

The DON'Ts of Cloud Adoption Decision-Making

Uros Pavlovic (Technical Writer): Being at the forefront of digital transformation and cloud tech implementation, would you say that the industry is changing in such a way that we're going to see more businesses embracing the public cloud, especially for financial services and hedge funds?

Jean-Luc Barrett (Cloud Solutions Architect): I would definitely have to say, yes. There is no question that we are already in a "cloud first" strategy for some years. We have seen a massive ramp up in the last few months with COVID-19. If any business is not adopting the public cloud in a meaningful way, they are behind the curve. What we are seeing currently running on-premise or in the private cloud is being rapidly considered or actively migrated to the public cloud.

UP: Okay, so, bearing all that in mind, if a financial services business approaches Hentsu for cloud deployment that includes research, risk, and trading applications, VDI across all offices, etc. what would be the first steps we take to ensure things go as smoothly as possible?

JLB: We like to approach it by ensuring any migration, whether a single application or an entire department is part of a broader cloud strategy. We work hard to ensure that there is a technology roadmap that aligns with the business goals. If this is the first foray into public cloud for a firm, we look at good pilot projects to ensure we are putting in the solid foundations around security, performance, data governance etc.

UP: On the other hand, we did see some misinterpretations when it comes to the cloud. In your experience, what are some of the biggest misconceptions companies have about cloud adoption?

JLB: Well, to be honest, security and costs are two regular misconceptions. There is often the belief that the private cloud or on-premise is more secure, but this is far from the truth. It has been consistently proven that public cloud offers far more security, tooling, and protection than a private cloud provider or an on-premise deployment could ever aspire to.

With costs, this is one that goes both ways. In most cases deploying in a cloud native way is cheaper and has better total cost of ownership, usually more than 30% less versus on-prem. This has been statistically proven over the last 5 years.

However, there are some legacy workloads that from a pure cost perspective may not make sense, as they supply no optimization or cost efficiencies when running in the cloud. They could still be a benefit to move to the cloud even if in some legacy IaaS configuration, still offering TCO efficiencies elsewhere, such as staffing, tooling, recovery etc. The other instance where costs may not be favorable is if there is a recent high capex sunk cost in the existing on-prem environment, there is often not much that can be done about that.



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- Jean-Luc Barrett, Cloud Solutions Architect at Hentsu

UP: Yes, that sounds interesting. On another related topic, in terms of how would you manage cloud services and your ability to scale across multiple clients?

JLB: We heavily leverage Terraform for the AWS, Azure and GCP (Google Cloud Platform) deployments and have started building out a library for subscription. When it comes to Microsoft 365 we resort to our own PowerShell scripts and modules.

UP: Continuing further down the road, if a financial services company decides to accelerate cloud adoption, how would they go about educating the team to get a sort of hassle-free environment without hiring more staff?

JLB: Well, the great thing is that Hentsu is often called to help in these scenarios. A common theme is also existing in-house staff buried with the business as usual and unable to look over the horizon and learn the details of new tech. Hentsu can help in a number of ways, such as by running strategy sessions with clients, or deep dive workshops with their technical teams or pulling together the actual adoption roadmaps and implementing them. Of course, there is also a wealth of information from AWS, Microsoft, and Google.

UP: Okay, that makes sense. So, jumping on ahead, let's talk about cost. What does a switch to opex cloud costs involve exactly?

JLB: There are few elements to this, but to cover a few. When helping clients with their cloud journey we look at it from a holistic business strategy. Figuring out the current state vs the new state is important. It will involve looking at their current capex investment as well as opex costs and figuring out the most efficient cutover to cloud. Another benefit of opex is the direct tie to the business agility, the flexibility to ramp up or down initiatives as needed. This also goes together with the granularity of the billing provided by cloud services and being able to delegate cost controls. Having a properly thought out team budget ownership and plan helps. A key caution is to ensure that the cost controls are effective, either using the soft alerts or hard budget limits to prevent runaway cost with the cloud services. On a final note, capex is also still available in the cloud platforms. Reservations can help with reducing running cost for predictable longer-term resources through upfront payments.

UP: In closing, I would like to mention an approach in cloud adoption that many businesses may not be aware of. With cloud architecture, the key motto is to 'design for failure.' Can you explain a bit more about how that approach is beneficial for cloud migration?

JLB: Outages will happen in any environment, no matter how hard you try to avoid failure, tech will inevitably fail. However, the benefit of cloud services is that they come with a range of tools and services to help mitigate outages and supply failover. Using AWS, Azure and Google cloud platforms firms can easily design and deploy solutions which are robust enough to survive and failover gracefully when outages do happen. There is obviously a cost to any added service or resiliency feature, and this is where the Recovery Point Objective (RPO) and Recovery Time Objective (RTO) need to be considered vs the cost to implement.