



## Conversation with Mark Jopling

**Mark Jopling** - Head of Global Financial Services, Europe Middle East & Asia (EMEA) & Asia-Pacific Japan (APJ), Amazon Web Services (AWS)

**David Wright** - President, EUROFI

### David Wright

Ladies and gentlemen, I have the pleasure of having with me here Mark Jopling. Mark joined Amazon Web Services in January 2020 as the Director for Global Financial Services for EMEA and APJ.

A very warm welcome to Mark, and we thank you most sincerely for your support of Eurofi. I did a bit of research looking at some of your numbers, and to be honest, I was quite staggered by them. Just in the second quarter of 2024, net sales were up 19% to \$26.3 billion according to *The Financial Times*, which is our bible here. There are impressive figures on return on equity (ROE) and so forth.

First, why are we seeing this apparent huge growth? Where is it? Is it global? How do you see the perspectives economically for AWS here?

### Mark Jopling

Good evening, everyone and thank you for that introduction David I am now a regular at Eurofi and it is one of the highlights of my calendar.

To answer your question about Amazon's recent results – AWS, the division I represent, is a technology provider of cloud services. Our revenue, as you said, was just over \$26 billion and grew 19% year over year. The question is, given the audience we have here today, what does that mean in the broader context of financial services in Europe? I'm going to use a word that I heard quite a lot in that last session, which is 'competitiveness'. I have an external reference here. A report by Gartner, one of the leading consultants in the technology sector, states that cloud computing, the business of AWS, 'will move from being a technology disruptor to a necessary component of business competitiveness'.

What we have seen is that companies have benefitted from the early adoption of cloud in financial services, early adoption in test and development environments

not initially in production environments. Cloud services are robust and secure, and customers, including financial services customers, are expanding adoption of the cloud for a variety of reasons. They are adopting the cloud for the cost savings, the agility it gives them, the fact that you can spin up services instantly, and the operational resiliency and security. Over time, customers have learned how to use the cloud it is proving to be more resilient than legacy technologies. I will come to some specific data in a moment. Cloud is no longer a new technology platform; we launched this service over 18 years ago.

To back up these words with some specific data, we recently commissioned a financial services-specific survey from the Gerson Lehrman Group (GLG). In terms of operational resilience - an issue in our industry with the Digital Operational Resilience Act (DORA) just around the corner - this survey of 100 customers measured a 69% reduction in unplanned downtime for applications using our services compared to their previous legacy environments.

GLG found a cost saving in moving from an on-premises infrastructure that requires a large capital investment to a flexible pay-as-you-go cloud service. This is not just about a cost saving at the point of migrations. Our approach to customers is that once they have moved, we will continue to optimise and help reduce those costs once their applications are running in our cloud.

Sustainability is also a big driver. Again, our data centres, running in highly efficient cloud services, reduce the carbon footprint on average by more than 85-88% compared to a traditional on-premises data centre.

Last is business agility. We talk a lot about the business value that the cloud enables and this idea of competitiveness. The cloud enables businesses to innovate faster and to deploy technology instantly. What that means for business owners, in terms of moving

from being a technology buyer to being a business user of these services, is for example a 29% reduction in the time it takes to make an underwriting decision, a 33% increase in new customer conversion rates and a 39% reduction in time to market. In other words, you can produce and sell new products faster.

One European bank, a customer I have worked with very closely, has moved its product releases in its investment bank from twice a year to every two weeks because it has been able to innovate much more quickly using the cloud. When we talk about competitiveness and business value, there are many business drivers enabled by the technology benefits.

### David Wright

Are you seeing this growth all over the world, Mark? Is it more focused on the US or Europe? Are financial services the biggest customers when you look at the sector alternatives?

### Mark Jopling

Financial services represent a large sector for us, as you would expect given its role in the economy. We are a global business. The services we stand up in our regions, which are our clusters of data centres, are globally agnostic. The service we stand up in São Paulo, Singapore, Stockholm, Dublin or Sydney is the same service that you are consuming, and that is certainly an attractive feature to global organisations. We are also expanding to meet customer demand. In the area I am responsible for – APJ and EMEA – we have added regions in the Middle East and South Africa. This builds on our existing regions across Europe, Asia, North and Latin America as well.

### David Wright

Are you expecting this growth to keep going?

### Mark Jopling

'Expect' would be the wrong word. We pride ourselves on being a customer-obsessed organisation and thinking about the long-term strategic priorities of our customers. The independent analysts that look at the technology market would certainly observe that the penetration of cloud technologies is still below 10% of its addressable market. If we continue to build services that our customers are excited about, then the cloud "share of wallet" will grow. Within that, we have competition, and we have to be good at delighting our customers. If we achieve that, then I suspect our revenues will continue to grow.

### David Wright

Here we are in Eastern Europe. We have rules in Europe, including DORA and so forth. How do you see these rules? Are they fit for purpose from your perspective and your customers' perspective, or do you think they need profound revision?

