

REPORT REPRINT

Hewlett Packard Enterprise cloud is at the center of Deutsche Bank's digital transformation

WILLIAM FELLOWS

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HPE is deploying a range of private and public cloud services to Deutsche Bank as part of a long-term digital transformation project. There's a change in attitude by financial services firms toward cloud, and HPE is positioned to benefit from this.

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HPE is deploying a range of private and public cloud services to Deutsche Bank as part of a long-term digital transformation project. There's a general change in attitude by financial services firms toward cloud computing, and HPE is benefitting from this – in this case being able to provide a range of services to meet the bank's varied workload requirements.

THE 451 TAKE

Financial services firms are beginning to turn to the cloud in a significant way. CIOs are mandating the inclusion of cloud responses to RFPs. Banks and insurance firms are realizing they can operate more securely in the cloud than they can in their own datacenters. HPE has a wealth of services and transformation expertise to compete in the financial services space with large integrators and service providers – both directly or via partnerships. But it will need to ensure that its initial engagements with financial services cloud customers are structured and repeatable for other clients with similar requirements. As with many cloud projects, strong executive-level support in the face of organizational disruption will be key to success.

DB'S DIGITAL TRANSFORMATION

Deutsche Bank began a 10-year digital transformation program called Project Nucleus in 2012. It is a multibillion-dollar initiative to modernize the bank's global IT environment and aims to significantly reduce related IT infrastructure costs. It's predicated on moving from capex to an opex model.

Under the terms of the agreement, which mainly covers wholesale banking IT infrastructure, HPE is providing managed private cloud products including storage, platform and hosting. It will move the bank's IT infrastructure from traditional, on-premises IT to a utility/new style of IT based on HPE Helion Managed Private Cloud including a consumption-based, utility pricing model. It's a key change from how the bank has been operating. To this end, HPE is assuming financial and operational responsibility for 20 datacenters globally. HPE has around 25% of the entire Nucleus project and within that it is delivering around 70% of the business case, with the bank is responsible for the other 30%.

HPE is deploying CSA, OpenStack and managed private cloud from HPE Services as well as some public cloud for Deutsche Bank. However, the banks' most important requirement for the project continues to be not the technology per se, but support for standards and controlled business processes that can help it roll out across the organization. This includes a highly automated application transformation and modernization process to legitimize the rollout of services and provide governance. HPE Services says it worked to change the attitude of regulators ahead of the bank's adoption of its Helion Cloud. HPE says that business outcomes are inputs to the Deutsche Bank contract, as well as technology products and technologies, plus cost containment.

HPE is starting off with five applications supported on the initial release of the platform for Deutsche Bank. By year end, it expects to have brought in tens of thousands of VMs into CSA as part of the project. A second release, due next year, will have a focus on DevOps and automation in order to drive time to market improvements. HPE is also taking over the running of the bank's own 'grid as a service' internal offering and selling this back to it.

CHALLENGE

As it seeks to industrialize its capabilities in order to tap vertical market opportunities HPE will need to find a way to aggregate and synthesize learnings from customers (such as Deutsche Bank) and sell this domain expertise to sell it to others. This will enable the customer to receive not only a hosted business service; it also gains access to the process knowledge and real-world operational experience of HPE as the service provider. It will be a tricky balancing act as customers won't want to feel that HPE is helping its competitors.

Acting smartly, HPE is taking learnings from its financial services industry sector cloud engagements into a newly created Cloud Center of Competency. Building an organization and go-to-market model based on its experience – it's now at phase two of a three-phase buildout – has delivered an early-stage prospect pipeline of 20 organizations.

DIGITAL BUSINESS PROCESS SERVICE

Looking at HPE more broadly, the four main areas for developing its Digital Business Process Services are: digital finance and accounting, digital human resources, digital banking, and customer engagement transformation. The services can be delivered on-premises, via a pure cloud model and in a hybrid model.

Many of HPE's clients for digital services come from the financial services sector, where it has undertaken digital banking projects addressing customer-engagement transformation by introducing an end-to-end process platform based on its Helion infrastructure and an SOA integration layer pulling together e-documents, routed via workflow. Because the processes are digitized, it is easier to extract data automatically from loans, deposits and so on, and then integrate that information with the CRM system at the customer-engagement layer. The offering brings together the application layer and the digital process layer, and wraps around the services so the customer can consume them via various channels, including the call center.

COMPETITION

In financial services, HPE will be competing with integrators and service providers alike. The likes of Accenture, IBM, Capgemini, Genpact, Wipro, Atos, CGI, Cognizant and other Indian heritage firms have cloud transformation services targeting financial services and many are closely aligned with cloud suppliers such as AWS and Microsoft.

SWOT ANALYSIS

STRENGTHS

HPE has the range of services enabling it to match each workload to the right platform and the transformation expertise to become a provider of outcomes. Ultimately, it enables the CIO to become a revenue generator within the organization rather than a cost center.

WEAKNESSES

HPE will need to find a way to industrialize its experience with its first financial services cloud customers and deliver it to others.

OPPORTUNITIES

Supporting cloud transformation at financial services firms will be a challenge for the raft of Tier 2 suppliers which have a specific focus on these vertical markets. They will need to raise their IQs in order to deliver cloud transformation services (advisory, migration, management). HPE is assembling a stack that can do this which it can offer directly or acting as a partner to carry it into new opportunities.

THREATS

In addition to the internal campaigning and proof-of-concept projects required to confirm suitability, we see the key factors that are driving adoption in this vertical market are strong support from the executive level, and the ability to drive change management through the organization. This may often mean disrupting development staff and hiring new talent that fit to a cloud-first development approach.