

Q2

**Demystifying the Cloud for
Financial Professionals:** Key
Questions to Ask when Choosing a
Cloud-Based Digital Banking Partner

The cloud: a powerful innovation for today's financial institutions

While financial institutions (FIs) and fintechs have long relied on data-driven solutions to move money and track transactions, the cloud represents a sea change in the industry's ability to scale and innovate. Today, institutions can scale, move transactions, communicate with customers, and tailor their customer engagement for specific audiences, all at a faster rate than ever before. Put simply: for FIs and fintechs, the cloud is here to stay.

It's a powerful but simple concept: a "cloud provider" is simply a data center or a group of data centers owned by a single entity, with space rented out to customer companies for their computing needs. Cloud hosting can offer increased reliability, availability, and security as well—without the need to invest in a highly-trained technical IT staff to maintain expensive hardware.

When considering how and when to adopt cloud technologies for your digital banking solutions, it's important to demystify the sometimes-overwhelming terminology and marketing "buzz" to determine the approach that is truly best for your business. This eBook demystifies the cloud and lays out a powerful approach for evaluating the advantages and disadvantages of the many hosting infrastructure options available to you from potential digital service partners: a key facet when choosing the solution that best fits your organization's needs.



The cloud can be a catalyst for enterprise business transformation; a potential game-changer for how [financial services] organizations will operate in the future.¹

– Deloitte

¹ "Cloud computing: More than just a CIO conversation." Deloitte, 2019.

Before choosing your solution, arm yourself with information. Here's a quick introduction to some of the cloud industry lingo you might hear as you evaluate digital banking solutions utilizing the cloud:



Public clouds are cloud environments typically created from IT infrastructure not owned by the end user. These include Amazon Web Services (AWS), Google Cloud Platform (GCP), IBM Cloud, and Microsoft Azure.



Private clouds are loosely defined as cloud environments solely dedicated to a single end user or group, where the environment usually runs behind that user or group's firewall. A private cloud's underlying IT infrastructure is dedicated to a single customer with completely isolated access.



A **multi-tenant** solution is a public cloud model in which an application with a single code set is used to service multiple clients ("tenants"). Each "tenant" enjoys a certain amount of control over the application's performance, but must cede control over the timing of upgrades to the application provider—including those upgrades that affect the end-user experience.





On-premises

("on-prem") refers to the concept of a single company owning its own servers. On-prem solutions offer the highest level of control, but also can be the most costly and difficult to maintain. Scalability requires the purchase of additional capital hardware, which can slow down innovation considerably.



A **hybrid cloud** is a combination of cloud solutions utilized for a single organization, most often public cloud plus on-prem or private cloud environments.



A distributed cloud

is a public cloud computing service that lets you run public cloud infrastructure in multiple different locations while managing everything from a single control pane. This includes workloads not only on your cloud provider's infrastructure but on premises, in other cloud providers' data centers, or in third-party data centers or colocation centers.



Your cloud solution must be architected for you. Full stop.

With so many hosting options offered by digital banking vendors, it's natural to wonder whether one "best" solution truly exists. In reality, there is no one-size-fits-all cloud hosting solution. There's an optimal hosting environment for every industry, every company, every product and every workflow.

For an industry with the added security and regulatory requirements of financial services, knowing how to evaluate the hosting infrastructure for your digital partners can feel especially complicated. That's where choosing a partner with expertise not only in cloud technologies but in the specific demands of your industry is key. With the right partner, you can be assured that from security, to availability, to continuous updates, and more, you're getting the best of all possible worlds.

Here are some key questions to ask when evaluating cloud-based digital banking providers:

Security, availability, and resiliency:

