



cutting through complexity™

Reshaping the business model

Managing the impact of cloud

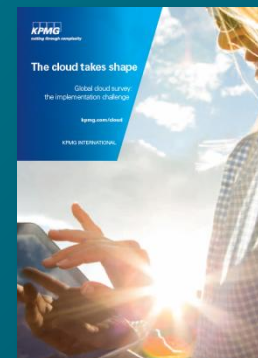
7 February, 2013



Agenda

1. Setting the context
2. Trends
3. Changing the Business Model
4. Case in point
5. Our approach to cloud computing
6. Key Take-Aways





The Cloud Takes Shape

*Global Cloud Survey
The implementation challenge
6 February 2013*

- Move from “when and why” to “how”
- Adoption - significantly more complex
- Business process redesign in tandem with cloud adoption
- 70% - cloud is already delivering efficiencies and cost savings

Being in the Cloud is quickly shifting from a competitive advantage to an operational necessity.

Cloud: A Game Changer Looking for Business Leadership

Cloud virtualizes IT - but it transforms business.

- IT / business
- Cuts costs, but also creates opportunities.
- One of the most disruptive forces in business in 20 years.



The question is, how can you transform your business to take advantage of this fundamental disruption?

*Leaders are using the Cloud to
improve business performance,
not just cut costs.*

How can you join them?

The Right Questions to Ask Now?

- How can I improve my interaction with customers?
- How does cloud impact my business processes?
- What are the tax implications of adopting cloud?
- How will I control and manage my data?

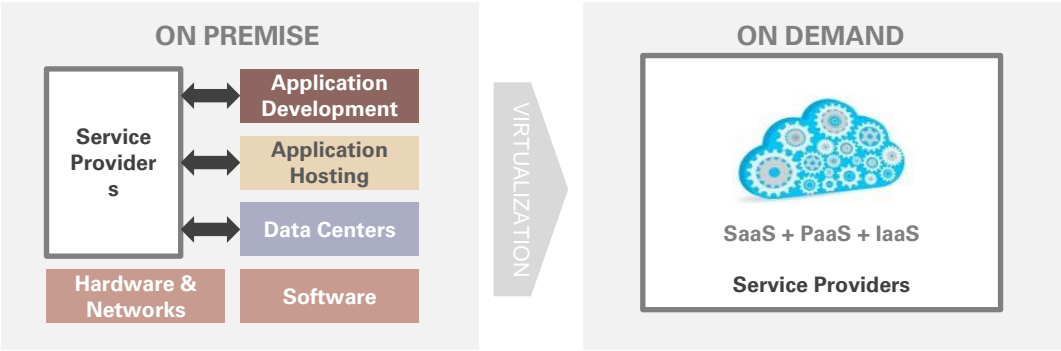


Not Just Cheaper, Better, Faster – Cloud enables innovation

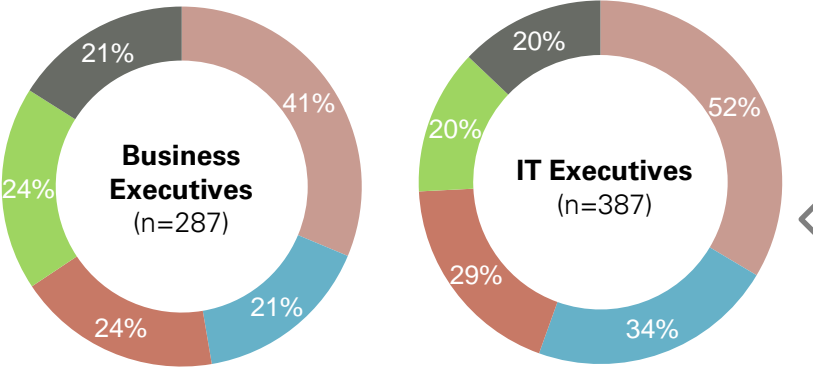
Setting the context

Supporting your Business Strategy

The New Paradigm



What are the key objectives?



- Cost reduction
- New market entry
- Improved interaction with customers
- Speed to adoption
- Business process transformation

New cost & charge models for business services

Agility within a complex and regulated market

Accelerate time-to-market for new business services

Focused IT operations

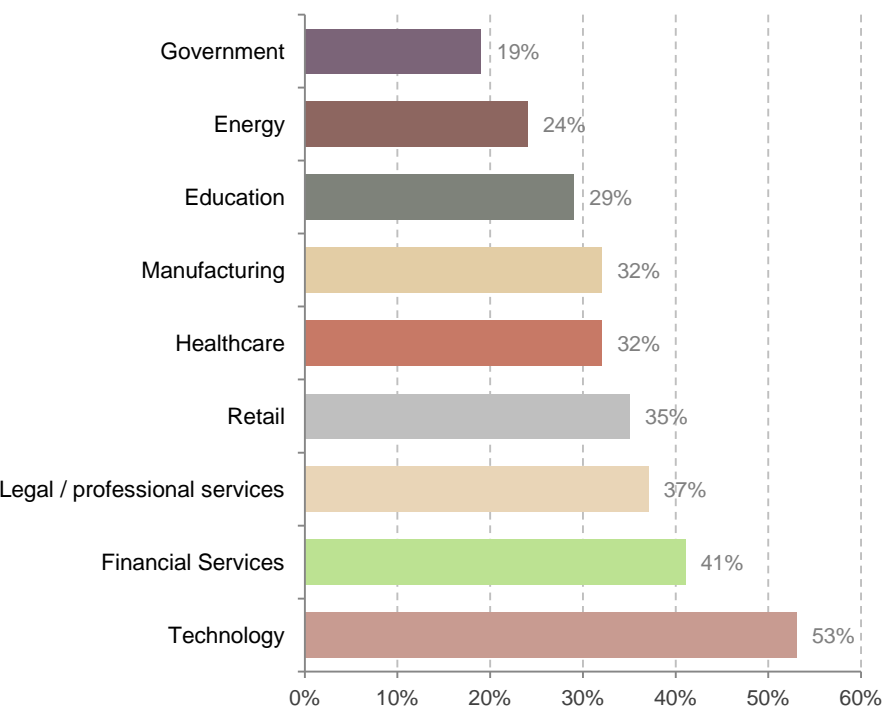
Cloud offers:

- Shift the cost base from CapEx to OpEx, usage-based billing
- Capability to adapt and change at a pace determined by the market
- Rapidly realize new avenues for revenue generating products
- A focused core IT function that can broker a richer set of business services

Source: KPMG International, 2013 *The Cloud Takes Shape Global Cloud Survey: The implementation challenge*

Financial Sector, one of the top adopters of Cloud Services

Cloud adoption rates by Sector



Anil Jaggia, CIO of HDFC Bank, one of India’s largest financial services providers, says that cost reductions from the cloud will be significant.



However, the strategic benefits are far and away more vital than the cost savings. **Agility** – being able to quickly and efficiently provision – or deprovision; being on the **forefront of innovation** and being **able to transition quickly**: these are the objectives worth attaining.

