Cloud Computing for the Buy Side: Moving Beyond the Myths

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Executive Summary:

Cloud computing applications, like vendor-hosted execution management systems (EMS) and Software as a Service (SaaS), are common on Wall St., but most finance firms are underutilizing this resource and its potential competitive advantage.

Concerns about security and compliance have been addressed, and with IT budgets on the wane, corporate culture barriers can be trumped by economic realities.

While the cost of replacing legacy infrastructure is often prohibitive, hedge funds in particular may benefit from adopting cloud on an as-needed basis. This strategy can reduce the cost of trading twofold—by reducing infrastructure spend and reducing costs outside of the bid/ask spread.

Methodology:

This Greenwich Associates study is based on interviews done in September 2013 discussing technology usage and spending with 486 head traders at buy-side institutions around the globe trading equity, fixed-income and foreign-exchange products.

In the first quarter of 2014, conversations were also conducted with several cloud-computing service providers and buy-side technology professionals to understand in more detail market concerns related to cloud computing and the steps being taken by service providers to ease them.

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