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JPMorgan’s hybrid-cloud approach ensures reliability but isn’t affordable for all

Article

The news: **JPMorgan Chase** is staying with its hybrid-cloud strategy even as competitors have entered into primary cloud partnerships in recent months, per Insider. **George Sherman**, its **CIO of global technology infrastructure**, outlined in an interview why the bank works with a mix of public and private clouds.

More on this: A public cloud is run with shared infrastructure while a private cloud is run by a company on its own infrastructure, per VMWare.

- JPMorgan has embraced a private cloud since 2014 and struck four public-cloud deals two years later. It's done business with **Google**, **Microsoft**, **Amazon**, and **IBM**.
- Sherman, who oversees both of JPMorgan's clouds, views a mixed approach as a hedge against overreliance on a single vendor. For example, he brought up the speed of switching companies or in migrating back to in-house hosting.
- The executive also pointed to a need for ensuring reliability of services: Operating on different clouds is designed to blunt the prospect of maxing out on any single provider's bandwidth.
- Meanwhile, bandwidth risk is particularly problematic because spot pricing means costs can rise with higher consumption.

How JPMorgan uses its clouds: JPMorgan's strategy entails allocating workloads to different clouds, depending on their usage:

- Systems that handle consistent volume—like after-hours operational processes— are kept on the bank's private cloud.That way, server usage can be up to its full potential. And it's previously bought specific equipment for it.
- Workloads with volatile volume match better with the public cloud due to the speed of scaling for growth or contraction.
- For workloads that straddle both categories, criteria for deciding which use can involve, according to Sherman, "the location of the data to save the cost and time of moving data from one cloud to another."

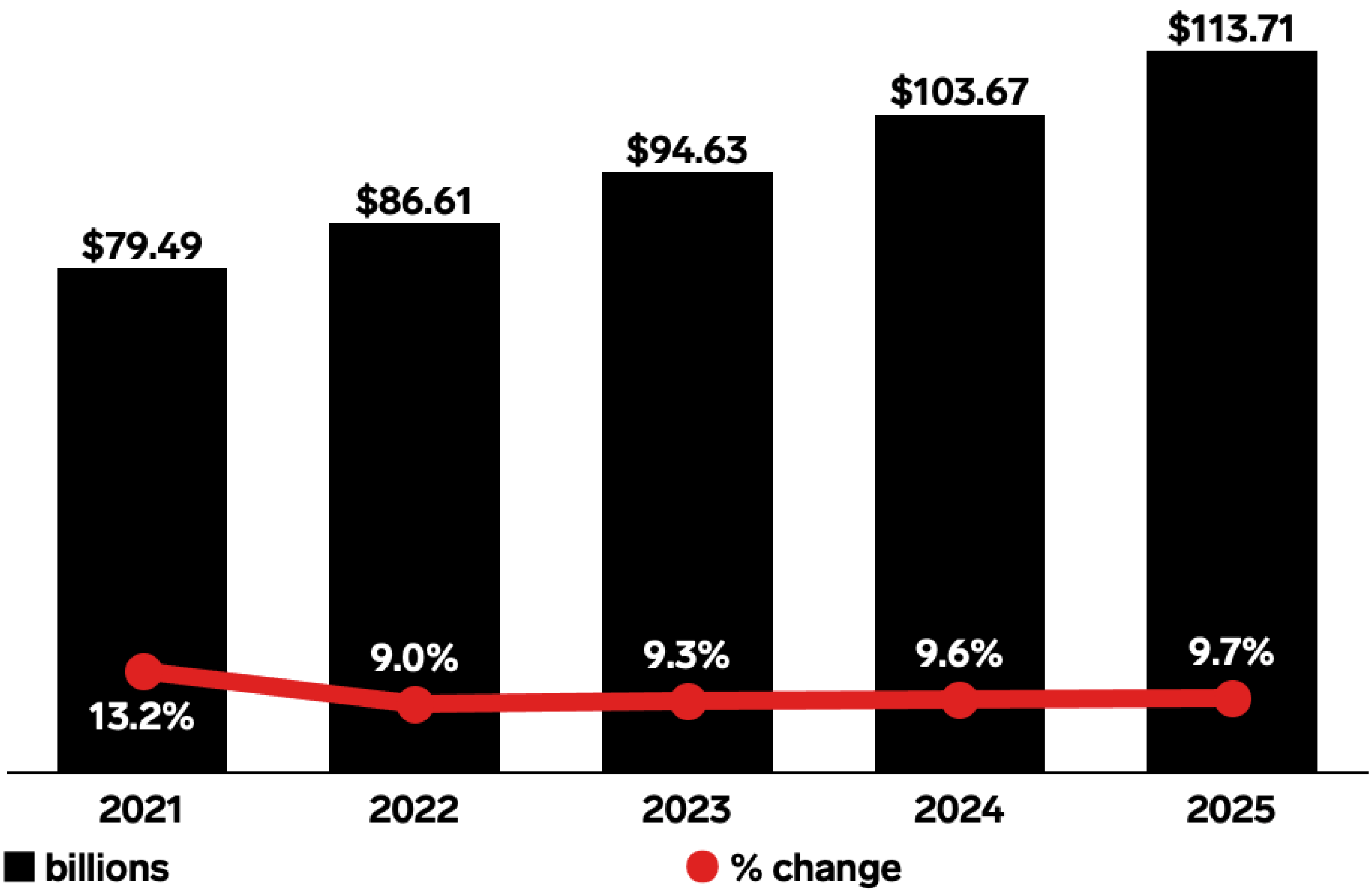
The bank still relies primarily on its private cloud, which has been in use for a long time, but Sherman noted that the plan is for both clouds to **eventually be "on equal footing."**

The big takeaway: JPMorgan serves as a good example in the concept of multi-cloud usage, which provides redundancy and resilience—but it doesn't come cheap.

- Using multiple clouds lets the bank mitigate service disruptives, stabilize its bandwidth costs, and avoid dependence on a single cloud provider.
- But only larger financial institutions can do this cost-effectively due to expenses for storage, customization, and integration. JPMorgan's **$12 billion tech budget** makes a hybrid strategy affordable.

Total Banking IT/Technology Expenses

US, 2021-2025



Note: includes expenses by banks with FDIC-backed consumer and business expenses and savings accounts; expenses include core systems maintenance, modernization, innovation, transformative technology, data processing, equipment, software, digital initiatives, compliance and cyber security
Source: eMarketer, March 2021
Methodology: Estimates are based on the analysis of data from respective bank corporate disclosures, reported and estimated non-interest expenses from major banks, estimates from other research firms, historical trends, GDP trends, technology expense trends, and macro-level economic conditions.

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