IBM UK Newsroom

IBM UK Survey: Security and Regulatory Compliance Are Top Drivers of Modernisation in Regulated Industries, But Also Top Barriers

As highly regulated industries strive to modernise, 87% of respondents have adopted or plan to adopt hybrid cloud IT architectures

88% have also adopted or plan to adopt industry-specific clouds to accelerate digital transformations

LONDON, UNITED KINGDOM – 26 January 2022 – According to the results of a new IBM (NYSE: IBM) study, 45% of UK IT professionals and decision makers in highly regulated industries such as financial services view regulation and compliance as their biggest barrier to digital transformation, followed closely by data security concerns (43%). However, IT leaders say compliance and security are also their key motivators for modernising, as businesses and government agencies face increased cyberthreats and policy changes.

The study, conducted by Censuswide on behalf of IBM, surveyed over 600 UK IT decision-makers and professionals working across **financial services**, **telecommunications**, and the **public sector**. The findings indicate that as organisations strive to balance innovation with security and compliance, 87% have already adopted or plan to adopt hybrid multi cloud IT architecture and a similar figure (88%) have already adopted or plan to adopt industry-specific cloud platforms to accelerate their digital transformation journeys.

Key findings include:

Security & Compliance Drive Modernisation

- Increased risk from security threats is a big factor in organisations' modernisation strategies with 33% agreeing it is one of the top drivers of IT transformation.
- And with cybersecurity attacks on the rise, 87% say they have invested, or plan to invest, in the latest enterprise grade cloud security and encryption technology, such as confidential computing.
- To navigate stringent compliance protocols, 40% agree that new regulations or policies are a catalyst for innovation - creating opportunity to offer differentiated products or services.

But Also Prevent Rapid Transformation

- Yet, although security and compliance are key motivators for modernisation, IT leaders also view them as their biggest obstacles.
- In fact, regulation and compliance are the top barriers to digital transformation (45%) followed by data security concerns (43%).
- Compliance challenges can also stifle innovation, with nearly one-quarter (22%) of respondents saying compliance concerns hold their organisations back from working with third-party vendors.

Industry-Specific Cloud Platforms Are Key to Balancing Innovation with Security & Compliance

- As regulations and policies are increasingly put into place, many organisations are looking to industry-specific cloud platforms to help them adhere to these changes while still driving innovation.
- According to the study, 88% of overall respondents have migrated or plan to migrate to an industry-specific cloud platform.
- Nearly half of respondents (49%) say using a platform with built-in, automated regulatory compliance controls would make the biggest impact on accelerating innovation.

“Highly regulated industries are feeling pressure to transform with an ever increasing rate and pace. But they must not move security, resiliency and compliance to the backburner on their mission to modernize. This is especially critical for financial services, telecommunications and government, where regulations are changing rapidly as exposure to cyberthreats have escalated to unprecedented levels,” **said Howard Boville, Head of IBM Cloud Platform.** “As regulations continue to advance, it is critical for companies to avoid vendor lock in and adopt hybrid, multicloud strategies to achieve stability, keeping compliance and data privacy at the forefront.”

The study also revealed that investing in Artificial Intelligence (AI) technology is a key part of the modernisation journey in financial services. Nearly half (46%) of respondents in the sector plan to modernise in the next five years by increasing use of AI and data analytics, and 41% intend to extend AI use to make customer services more personalised.

Naresh Vyas, Head of Solutions, NatWest Group, said: “Conversational AI technology enables virtual banking assistants like NatWest’s Cora to deliver brilliant digital services for customers that offer instant solutions and assurance. This research from IBM underlines the undeniable trend for AI adoption in financial services, which will quickly become a key differentiator for why someone will choose your bank in our increasingly digital age.”

IBM has a long history working with clients, particularly those in highly regulated industries, to ease cloud adoption, improve efficiency, bridge varied cloud environments, and ensure mission critical workloads are integrated with security.

View the factsheet with the full findings here.

Notes to Editors

Find out more about the IBM Cloud for Financial Services here.

About IBM

IBM is the global leader in hybrid cloud and AI, serving clients in more than 170 countries. More than 2,800 clients use our hybrid cloud platform to accelerate their digital transformation journeys and, in total, more than 30,000 of them have turned to IBM to unlock value from their data — this client list includes nine out of ten of the world's largest banks. With this foundation, we continue to leverage Red Hat OpenShift as the leading platform to address our clients' business needs: A hybrid cloud platform that is open, flexible and secure. Guided by principles of trust, transparency and support for a more inclusive society, IBM also is committed to being a responsible steward of technology and a force for good in the world. For more information, visit: www.ibm.com.

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