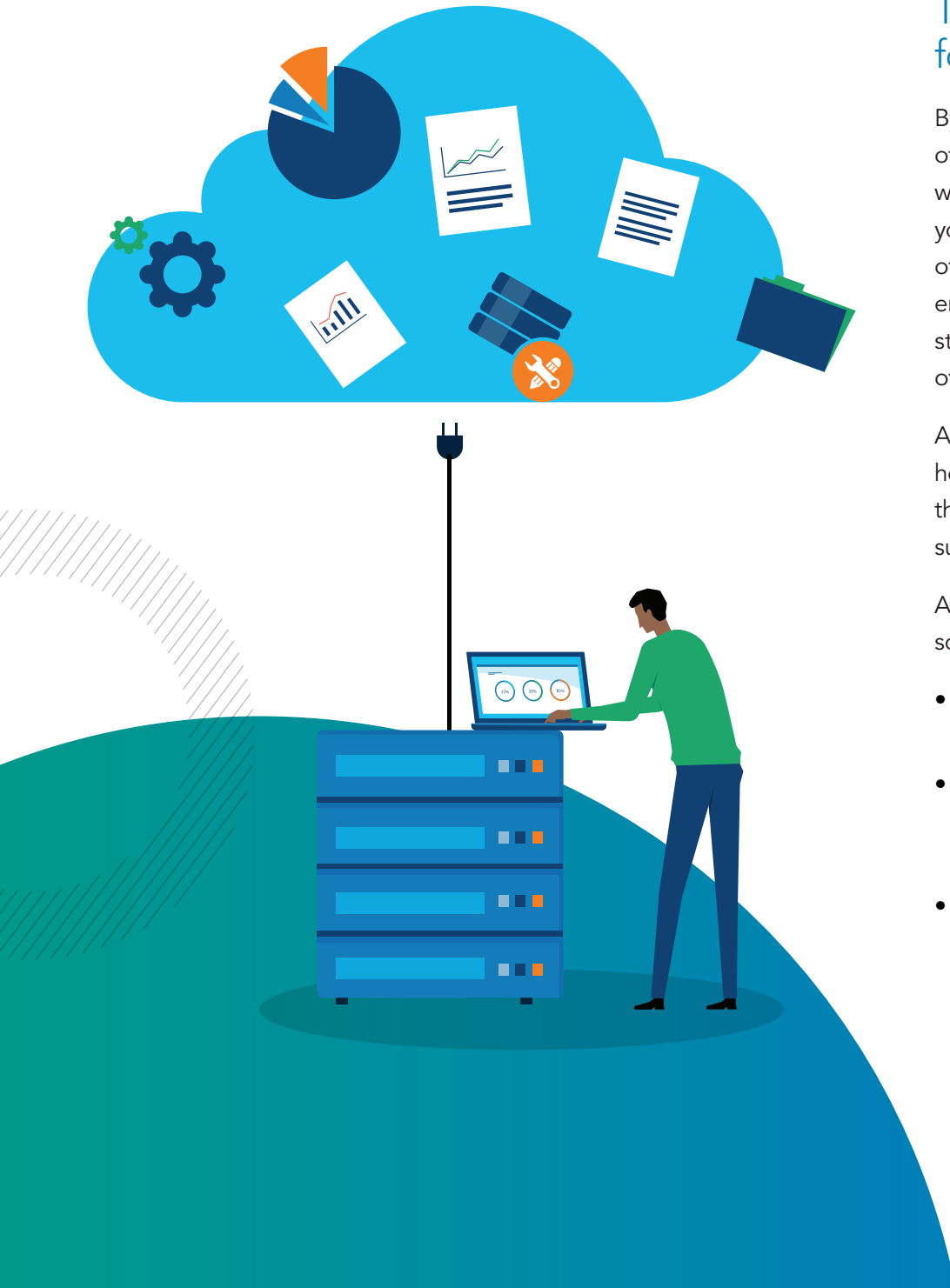
- How does your environment provide the highest level of availability and security possible with today's technologies?
- What levels of security and uptime does your service level agreement (SLA) guarantee? How do you secure data in the public cloud?
- Do you have access to Tier IV data centers (the highest level of availability and security)?
- Does your organization have specific expertise in financial services that can guarantee my ability to meet regulatory and compliance requirements?

Agility, flexibility, and innovation delivery:

- How agile is your hosting environment?
- Does your environment allow my organization to constantly innovate in the face of new and growing market challenges?
- Can I build my own solutions on top of your architecture?
- What specific solutions can you provide that can help me scale and grow my digital banking platform as my organization grows and develops?

Isolation, control, and reputation:

- How can I be sure your solution will allow my organization to retain full control over the performance, look, and feel of our digital banking experience for our own customers?
- How will using your solution make my brand stand out among the competition?
- How can I retain control over the end-user experience when updates are pushed out to your customers?



The Distributed Cloud: A solution architected for the specific needs of your industry

By asking critical questions and evaluating the technical performance of potential digital banking partners, you'll come to the table armed with insight about the solutions that are most likely to perform best for your organization, both now and in the future. Consider the strengths of the distributed cloud: a combination of public and private cloud environments with workloads distributed according to the specific strengths of each cloud, architected to meet the specific needs of your institution.

A **distributed cloud** offers a combination of public and private cloud hosting strategies that is led by customer needs, placing workloads in the environment most suited to each specific need, in order to provide superior performance, uptime, security, availability, and scalability.

A distributed cloud can provide multiple features that outperform solutions hosted entirely in public clouds, including:

- Tier IV data centers for your organization's data—the highest level of security and availability in the industry today
- Unparalleled Active/Active architecture providing superior availability and recovery time objectives (RTO) compared to public cloud solutions alone
- A Continuous Integration/Continuous Delivery (CI/CD) model that provides both seamless upgrades for critical back-end workloads and full control over customer-facing upgrades—a feature unavailable in public cloud "multi-tenant" models

Q2's Distributed Cloud: the best of both worlds for financial services

Q2 has been building digital banking solutions for nearly two decades. With deep experience in all hosting environments and options, we're experts in developing cloud-based digital banking solutions based on what works best for the specific needs of your industry. We use all available technology resources, including AWS, Azure, and our own private data center, to create the most secure, robust, extensible and flexible hosting environment available.

TALK TO US

If you're looking for the industry's most robust digital banking platform, developed by a company dedicated to industry-leading performance, customer-led innovations, and full control over your end users' digital experience, we'd love to talk with you.



45

of the country's top
100 banks trust
Q2 with their
digital banking.



One out of every
10 banking customers
in the U.S. rely on
Q2 for their digital
banking experience.

About Q2

Q2 is a financial experience company dedicated to providing digital banking and lending solutions to banks, credit unions, alternative finance, and fintech companies in the U.S. and internationally. With comprehensive end-to-end solution sets, Q2 enables its partners to provide cohesive, secure, data-driven experiences to every account holder – from consumer to small business and corporate. Headquartered in Austin, Texas, Q2 has offices worldwide and is publicly traded on the NYSE under the stock symbol QTWO. To learn more, please visit **Q2.com**.