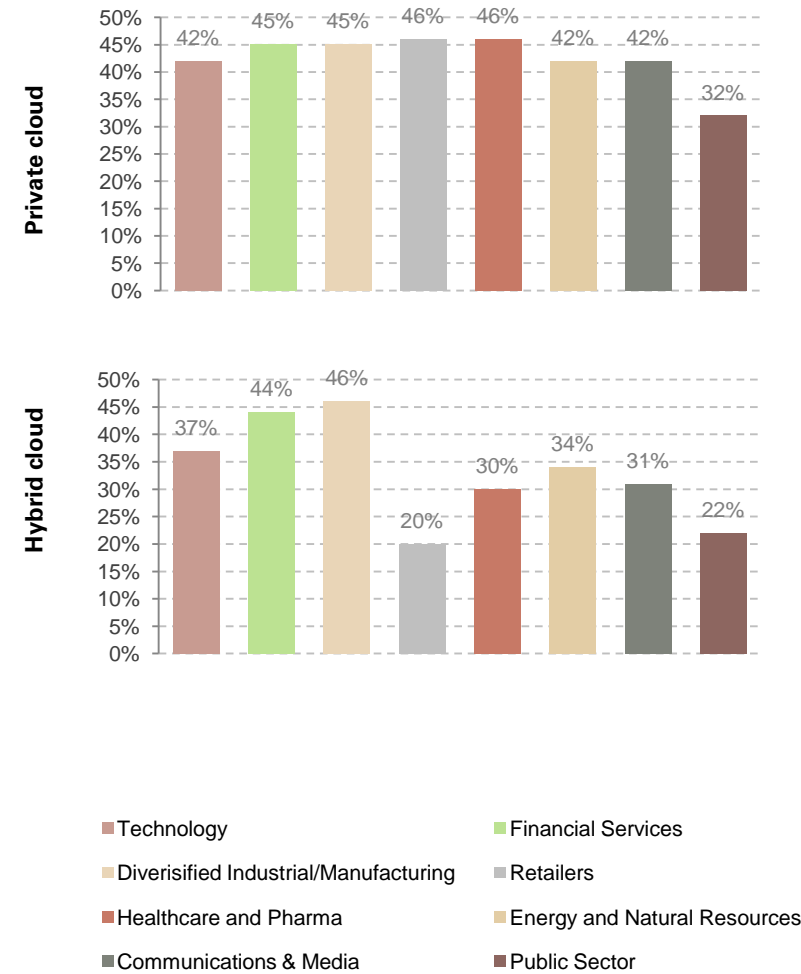


Source: Cognizant Research Report: *How Analytics Can Transform the U.S. Retail Banking Sector*

Trends

Cloud Deployment Models in Financial Sector

What type of Cloud Deployment Model is your Organization using?

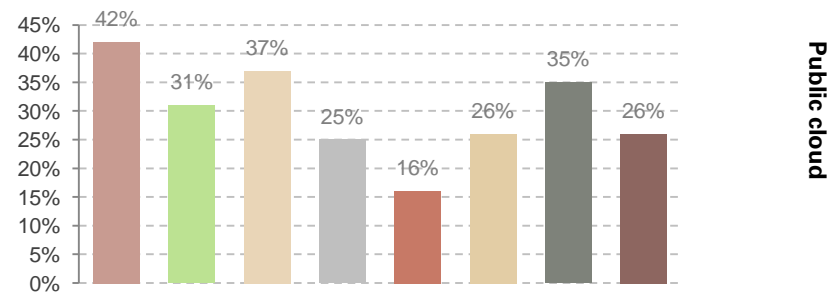


Private clouds will dominate the most critical functions, especially in the Financial Sector.

Industries with the strongest adoption of private clouds are financial services and healthcare, facing heavy regulatory and compliance issues that are difficult to manage in the cloud.

The **Hybrid cloud**, a combination of public and private cloud, is one model that promises:

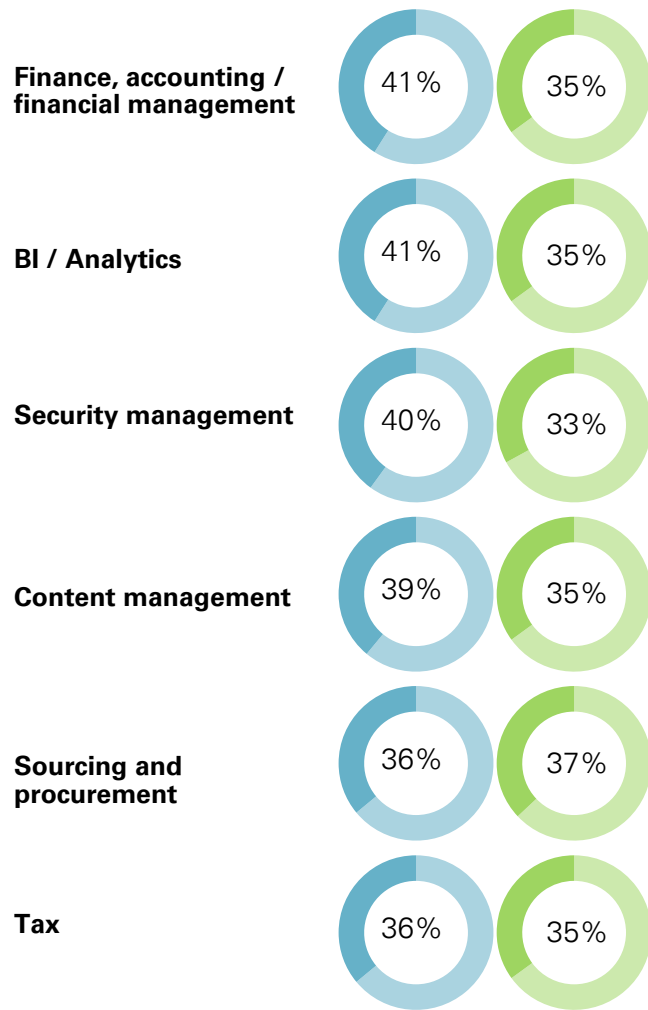
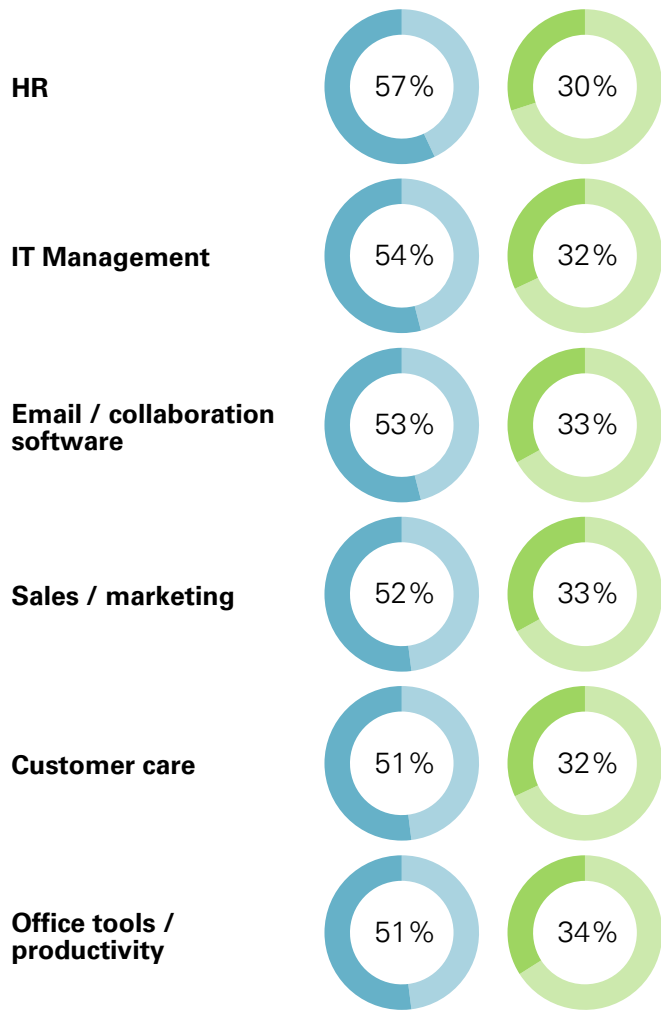
- Variable costs;
- Scalability;
- Flexibility and on-demand availability;
- Addressing security, compliance & performance concerns.



