

Microsoft data centres to impact local insurance market

In [May last year](#), Microsoft announced plans to launch two data centres in South Africa. Located in Johannesburg and Cape Town, these see the company targeting cloud services growth on the continent. These data centres will deliver the Microsoft Cloud, including Microsoft Azure, Office 365, and Dynamics 365 to Africa, with initial availability in 2018. Lee Kuyper, COO of SilverBridge Holdings, discusses what the likely impact will be for financial services.

"For one, the benefits of the cloud become far more tangible for most businesses. Cloud computing has been around for a while but has always been something removed for most in Africa or something that happens 'somewhere else'. With the new Microsoft data centre region, it becomes something that is closer to home that can be practically implemented."

Even though financial services organisations have become more open to move to the cloud in recent years, there has been a general hesitancy to fully embrace it.

Locally available

The new Microsoft Cloud region will offer the same enterprise-grade reliability and performance as offered in, what is now, 40 cloud regions around the world with the added benefit of data residency.

"So far, the reception from our customers to these data centres has been positive. Although some have been working with and have embraced the cloud for a while, there are benefits to be realised from having the option of local data centres."

For one, all data is stored locally. South Africa's two locations provide geographic redundancy capability, meaning that data replication can happen within the country for backup and recovery purposes. There will also be private connection available via Azure ExpressRoute which provides 99.95% dedicated availability.

Opportunity for the industry

"Insurance is an industry which is typically risk averse and in many cases for valid reason. Insurers deal with very sensitive customer information but also provide a critical service which requires a high level of credibility and trust. Having the option of local data centres just supports these underlying fundamentals. In addition, it also serves as a basis for the industry to drive innovation in terms of the way their customers interact with and experience insurance."

The Microsoft cloud provides a level of security and compliance far beyond what any business could invest into on their own. Insurance is a highly regulated industry and by using the Microsoft cloud, insurers can tick many of the required boxes.

"Perceptions around the cloud are already changing even without the local data centres. However, their arrival will accelerate this and give South African business an improved ability to leverage the power of the Microsoft Cloud. Of course, the cloud on its own will not deliver the full value available. To really gain benefit, insurers will need to move towards business applications that are built for and that leverage the cloud not just from an infrastructure perspective but also from the wide range of services which are available on the platform."

Microsoft expect that, through public cloud services, organisations in South Africa will be able to innovate and generate net new revenue of R81 billion over the next three years. They also expect that the introduction of these data centres will create 165 000 new jobs in the country through 2022.