

Meet the newest systemic risk.

Why the regulator is concerned about
Operational Resilience, and how it will impact you.



teradata.

Your future in the cloud.

Financial services firms should generate significant economic value from cloud adoption.

Industry leaders will transform customer experience, uncover new revenue streams and drive down costs. They will springboard themselves into becoming the digital-first financial services firms of the future.

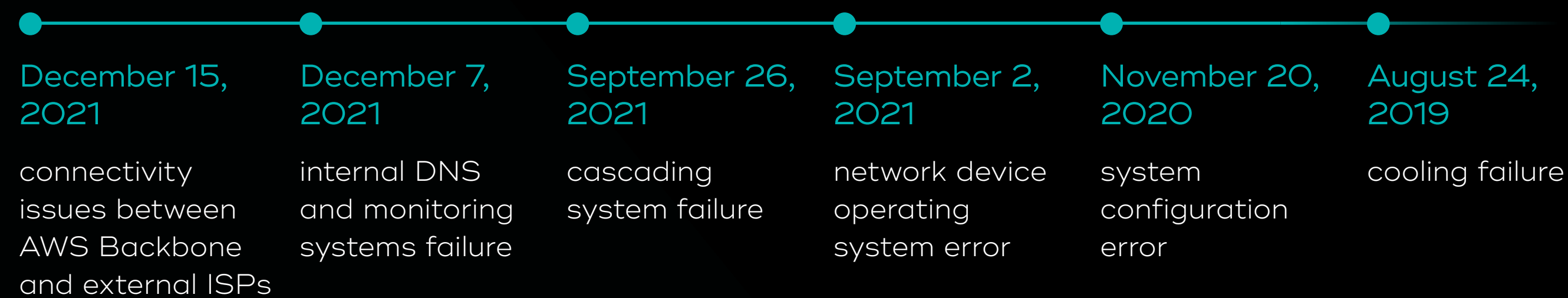
Cloud is shifting from being primarily an IT concern to being a matter of strategic importance for the entire business. And with the current trajectory – a few narrow cloud service providers are set to dominate.

HOWEVER, outages are inevitable.

7 December 2021, 15:32 UTC.

A major outage hits multiple Amazon services and other services that rely on them. Businesses affected include Google, Disney Plus, Venmo, DoorDash, Spotify, Alexa, Ring, and trading-based app Robinhood... the list goes on. The issue made these sites inaccessible for hours. And interestingly, this outage, while predominantly felt on the East Coast of the United States, was neither geographically specific, nor was it universal. The list of those affected seems to be random to the untrained eye.

Major AWS outages over time



The consequences of sudden downtime

What this episode – and many others like it – highlights is the fact that infrastructure concentrated in the hands of a few large companies makes the whole system vulnerable to sweeping outages.

The results can be dire: millions in lost revenue, big impacts on customer retention, and eye-watering sums required to bring services back online swiftly. Reputational damage is also a concern and, perhaps most importantly for financial services firms, severe regulatory sanction – including personal accountability for the senior decision makers.

3 +12 other major outages between 2011 and 2018.

INEVITABLY, **the regulator will act.**

Regulators are nervous. And financial services firms should pay attention, because regulatory unease has already been translated into tough new regulation. There's good reason for this apprehension. Financial service institutions and third-party providers – particularly cloud service providers – have become increasingly intertwined.

As more and more digitalization projects succeed, Operational Resilience is now front and centre in the eyes of regulatory bodies. They are increasingly concerned about firms being locked in to cloud service providers without credible exit plans, particularly under stress.

Specifically, regulators want to avoid:

- A single institution becoming overly reliant on one or a limited number of service providers
- Large numbers of financial institutions becoming reliant on the same limited number of service providers in a specific business area

But you can get ahead of regulatory expectations while sticking with your cloud plans.

A BETTER WAY.

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When you work with Teradata, you can gain true flexibility and portability to future-proof your business. Seamlessly switch between multiple cloud providers and painlessly move back on-premises when needed. Our connected multi-cloud and hybrid deployment options increase your flexibility and avoid you being locked into a single service provider.

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