Source: KPMG International: *Embracing the Cloud survey, November 2011*

Trends

Cloud content/ functional area



Source: KPMG International, 2013 *The Cloud Takes Shape Global Cloud Survey: The implementation challenge*

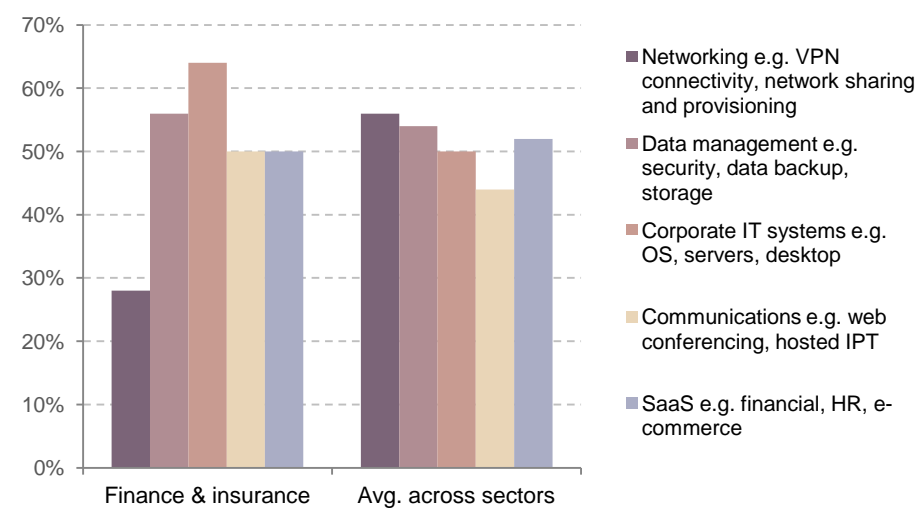
Now

Within 18 months

Trends

SaaS in the Financial Sector

Types of Cloud Services Presently in Use or Considering



Source: Ovum, 2011: *Multinational Corporate Survey 2011 Cloud Services*

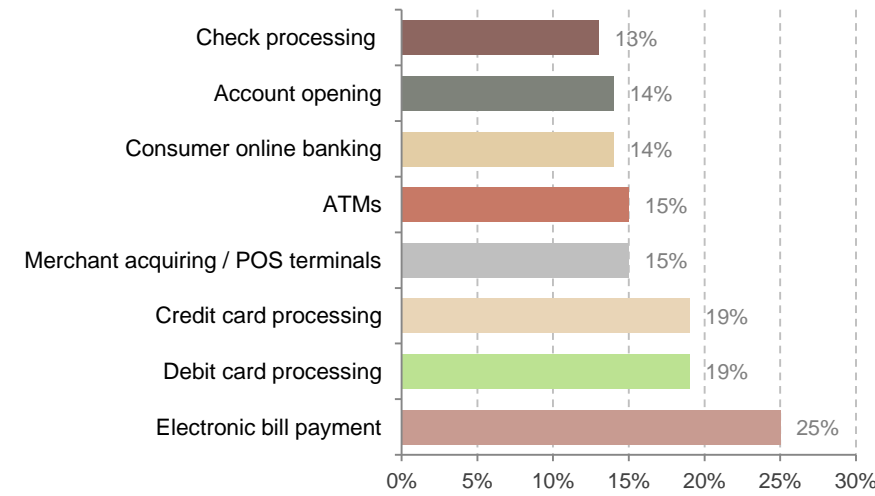
Outdated **legacy systems** make it difficult for banks to:

- create and launch new services;
- provide access to a mobile workforce;
- accommodate geographically dispersed customers and partners.

Cloud technology within the application layer enables:

- The modernization and ongoing access upgrades without upfront investments;
- An increased ability to rapidly deploy new services.

SaaS Penetration Levels at Respondent Banks



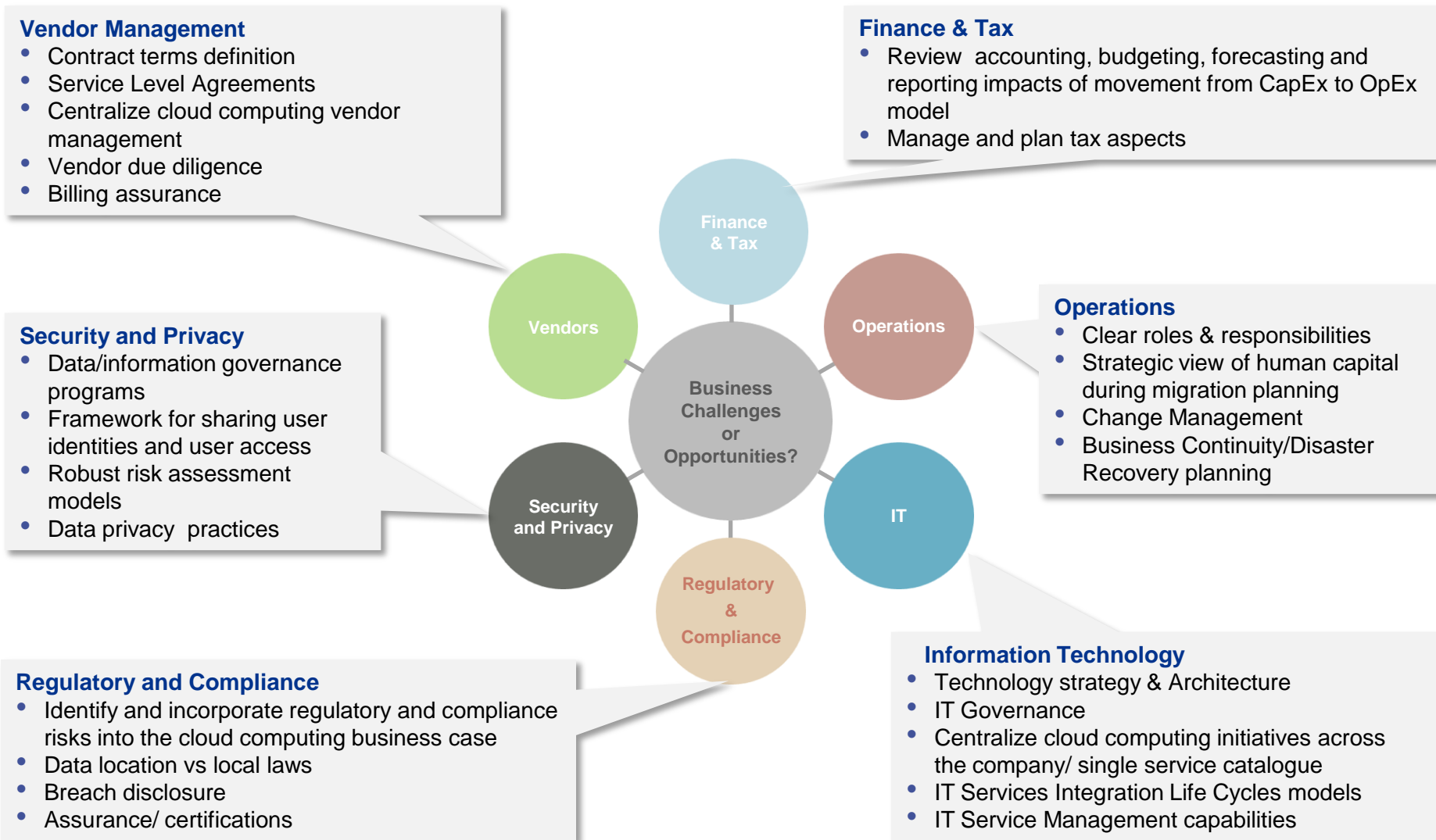
Source: CGI Whitepaper 2011: *SaaS Cloud Computing*

