

451 Enterprise Computing Strategies (ECS)

Financial Services Industry

October 2007

EXECUTIVE OVERVIEW

the **451** group

Report snapshot

- Service: 451 Enterprise Computing Strategies (ECS) Report
- Report: *Financial Services Industry: This gig is bigger than grids - from HPC to service orientation*
- Analysts: William Fellows, Principal Analyst
- Released: October 2007

Key findings

- Grid computing is a means to an end. The 451 Group's five-plus years of work with some 250 early adopters of grid computing finds that in addition to the tasks grids were created for – high-performance computing (HPC) – grid techniques are now being combined with virtualization and service-oriented architecture (SOA) to support general organizing principles in IT such as enterprise utilities, shared services infrastructures and eco-efficient IT. Being able to find additional existing workloads or to define new workloads to run on grids is key to moving them beyond HPC.
- IT and business are aligning, with utility being the change force. On an individual basis, the pursuit of competitive advantage through IT (grids), and growth as the driver of business goals are the key constituents of ECS from a grid-centric point of view. In the broader landscape, creating enterprise utilities to achieve better utilization of IT assets is driving adoption.
- There is no single 'right' answer for users. Grids, virtualization, utility models (enterprise and public), SOA and open source are being combined in various degrees. The different circumstances of individual organizations – IT legacy, supplier relationships, organizational makeup and executive leadership – mean that technology threads are being woven into a number of approaches.
- Users with the widest range of activities and assets are seeking to better integrate them horizontally by creating common platforms (technology infrastructure) and shared services (application infrastructure) to support them.
- In 2006 a small number of financial services organizations had implemented enterprise utility models, and almost none had in 2004. Now they are driving most ECS that The 451 Group has looked at in the sector. Users are now moving from silos to horizontally integrated resources.
- The jury is still out on the use of virtualization and grids together. Regardless of whether virtualization is integrated with grids or not, it is a fundamental driver of change for the development, use and delivery of IT throughout enterprises. It is also key to the absorption of grids into enterprise computing fabrics.
- Virtualization in 2007: There are too many moving parts, too many suppliers and too few heterogeneous management tools. Users want fewer supplier relationships, and they want virtualization baked in.
- Public utility computing models are back in the conversation, but it will not be an 'all or nothing' play. Users with enterprise utilities are more likely to be examining public utility/hosted models for more options. Why? Because sharing resources implies a maturity of organizational processes.

- Organizations that have devised financial and operating models for their ECS have also been very transparent about the high cost they expect the business to support. This sets them up to prove the value of their activities – that the business benefits will outweigh the costs in the long term.

About this report

The financial services industry (FSI) is responsible for roughly one-fifth of total IT spending, and it remains the number one target for most vendors. Although IT spending is growing only a little in this sector, it is large investment banks, stock exchanges and asset managers that account for most of the growth. These users remain at the forefront of spending on innovation and the early adoption of technologies such as grids, virtualization and service-oriented architecture.

This report includes an updated assessment of deployment maturity, drivers, challenges and technology trends at 19 major investment banks and insurers in terms of the 451 ECS evolution roadmap. The report examines how grids are being used to support – or are being combined with – utility models, virtualization, open source and SOA to create next-generation enterprise computing strategies. It builds on The 451 Group's previous work with early adopters in financial services, providing an aggregated view, examined from, but not limited to, a grid-centric perspective. It provides marketplace intelligence and analysis to assist end users, vendors and investors as they navigate this complex topic.

About the 451 Enterprise Computing Strategies (ECS) Research Service

The 451 Enterprise Computing Strategies (ECS) Research Service is the logical evolution of the 451 Grid Adoption Research Service (GARS). Over the past four years, this service has analyzed grid computing adoption at more than 120 end-user companies in eight verticals; wrestled with central grid-related issues like software licensing and data management; and dissected the strategies of grid vendors. The 451 Group believes that as grid technology is being absorbed into overall enterprise computing strategies, the discussion has moved beyond the grid itself. Through ECS, 451 analysts seek to widen their purview to examine enterprise architectures that incorporate grid techniques and technologies, but whose aspirations and concerns extend more widely.

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User profiles include:

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- Deployment summary
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- Strategic vision and business impact of distributed computing
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AVM

Bank of America

Barclays Capital

Bear Stearns

Citigroup

Deutsche Bank

Fortis

Hartford

HSBC

JPMorgan Chase

Lehman Brothers

Merrill Lynch

Morgan Stanley

Nationwide

Natixis

Société Générale

Standard Life

Wachovia