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### **Jumping big into cloud computing**

*By William Atkinson*

**T**alk of cloud computing is seemingly everywhere in business today. ICBA's Community Bank Technology Survey last year found that fewer than 5 percent of community banks outsource computing in a cloud processing environment. Cloud computing is a migration from owned or leased resources to shared hardware and software resources, in which client users receive information technology services on demand from third-party service providers via an Internet "cloud."

Community banks reported that they are most likely to use cloud computing in limited ways. For example, 3 percent use it for credit scoring, and 2 percent use it for risk scoring. However, some vendors tout cloud computing as a groundbreaking way for businesses and community banks to save money and do more with technology as well.

Oak View National Bank in Warrenton, Va., understands the value of cloud computing. In fact, what makes this \$130 million-asset bank almost unique is that almost all of its applications are in the cloud, and have been since the bank opened its doors.

"When we opened in 2009, for the sake of synergy, we opened up in hybrid cloud format with a data center in Virginia," reports Colin Borgstrom, Oak View National's senior vice president, administration. "I had been with another bank previously, where we were in a cloud-based Citrix environment, and I realized the benefits of the cloud."

Borgstrom has arranged for almost all of the bank's applications to be certified to work in an encrypted Citrix operating environment. The bank is using a private cloud, partnering with Compushare Inc., the technology service partner for the ICBA Strategic Technology Solutions program (see Membership Central, page 81). "We have hired someone who manages all of it for us, instead of having me and other people having to do bits and pieces of it," he states.

The bank still has a few applications that it manages itself, most of which are Web-based applications that don't work in a Citrix environment. "These are set up behind a firewall," notes Borgstrom. "As a result, we still have access

outside of the virtual environment to still get in and do what we need to do with that vendor.”

Security, of course, is an important consideration, and Oak View National has all of the bases covered in this area. “The first step was selecting a partner like Compushare that was willing to go the extra mile for us related to security,” he reports.

In addition, the bank performs due diligence, including audits, and conducts reviews every year, which is a regulatory requirement. “We also arrange for independent verification of all of the controls through internal audits, external audits and regulatory exams,” he notes.

The benefits of being in the cloud are significant, Borgstrom says. “It is a lot easier to have everything in a virtual environment and having someone else manage it who has the expertise, freeing us up to do banking,” he says. “We know where everything is.”

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Were it not for the cloud, Borgstrom notes that he would constantly be battling hardware and software upgrades, things that naturally become obsolete every couple of years. “There would also be the expenses associated with having to manage our own systems here, including environmental and internal security controls,” he adds.

Another downside of not being in the cloud would be the costs associated with having to create a true disaster recovery “hot site” located sufficiently far away in case there was any kind of power or other service interruption.

As Borgstrom sees it, because of being in the cloud from its beginning, Oak View National Bank is poised to continue to concentrate on its primary mission—hands-on, relationship community banking.

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