Benefits of SaaS:

- Faster speed to market
- Operational savings
- An always-current system to keep up with user demand
- Access to a global network with the same service available from anywhere in the world
- Service level agreements for both clients and users

Changing the Business Model

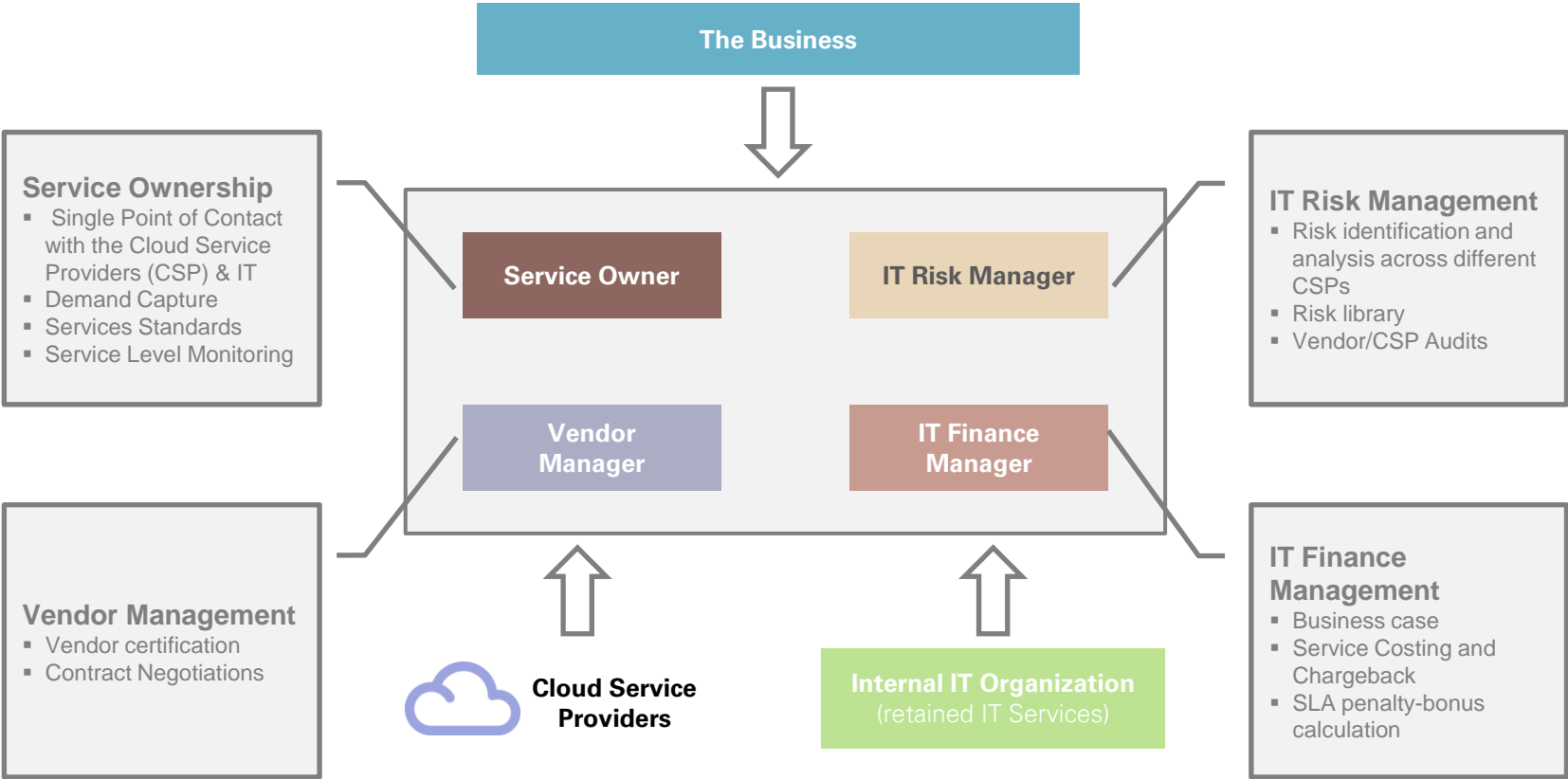
Impacted Business Areas



Changing the Business Model

IT “Service Integrator” Model

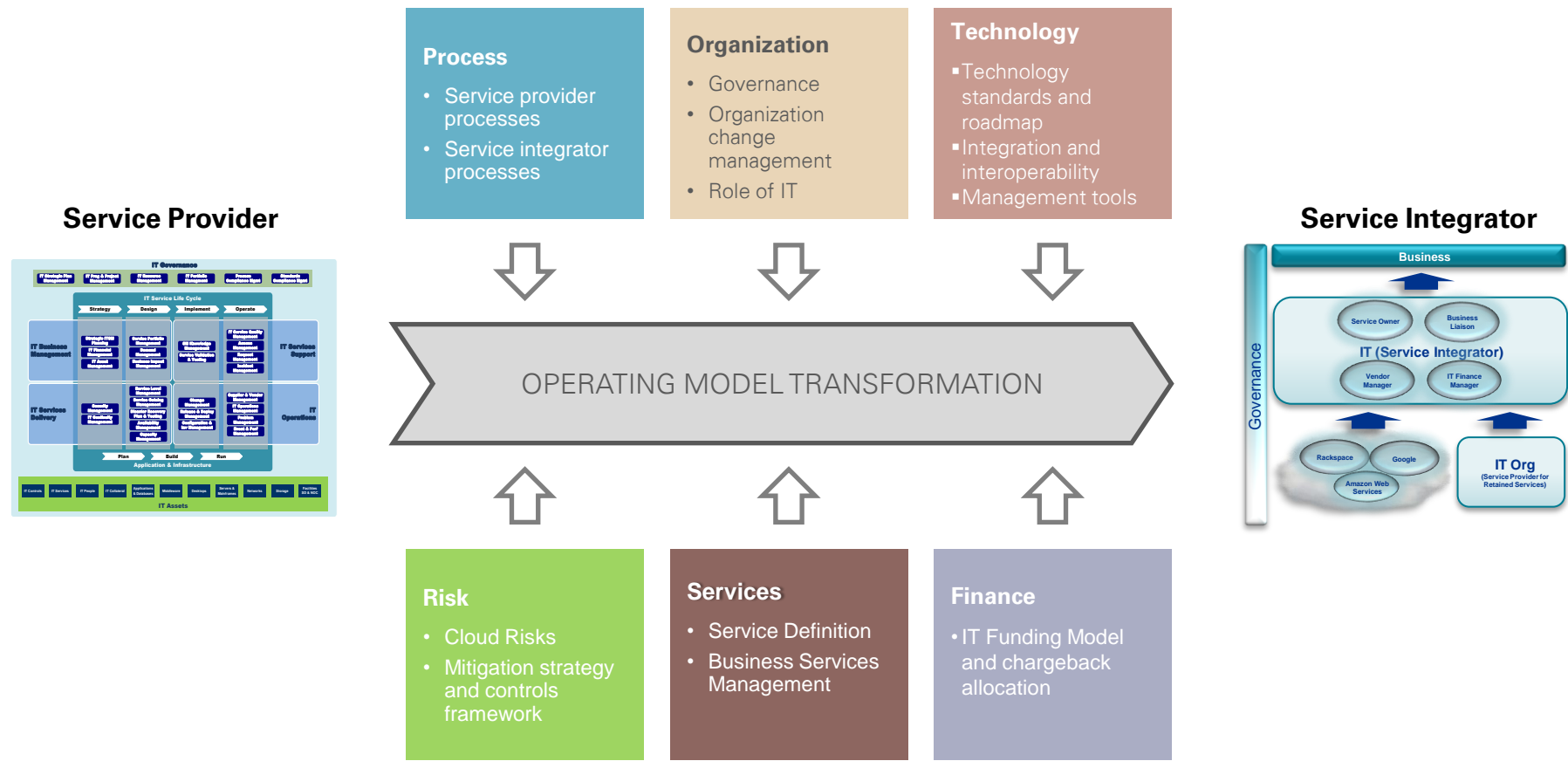
Successful adoption of a Cloud delivery model depends on an organization’s ability to establish a robust Enterprise IT Service Integration model.



