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Capital Markets Firms Continue to Invest in Hardware for Compute Grids Alongside Growing Cloud Adoption, According to TABB Group Research

NEW YORK & LONDON, November 1, 2016 – Although financial services firms are moving to adopt cloud computing for less demanding workloads, firm-managed physical hardware will be required for the foreseeable future to handle the most throughput- and latency-sensitive compute workloads, according to TABB Group’s latest research, “[The Future of Grid Computing in a Cloud-Enabled World](#).” The research considers the compute grid’s place in a cloud-enabled world, addresses options for optimizing onsite system performance, and discusses total cost of ownership (TCO) considerations for onsite grid components.

As detailed in the report co-authored by TABB’s head of FinTech research [Terry Roche](#) and senior analyst [Monica Summerville](#), there will continue to be a need to improve utilization of these hardware resources, so grid or a grid-like solution will still be required. Firms will need to develop a more granular understanding of TCO for their computational services in order to be able to effectively evaluate alternatives, such as cloud, in terms of return on investment.

“The majority of firms TABB spoke with for our report recognize the need to reinvest in on-premise grid computing because certain computationally intensive workloads, such as credit valuation adjustment and liquidity analysis, are not suitable for migration to public cloud,” says Summerville. “The highly specialized latency and scheduling requirements associated with these types of workloads offer a poor fit with the business model of cloud.”

With regulatory requirements continuing to grow, TABB found firms still investing in on-premise compute capabilities, focusing on solutions offering flexibility, small footprints and reduced administration overhead. TABB also found a growing business case for less demanding grid workloads migrating to hybrid or public cloud. However, there is also a lack of clarity as to how to architect hybrid grid solutions for cloud and questions as to whether public cloud’s business model can provide a compute solution for significantly less than a firm’s own grid in all use cases.

“Getting the right mix of on- and off-premises solutions will be key in meeting today’s business challenges and innovating for tomorrow and our outreach found that the majority of institutions plan to maintain or reinvest in their computational grids for the short-to-medium term,” says Summerville.

The report is now available for download by TABB financial technology clients, as well as pre-qualified media at <https://research.tabbgroup.com/search/grid>. For more information or to purchase the report, contact info@tabbgroup.com.

About TABB Group

TABB Group is the international research and consulting firm focused exclusively on capital markets, founded on the interview-based research methodology developed by Larry Tabb. Since 2003, TABB

Group has been helping business leaders gain a truer understanding of financial markets issues to develop actionable roadmaps and approaches to future growth. By accurately assessing their customer base, competition, and key market opportunities, TABB Group works with senior industry leaders to make critical decisions about their business. For more information, visit www.tabbgroup.com.

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