminous and complex calculations within micro-seconds, quantitative and algorithmic fund managers are looking to the public cloud's advanced technologies to increase efficiencies and economies while eliminating complications created by legacy technologies. And once again they are winning. These competitive advantages are differentiators for those managers looking to satisfy investors and stay ahead of the crowded competition pool.

What are you waiting for, hedge funds? Reach out to a cloud expert at Align today: www.align.com. 