Changing the Business Model

IT “Service Integrator” Model (cont’d)

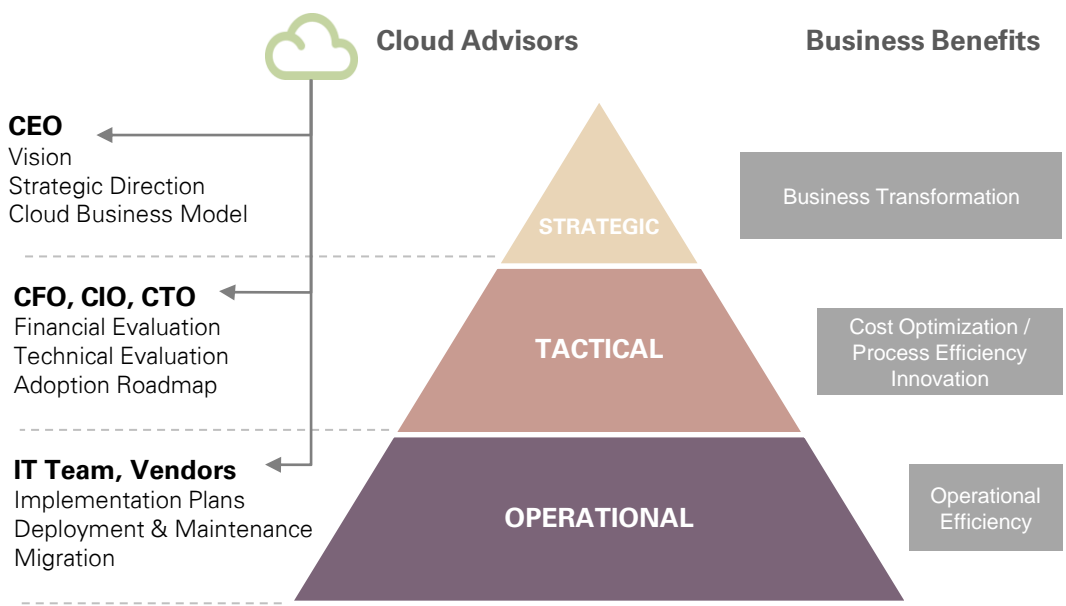
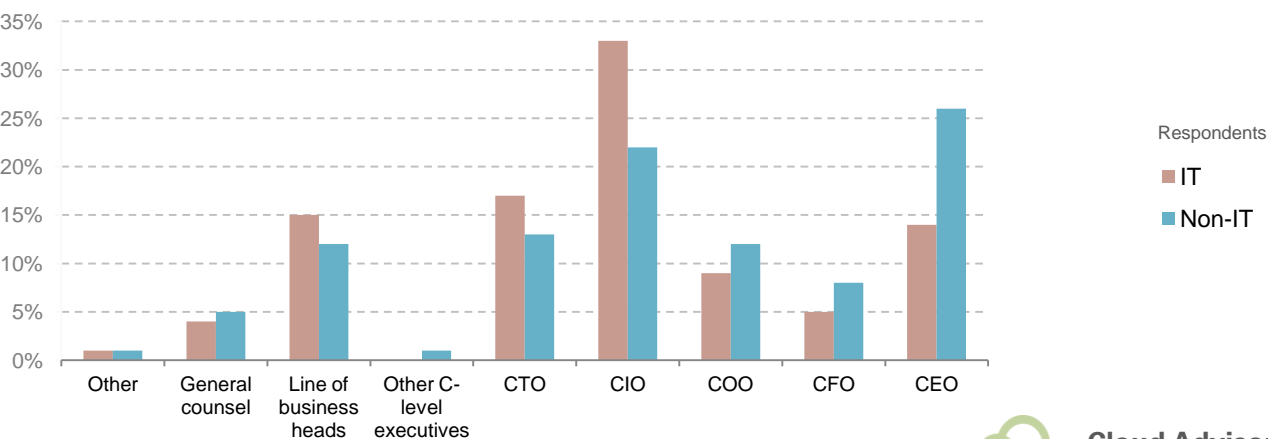
Enterprise IT organizations that have successfully adopted Cloud delivery models have transformed their IT operating models to focus on integrating their internal and external IT services.



Changing the Business Model

Driving change to Cloud

Who should lead the process of cloud adoption?

