



CREDIT UNION DATA PROCESSING, INC.

'CUSO Driven Core & IT Solutions'

CU-Tip\$

Cloud Computing in the Credit Union Industry – Part I

We hear increasingly about Cloud Computing and there seems to be a particular 'buzz' and even a certain mystique about it. Many new vendors have recently emerged offering cloud computing services while many established vendors are getting the word out about their cloud computing capabilities. We even hear some references to Cloud Computing from Core Credit Union software vendors. It certainly is a great technology with many advantages, and it is growing at an astronomical pace. But how does it fit into your future? Here is a little more information about what it is, and in the next issue, we will explore its application to the credit union industry.

I recently visited a secure data center seeing massive rooms with rows and rows of computers in racks. I was told that they were for a Cloud Computing vendor. They were setting up something like 5-7 new servers each business day for this vendor who is pressing the data center to expand its facilities as soon as possible. And this is just one location of one of many vendors. Besides new companies, we also see established big players selling retail cloud services such as Google, Amazon, Apple, and others.

We certainly see many possibilities for utilizing this technology in the future, both for our company and for our Credit Unions. But it is also very obvious that there needs to be a certain amount of caution and due diligence before entering this arena to make sure we understand the technologies and the security issues.

So for those who may not know Cloud Computing is, or those of you like me that thought they knew and then were subsequently confused by all the hype, here is a clarification. The National Institute of Standards and Technology ([NIST](#)) defines Cloud Computing as: ". . . a model for enabling convenient, on-demand network access to a shared pool of configurable computing resources (e.g., networks, servers, storage, applications, and services) that can be rapidly provisioned and released with minimal management effort or service provider interaction". If that is still a little fuzzy, which is very possible, then just think of it as using the Internet to access a group of computers for running software and storing data, and doing that in an environment where you can choose how much computing power and storage you need.

There are several models whereby this technology is deployed and used and there are several characteristics that define services as Cloud Computing services. Generally, they must provide on-demand self-service to the resources, be provided through broad network accessibility, and can expand or contract resources on-demand. Here are 2 Service Models that illustrate how Cloud Computing services are delivered:

CU-TIPS is a bi-monthly newsletter focusing on technological, political and economic issues as they relate to the credit union industry.

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On-Line Applications & Storage: Remote Storage of Data files such as music and documents on the Cloud. In some instances, this is just a remote storage mechanism, but you will also find vendors with on-line applications such as music players, word processing, spreadsheet editing, etc. Google Docs and Amazon Music Player are prime examples of this model. Drop-Box and Sugar Sync are examples of on-line storage models. This is allowing small businesses to not only store all their documents on-line, but also to use on-line tools for editing and sharing those documents.

Server Virtualization: This is where a vendor will provide you with a virtual server that you can access over the Internet. You can load one of several operating systems (Linux, Windows, etc), on the server. The Cloud Computing provider then allocates the storage, memory, and CPU power that you need for your applications. You can then load, access, and run your applications on that server via the internet. You can generally increase the CPU, memory, or storage resources as your application usage and storage needs change. Google, Amazon, Apple and other major vendors are making huge investments into this area.

Cloud Computing can also be deployed within a large enterprise or community rather than as a public service. You may also hear about other variations touted as Cloud Computing which do not meet the generally accepted definition of cloud services as used here.

Arguably the most obvious benefit is the reduced need to purchase, maintain and support your own hardware particularly with the ability to scale up processing power to the exact level you require without having to replace the equipment yourself. Another huge advantage is the disaster recovery benefits as these services all provide multiple redundancies and are built on high-availability models that would be cost prohibitive to duplicate at your own data center.

But there are some dangers as well. So look for our next issue where we will detail the pros and cons as well as talk about how we see the future of Cloud Computing affecting Credit Unions.

---Charlie Fulks, CEO

News and Notes

February 19, 2011—CUDP celebrates 20 years serving the core-processing and IT needs of the credit union industry.

July 21, 2011---EFA Act (Regulation CC) becomes effective. Note: CUProdigy users, this change will be taken care of by way of an automatic update to your software.

September 20-23, 2011---CUDP (CUProdigy users) annual meeting in San Diego, California. For details and/or registration contact CUDP.

The most overlooked advantage to owning a computer is that if they foul up there's no law against whacking them around a little.

Joe Martin, Porterfield



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