Cloud adoption has become an accelerating trend over the past five years because of the compelling business value. The scale of cloud providers allows them to invest in information security, business continuity, data analytics, automated testing, and other value-added capabilities that even the largest individual companies find difficult to match.

**DON'T WANT TO MANAGE DATA CENTERS? CHOOSE THE CLOUD**

At Vitech, we launched V3locity®, our cloud-based benefit and investment administration software, in 2018. We have experienced strong client adoption of V3locity since its launch, with several clients already in production, and many more being implemented. The adoption journey for the cloud includes all of Vitech’s client base - public and Taft-Hartley pension fund providers, insurance companies, and investment companies.
THERE ARE FIVE IMPORTANT BUSINESS CASE DRIVERS FOR THE CLOUD – COST SAVINGS IS ONLY ONE OF THEM

The benchmarking data below, provided by AWS in a 2019 study of its overall financial services client base, provides a good starting point for estimating the benefits of using the cloud to meet the computing needs for chosen application types.

Pension, insurance, and investment organizations should categorize the benefits of cloud adoption for their administration needs into four or five areas, depending on whether they want to include advanced data analytics capabilities as part of their business cases:

1. **Business agility.** The ability to access infrastructure immediately to support new opportunities and business requirements without having to procure, implement, and manage the necessary hardware and software. Speed to market for new products, new geographies, or new capabilities (like employee/member/customer/employer self-service and integrations with partners) happens, on average, 30% faster.

2. **Operational resiliency.** Complex, infrastructure-related technology needs like information security, system load balancing, failover, and disaster recovery become the responsibly of cloud service providers that spend tens of billions of dollars each year on these capabilities to keep them world-class over the long term. Infrastructure-related disruptions happen less often and are addressed 37% faster, on average, when they do occur.

3. **Staff productivity.** IT staff members focus more of their time on activities that can grow the business/organization. Productivity doubles as the same number of staff members can, on average, manage double the amount of compute and storage capacity. A more automated approach to development operations, integration, and testing increases the productivity of the development staff, with a 4X increase, on average, for code deployment frequency.
4. **Cost savings.** Double digit percentage cost savings result from continuous technology upgrades instead of more disruptive, big bang upgrades every 3 to 7 years. Development, test, and disaster recovery environments are only used and paid for when needed, reducing idle capacity and fixed costs. Converting capital costs (large capital expenditures every 3 to 7 years) to yearly operating costs makes it easier to match IT costs to revenues and to identify spending waste.

5. **Data analytics.** Having customer, product, operational, and other data in one data lake that is optimized to integrate easily with other data sources makes it easier to do new things like advanced types of fraud detection. More advanced fraud detection has become an important financial services company use case for the adoption of the cloud. Other use cases have included a better understanding of consumer/member behavior (e.g., why they did or did not choose certain products or services) and much faster pricing/actuarial calculations.

**BUSINESS CASE BENEFITS FOR THE CLOUD**

For a cloud business case example, a Vitech Taft-Hartley union client with pension, health, and welfare benefit funds recently faced a decision about whether to upgrade its current, on-premise version of V3 or move to Vitech's V3locity cloud-based platform. The benefit funds cover over 130,000 members who work for over 5,000 employers and with approximately $7 billion in assets. The pension, health, and welfare benefit funds initially went live in 2013 with V3 imaging, workflow, contribution reporting, employer self-service, and eligibility to administer its pension and related health benefits. After seven years in production, the client wanted to stay current with Vitech’s latest functionality and technology.

When comparing the costs/benefits of the V3locity cloud deployment option versus remaining with the existing, on-premise deployment option, V3locity proved to be very compelling. The benefit funds can access valuable, new capabilities while experiencing nearly 20% lower, and more predictable costs during the 10-year forecast period. The new capabilities and benefits include:

- Continuous, gradual upgrades via Vitech’s “upgrades as a service” versus the more disruptive, larger upgrades every +/- 4 years.
- The ability to focus more time and resources on member service and less on infrastructure and application management.
- World-class information security and resiliency through Amazon’s AWS cloud.
- Elastic scalability (easily scale as the membership grows or new requirements come into play).
- An easier ability to evolve new member self-service capabilities.
- Increased employee flexibility and safety. Fewer employees must always be on-site for infrastructure management because of the V3locity cloud infrastructure and increased V3locity process automation.

After considering the above business benefits, the benefit funds chose to move to the cloud with V3locity.
BUILD A HOLISTIC, OPPORTUNISTIC BUSINESS CASE FOR TRANSITIONING TO THE CLOUD

It is important for pension, insurance, and investment organizations to understand the overall business value of moving to the cloud. Gartner has found that most cloud adoption projects don’t rely on cost savings as the primary business benefit, instead relying on benefits like faster speed to market for new products and services, the reduced risk of information security breaches and disaster-related disruptions, the increased productivity of IT and development employees, and the value of a more advanced approach to data analytics. Like with any implementation project, there will be some one-time costs to transition to the cloud, so understand those costs as much as possible and then be opportunistic with use cases like customer/member self-service, advanced data analytics, and avoided hardware/software/data center upgrades to optimize the business case. Vitech jointly conducts analyses with our clients for their deployment options to help make sure that they choose the right options that minimize risk and maximize business value.

ABOUT VITECH

Vitech is a global provider of cloud-based benefit and investment administration software. We help our clients expand their offerings and capabilities, streamline their operations, gain analytical insights, and transform their engagement models. Vitech employs over 1,200 professionals serving over 100 of the world’s most successful insurance, retirement and investment organizations. Our market-leading platform V3locity, is a transformative suite of complementary applications that offer full life cycle business functionality and robust enterprise capabilities. An innovator and visionary, Vitech has been recognized by Celent as a three-time XCelent award winner. For more information, please visit our website at www.vitechinc.com.