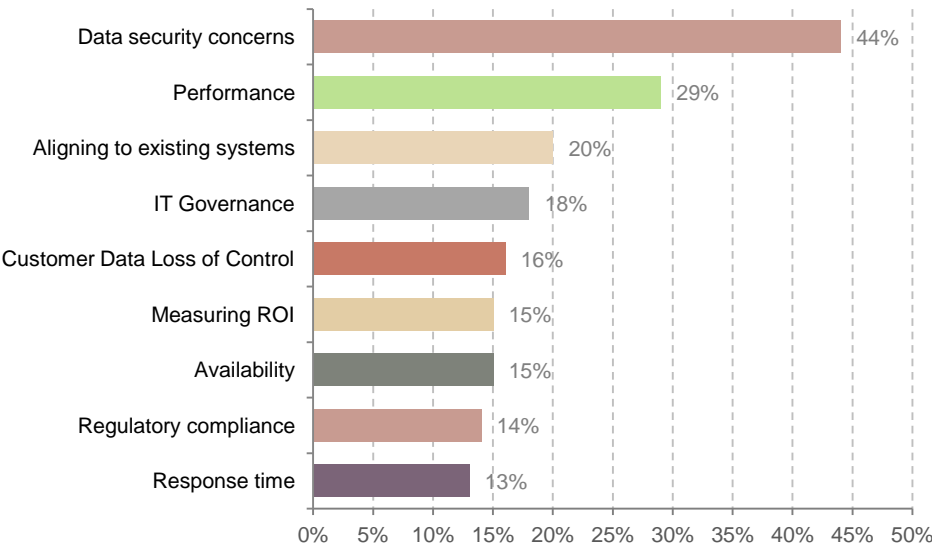


Source: KPMG International: *Clarity in the Cloud*

Changing the Business Model

Challenges to Cloud adoption

Rate the main challenges associated with Cloud adoption

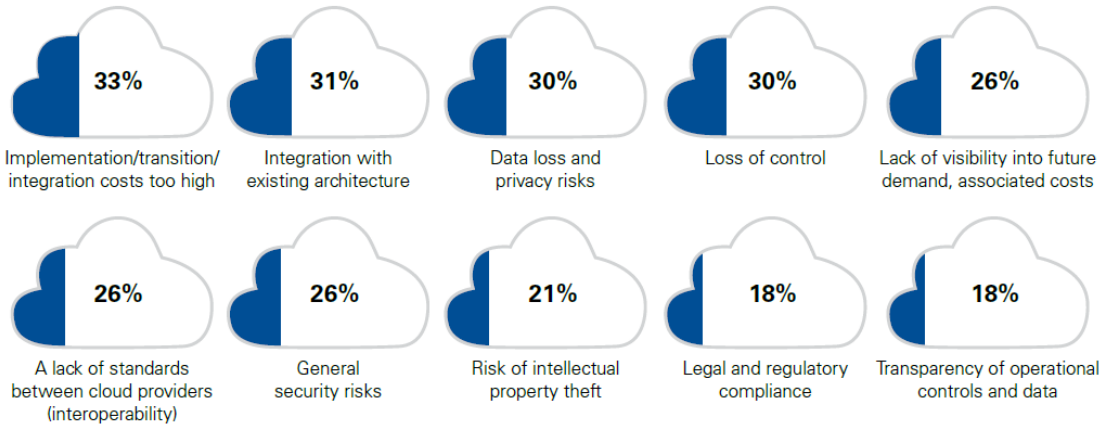


Source: KPMG, *Embracing the Cloud*, November 2011

Specific regulatory requirements in Romania - Regulation no. 18/ 2009 issued by the NBR:

- NBR must be granted full access to external supplier data in relation to the outsourced services;
- specific contracting requirements & both the Bank and NBR are entitled to end the contract;
- specific risk management and reporting requirements;
- specific requirements regarding evaluation and monitoring of external supplier activity.

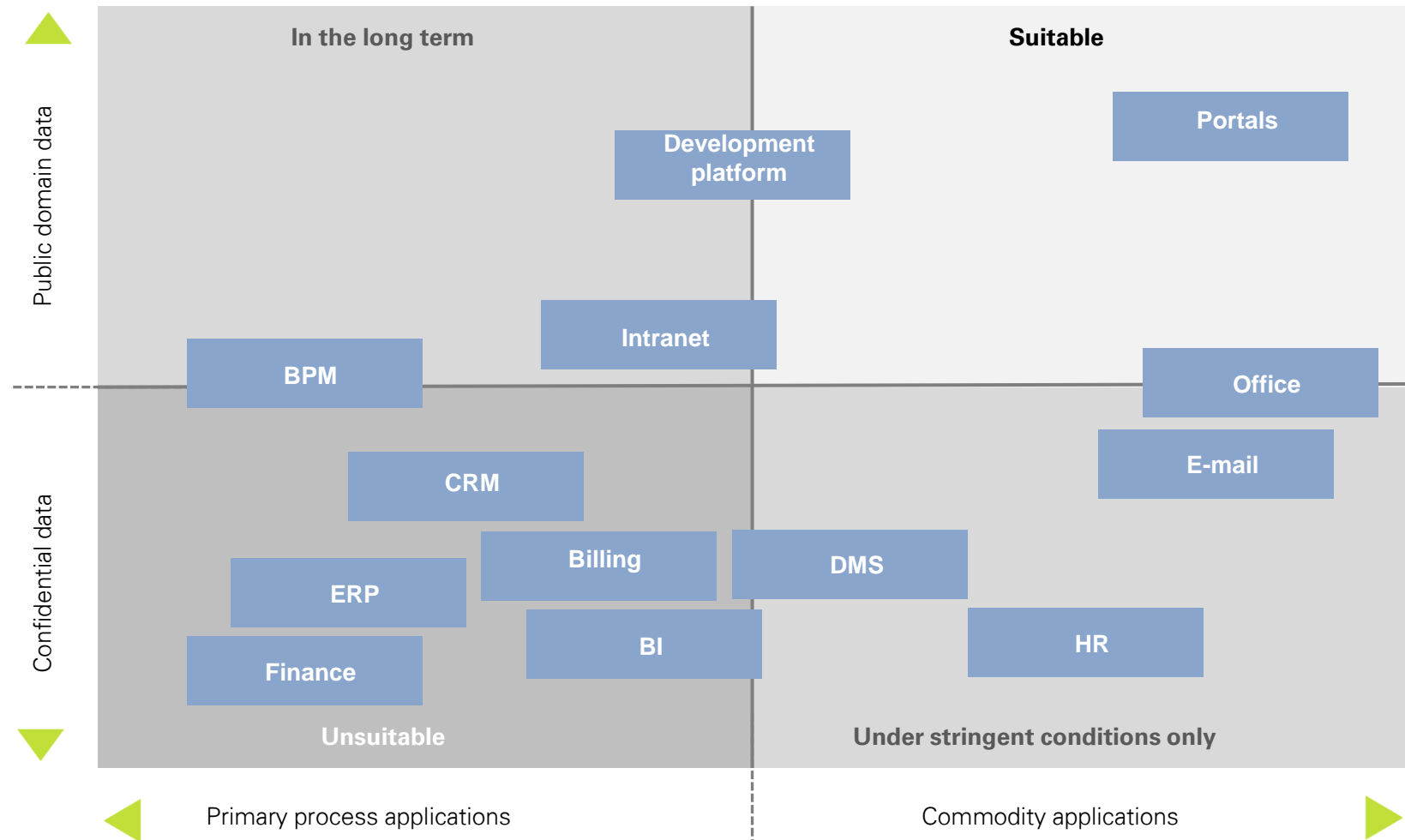
Which of the following are the key challenges of your approach to cloud adoption?



Source: KPMG International, 2013
The Cloud Takes Shape
Global Cloud Survey:
The implementation challenge

