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Until now, technology has typically been a costly hurdle for financial institutions, particularly those in emerging markets where developing customised solutions or investing in advanced banking platforms has either been unfeasible or the result has been too many failures, too many resources used and too much time wasted. Cloud computing, which in the most basic of terms offers unlimited computing resource as a service on a pay-per-use basis, is proven to directly translate to less upfront, capital expense and reduced IT overheads, offering a cost-effective, simple alternative to accessing enterprise-level IT without the associated costs. Recognising the value of cloud computing, Temenos has made significant investment in its products to ensure they run natively on the Microsoft Windows Azure platform, Microsoft’s cloud computing environment. This development not only makes Temenos the first technology provider in the world to take a complete banking system to a public cloud environment, but puts into practice the real value cloud computing can bring to the financial world.

Introduction

The rapid emergence of cloud computing is transforming the way financial institutions think about how they consume their IT resources.
What is Cloud Computing?

The cloud is a paradigm shift in computing, by which infinite computing capabilities and resources (servers, storage, networks, applications and services) are delivered as a service to customers using internet technologies.

Cloud computing has the capacity to change completely the financial services landscape. By making enterprise-level banking systems and associated technologies available in the cloud on a pay-per-use basis, now anyone, anywhere can have access to modern core banking systems without the cost and other barriers usually associated with this technology.

The Microsoft Windows Azure platform, which serves as the foundation for developing and running applications in the cloud (and offers all the required development tools, management and services from Microsoft), is built to be flexible and give customers the ability to run the technologies they choose and scale as necessary – paying only for what they consume. For banks, running their applications in Windows Azure means they don’t have to deal with the basics of the operating system. They have automatic scalability and automatic failover as well as disaster recovery, without having to actively manage and maintain the technology themselves. For smaller banks in particular, cloud computing is the most cost-effective IT solution available on the market today, as it allows them to benefit from the consumption-based pricing model, as well as the scalability of Windows Azure as they grow.
“Celent has noted that there is an increase in demand for outsourced core banking systems in many geographies. Hosting Temenos Core Banking on Microsoft’s Azure platform gives financial institutions anywhere in the world the ability to deploy the system on a pay-per-use basis.”

- Bart Narter - Senior Vice President - Celent
Temenos and Azure - A powerful combination

Temenos on Windows Azure offering is based on a software-as-a-service model (SaaS). This model allows financial institutions of all sizes and locations to quickly take full advantage of the rich functionality of Temenos Core Banking, without having to manage and invest upfront capital in a complex on-premise deployment.

Speed and scalability

Because Temenos core banking is offered as a pre-configured model bank, the solution can not only be rolled out quickly, but it requires very little customisation.

Temenos offers the most technically advanced banking system available today. Pair that with Microsoft’s cloud computing environment and you get the most comprehensive, powerful and flexible business functionality, with an advanced and scalable architecture, that gives banks an unprecedented opportunity to overcome the challenges of today and tomorrow.

The technology and architecture of Temenos products, and in particular its capacity to support multi-tenant environments, make it fundamentally suitable for cloud implementations. This latest development reinforces Temenos’ close compatibility with Microsoft technologies to offer banks a core platform that operates extremely effectively in the cloud and also highlights the investment made to evolve in response to market and customer change.

By shifting the burden of IT into Microsoft’s cloud, this innovative solution will enable banks anywhere, but those in emerging markets in particular, to concentrate on providing low cost banking services to clients currently not served or poorly served by existing commercial banking services. No longer will banks need to over order or seek additional computing resource as their operations and needs grow, because the scale of the Windows Azure cloud platform allows high volume workloads processing to be consumed on demand.
Enterprise-level banking from anywhere in the world

Rich functionality with cutting-edge technology in an easily upgradable application.

According to Bart Narter, senior vice president at research and consulting firm Celent, the availability of Core Banking on Windows Azure can meet and exceed the expectations of banks already interested in outsourced core banking systems: “Celent has noted that there is an increase in demand for outsourced core banking systems in many geographies. Hosting Temenos on Microsoft’s Windows Azure platform gives financial institutions anywhere in the world the ability to deploy the system on a pay-per-use basis. Giving customers this option opens up entire new markets for both Azure and Temenos.”

While banks will benefit in a similar way to other cloud users from this particular offering, especially in terms of lower total cost of ownership, Temenos in the cloud will be able to enhance their operations and help them develop new offerings with flexibility and a rapid time to market.

Microsoft has invested billions of dollars in infrastructure that allows Temenos to offer core banking functionality to its customers at a fraction of the cost of traditional bricks and mortar infrastructures. Smaller financial companies can buy into modern banking technology built on the Windows Azure platform without having to invest in equipment or find and retain the technical skills to run the technology.

So while cloud computing offers a number of compelling advantages, when it comes to financial services companies, the most important benefit is quite clear: the ability to scale on demand without procuring intensive, expensive infrastructure.
Benefits:

No expensive hardware
High costs of running in-house data centres removed.

The right price
Consumption-based pricing model offers operational agility when you need it.

Scalability
Resources can be scaled effectively and volume can be increased according to customer demand.

Fast and Flexible
Banks can become faster and more agile in creating new offerings. They don’t have to worry about finding additional computing power.

Viable
Sustainable financial services now a reality for emerging markets.
Looking ahead

Paving the way

Temenos is already in the process of taking financial institutions from a traditional hosted environment onto the Windows Azure platform, to help them lower costs, enhance operations and provide the flexibility to rapidly build and bring to market new products to support mission-critical business opportunities.

Over the next decade, there will be a greater understanding of the cloud’s place in the banking world, which will enable many more banks to harness the benefits of a modern core banking system. In the immediate future, we are ready to tackle individual bank’s requirements, offering core banking in the cloud specifically tailored to their needs.

Having instant access to data and collaboration tools when you need it and where you want it in a highly secure manner is a very compelling value proposition. Financial institutions already moving to the cloud are architecting for the future – enabling themselves to provide a high level of service for customers and employees while containing costs – and they are paving the way for the rest of the industry to follow suit.
About Temenos

Temenos Group AG (SIX: TEMN), headquartered in Geneva, is a market leading software provider, partnering with banks and other financial institutions to transform their businesses and stay ahead of a changing marketplace.

Over 2,000 firms across the globe, including 38 of the top 50 banks, rely on Temenos to process the daily transactions of more than 500 million banking customers.

Temenos customers are proven to be more profitable than their peers: in the period 2008-2014, they enjoyed on average a 31% higher return on assets, a 36% higher return on equity and an 8.6 percentage point lower cost/income ratio than banks running legacy applications.

Learn more

To find out how Temenos can help you, then contact sales@temenos.com or visit us at www.temenos.com