



## Getting a Head in the Cloud Game

technology management cloud

**Summary:** Cloud computing has been growing fast — perhaps too fast. Executives now think their companies are overspending on the cloud by around 28%. We discuss four ways to evaluate cloud spending and make sure your cloud capabilities align with your institution's needs.

The expression “head in the clouds” has been around quite a long time. Although it’s meant to be a metaphorical saying, famous surrealist painter Salvador Dali decided to take the words literally. The result was his painting called “Man with His Head Full of Clouds.” As the title says, the clouds are actually inside the man’s head.

That’s an apt metaphor for business today. The cloud, as in cloud computing, has gotten inside the heads of business executives. Cloud spending has been rising steadily, with little sign of any slowdown. But exactly where that money goes is somewhat of a mystery.

A recent survey by Flexera indicates executives feel they are now spending 28% more than they need to on the cloud. [When asked their top priorities for the cloud](#), 62% said optimizing cloud use for the purpose of cost savings was their top objective. Companies today recognize the importance of cloud computing, as well as the problem of overspending.

However, breaking the cloud overspending habit can be tough, particularly with all the favorable press about the advantages of cloud computing. Companies worldwide are expected to [increase cloud spending by more than 20% next year](#) to \$592B.

### Banking on the Cloud

Banks have been a little slower and more cautious in their move to the cloud, mindful of the regulatory environment in which they operate and their need to be especially protective of customer data. But that hasn’t kept them out of the cloud game. Indeed, about [90% of banks](#) have already put something into the cloud, whether it is an application or data. An equal number expect to increase their cloud spending in the coming year.

Unfortunately, the allure of cloud computing for CFIs is just as great as the potential to overspend. Getting a handle on a cloud computing budget goes hand in hand with understanding exactly how the cloud fits into a CFI’s operations. Taking the time to weed out cloud overspending can be lucrative, saving as much as 25%.

### Finding and Cutting Wasteful Cloud Spending

Here are four ways for you to assess and manage your cloud use and spending:

1. **Take inventory of cloud spending.** Find out exactly how the cloud is being used and where the money is being spent.
2. **Match cloud capacity to your institution’s needs and use.** Cutting excess cloud capacity can be a quick way to save money. If you won’t need to add the space back within the next year, you can reduce

spending in the meantime and possibly negotiate small increases, if your plans change.

3. **Review cloud computing contracts.** Negotiated contracts are based on assumptions about a CFI's cloud computing needs. But experience with the cloud can reveal ways that contracted vendors can be used more efficiently. Renegotiate contracts to remove unnecessary services or swap them out for new cloud needs.
4. **Look for ways the cloud can be most helpful.** For example, the cloud can be effective in shifting data and information out of legacy systems that may be outdated or less efficient. Thus, that data may then be more secure, more accessible, and more intuitive to navigate.

CFIs with their heads in the cloud — or with the cloud in their heads — can at least take heart that they are not alone. The trick these days is to approach the cloud with a clear vision. Nailing down business needs and using that info to renegotiate cloud contracts can help you make the most of your cloud usage without breaking your budget.

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## ECONOMY & RATES

Rates As Of: 05/03/2023 12:12PM (GMT-0700)

Treasury	Yields	MTD Chg	YTD Chg
3M	5.24	0.14	0.82
6M	5.06	0.00	0.30
1Y	4.72	-0.01	0.02
2Y	3.95	-0.06	-0.48
5Y	3.42	-0.07	-0.59
10Y	3.41	-0.02	-0.47
30Y	3.72	0.04	-0.25
FF Market	FF Disc	IORR	
4.83	5.00	5.15	
SOFR	Prime	QBER	
4.81	8.00	4.82	

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