Case in Point

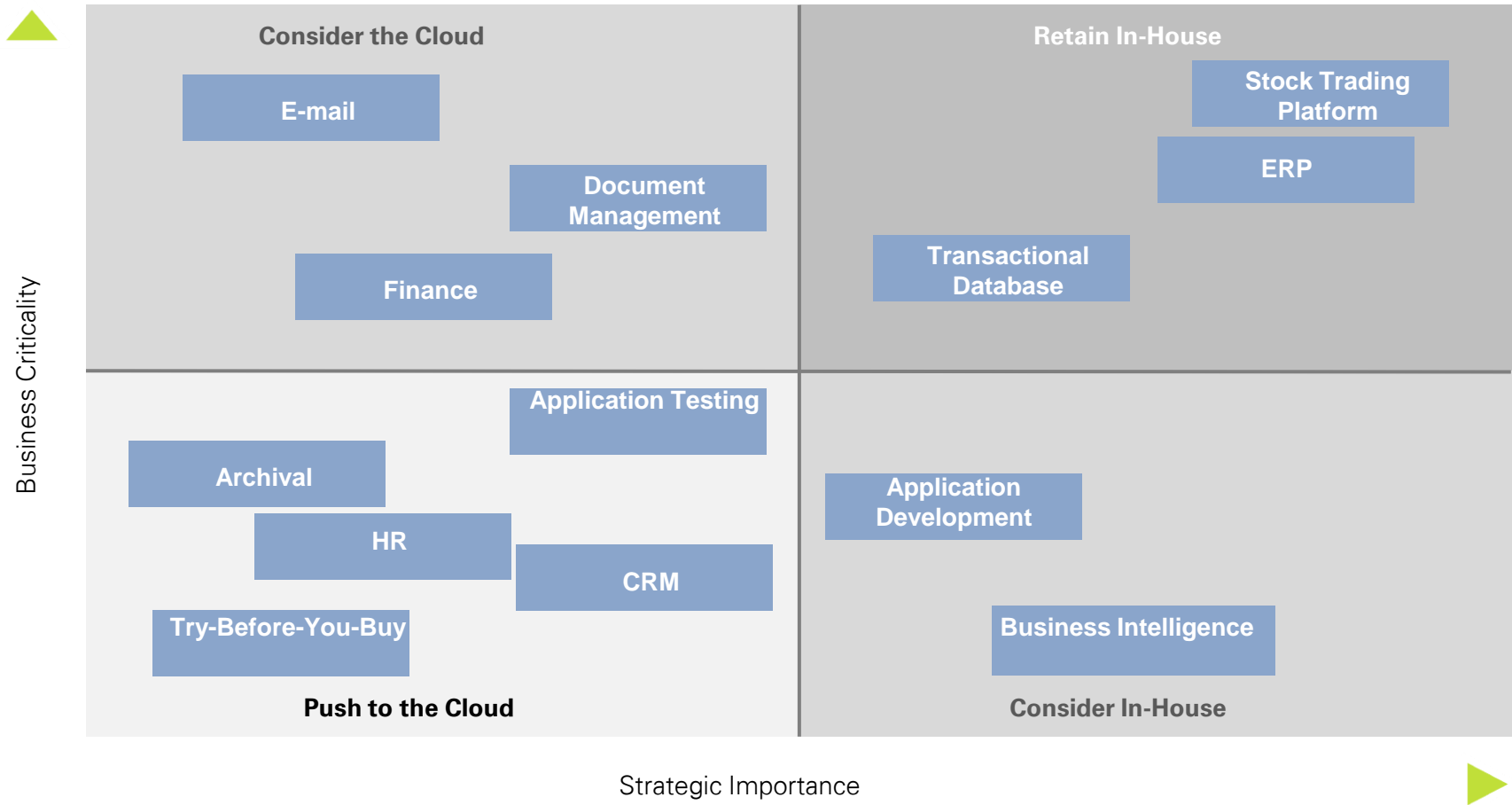
A cloud computing opportunity scan for an international bank



Source: KPMG in Netherlands: *Orchestrating the New Paradigm*

Case in Point (2)

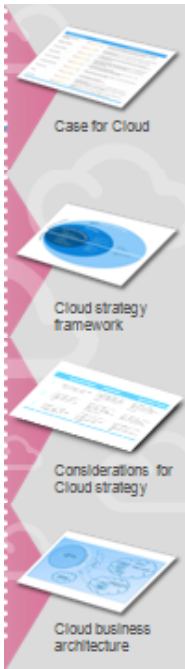
Assessment criteria for the transition: Business Criticality and Strategic Importance



Examples of Deliverables for Illustrative purposes only

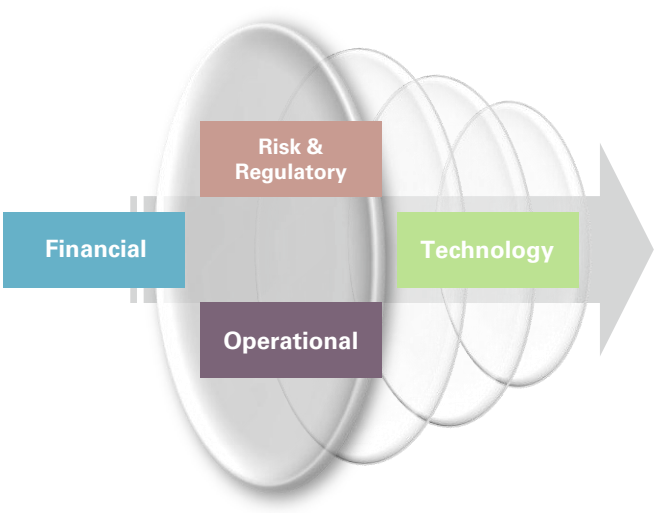
Our approach to Cloud Computing

1 Business Requirements



Business Strategy for Cloud

2 IT Function requirements



Cloud Readiness Assessment

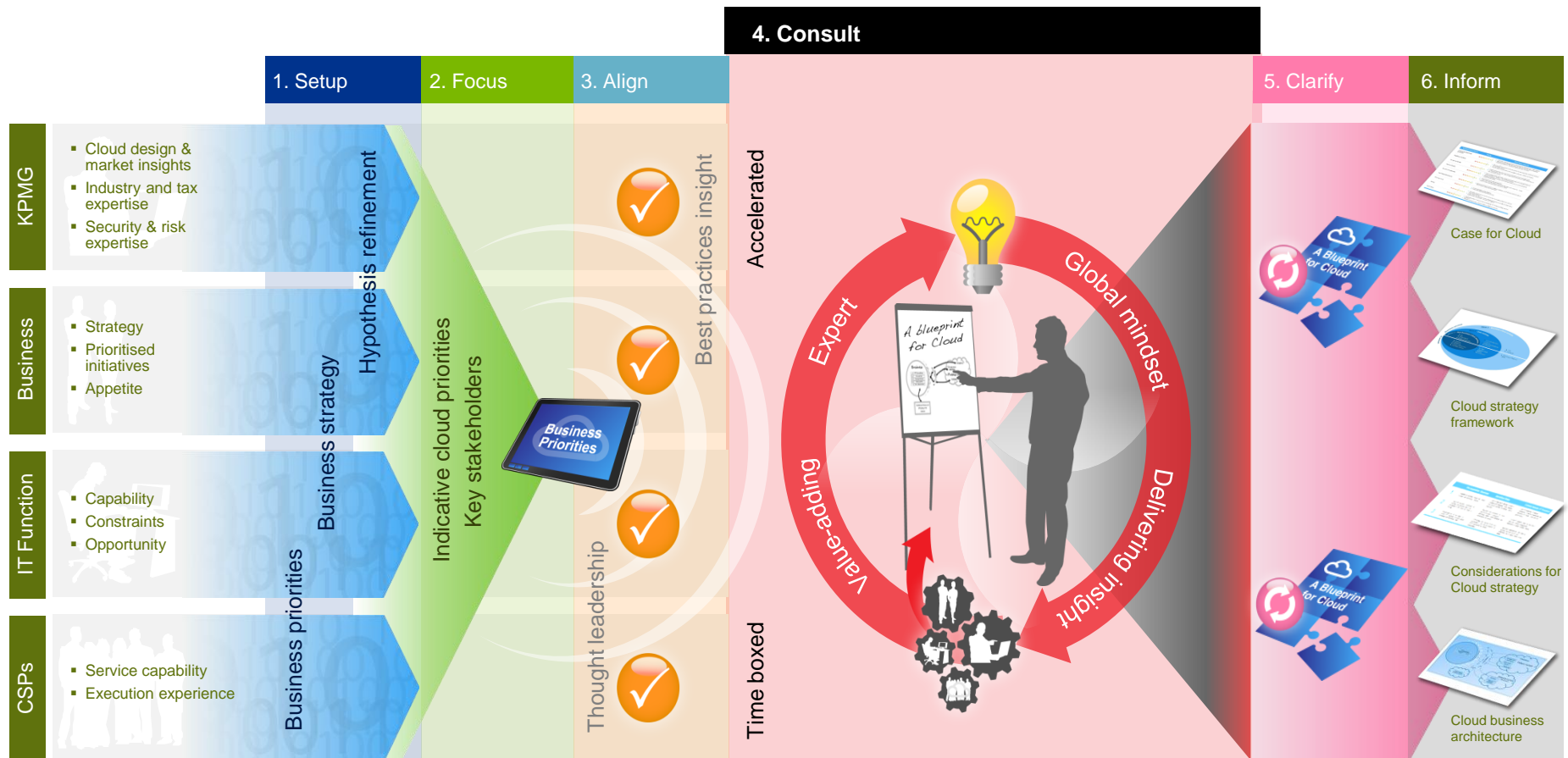
3 Delivering Cloud solutions



Cloud Sourcing

Our approach to Cloud Computing

Business Strategy for Cloud

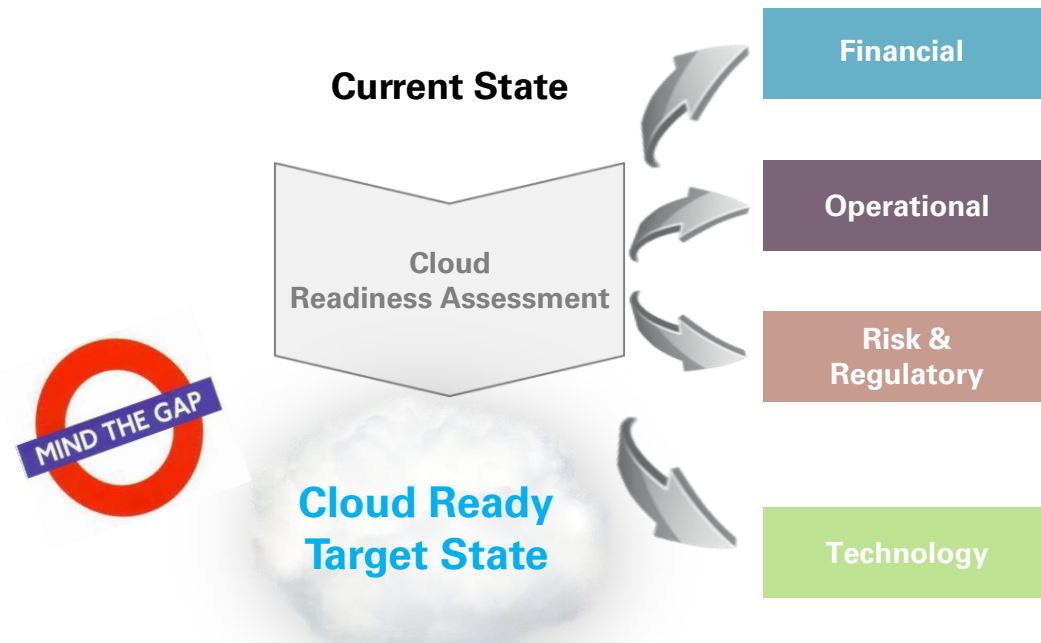


Our approach to Cloud Computing

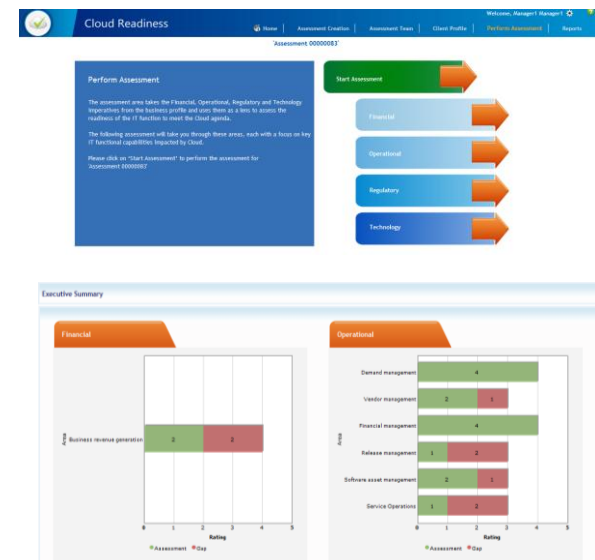
Cloud Readiness Assessment

- Assess the readiness of key IT capabilities for operating in cloud based on maturity
- Use the gaps to help define the key activities the IT function needs to perform to better enable cloud adoption
- Through discussions of the gaps with the IT function, prioritize activities as part of a plan to be ready for cloud

Without such a gap analysis, an organization risks implementing cloud solutions without adequate processes and controls in place to manage them, which may result in flawed or failed cloud initiatives



Examples of Deliverables for Illustrative purposes only

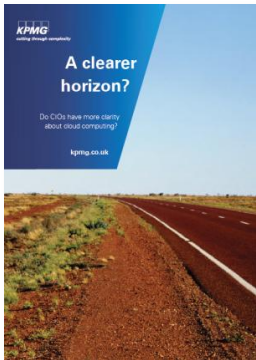


Our approach to Cloud Computing

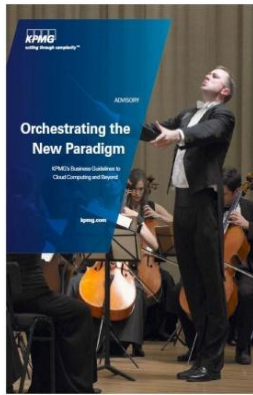
KPMG Cloud thought leadership



‘The Cloud Takes Shape
Global Cloud Survey
The implementation challenge’



‘A clearer horizon?’
Do CIOs have more clarity
about Cloud computing?



‘Orchestrating the New
Paradigm’



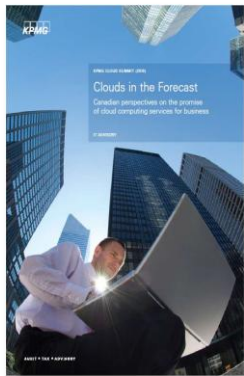
‘Clarity in the Cloud A global
study of the business
adoption of Cloud ’



‘Dynamic Technologies for
Smarter Government’



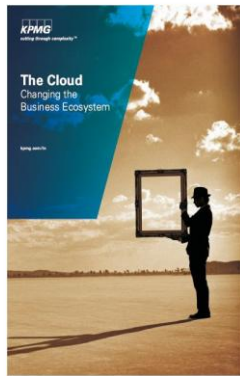
‘Modeling the
Economic Impact of
Cloud Computing’



‘Clouds
in the Forecast’



‘Executive considerations to
build and manage a
sustainable cloud service’



‘The Cloud – Changing
the Business
Ecosystem’



‘Cloud computing:
Australian lessons and
experiences’

Key Take-Aways

- ✓ **Cloud is cross-functional and affects all aspects of business**

An organization-wide strategy and approach is required to enhance the effectiveness of cloud adoption

- ✓ **Considerations for moving to the cloud vary by organization**

Optimal cloud service and deployment models vary by the maturity of existing business and IT processes

- ✓ **Implement lessons learned from the IT Outsourcing experience**

Many processes and capabilities built to manage existing outsourcing relationship would still apply when adopting cloud

- ✓ **Constantly monitor the marketplace**

CSP processes and practices continue to evolve and mature, business processes need to keep pace with the changing landscape



Questions?



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Thank you!



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