### Mark Jopling

I would not say 'profound revision'. We are in the process of preparing for DORA and have been actively engaged in discussions with policymakers and stakeholders as DORA has been developed. We are

now looking at what we need to do to implement DORA as well as helping our customers in their preparations for DORA. We welcome the consistency it delivers and the harmonisation of requirements across the EU. As I said, many customers are multi-national corporation, so it is a benefit to our customers to have a consistent approach to regulation in order to gain those competitive advantages that I talked about.

As mentioned, the focus now is on implementation. Obviously, we are going live in January and there will be a period where, as with any change, we will need to ensure that both us and our customers, meet the requirements. As someone who is responsible for customer relationships, we have built up a team of compliance, security and operational resilience experts who will provide advice to our customers. Ultimately, it is up to customers to choose how to use our services and the services of any technology provider, but we are ready for DORA to be implemented.

### David Wright

Are you worried about inconsistent implementation here? Are you worried about other holes in the rules as technology advances so quickly? Are there bits and pieces that are missing?

### Mark Jopling

I do not think that there are holes in the rules. The point you make about technology advancing means that it is not static. We have spent the last two days talking about rules for technologies like artificial intelligence (AI). The beauty of innovation is that we don't know what hasn't been invented yet, so of course regulation has to keep pace.

To answer your question about whether there are holes in the regulation we have, I would not say that. The consultation process has been thorough. We have had our opportunity to submit remarks, as have other technology companies and all of the regulated financial entities. We have a period of implementation. I have no doubt that there will be reviews, as you would expect, but we have focussed on building an operationally resilient business regardless of regulation and we support measures that deliver an operational resilient financial services sector

### David Wright

I am a big European. I like to be ahead of the game. We like the first mover advantage in Europe, regulatory and otherwise. Can I say that we have good regulatory first mover advantage, or do you prefer what is going on in the US?

### Mark Jopling

I would not call it out as one region against another. What is helpful is harmonisation. DORA is obviously driving consistency within the EU, and it is helpful to have other regulators driving as much commonality as possible, both for us as technology providers delivering a single service across the world, and for companies operating across the world.

As I said, we at AWS build operational resilience and security as a first principle for the services we provide. In response to the regulatory agenda

in Europe and elsewhere, we provide a series of education and points of view for our customers, and we train our engineering staff that are available to advise customers on how to use our services to best effect. That best effect includes operational resilience, building new applications for security and any other priority the customer may have.

### David Wright

Another theme we have been having here is over-regulation hampering competitiveness. Do you feel that in this area?

### Mark Jopling

I started by focusing on competitiveness as a priority and demonstrating how the adoption of cloud technology has helped our customers to be more competitive. We believe that the services we provide enable customers and entire industries to reinvent themselves and transform their operations. Going back to your original question about why AWS and the cloud services market is growing as a share of technology spending, it is because we are helping our customers become more competitive that we are seeing much broader adoption.

I can quote this example because it is a public reference. An EU-based bank, Danske Bank, announced its partnership with us in March. It was a very broad partnership across their business, all types of legacy infrastructure and modernisation, and they cited several business benefits, including customer experience and the ability to do risk modelling. What we are seeing is that the leaders in every sector are adopting cloud services to improve their competitiveness. If we provide services that enable our customers to do that, then we are delivering on our promise to be customer obsessed.

### David Wright

The growth of your business is impressive enough, but European regulation is not holding it back.

### Mark Jopling

I will not use those words. As I said in response to your question about DORA, we recognise that the operational resilience of the financial services industry is as important as financial resilience. As European consumers, we have all benefited from financial stability since 2008/2009. As someone with a credit card in my pocket and a mobile application for my bank on my phone, I expect services to be resilient, reliable and always on. We provide services that enable our customers to deliver these end services to their customers. Covid has taught us that customer expectations are getting higher and higher. Industries are going digital, and our job is to build services that enable our customers to ultimately delight their customers.

### David Wright

I will ask you the usual question. What keeps you up at night in terms of risk? Is it concentration risk or cyber risk? Are we missing risks here and do you worry about that?

### Mark Jopling

Cyber is a good example because it is a benefit of cloud technology that we have not talked about. We mentioned operational resilience in the sense of availability of services, and security is deep "in our DNA" in the way we build our services. Security is our number one priority at AWS in terms of providing security for the infrastructure services we build for our customers, we also advise our customers on how to build secure applications that run on our infrastructure.

### David Wright

Talking to you is fascinating. Finally, when you look forward, what companies like yours will be doing, five or 10 years hence, are we going to see dramatically new technologies even replacing the cloud, or are we going to see profound development of the cloud? Will there be a complete quantum leap in technology? It is a very unfair question, but you are an engineer, and I am not.

### Mark Jopling

We take a long-term view of our customer needs. We build 90% plus of our services in direct feedback to what our customers want. We seek to be a very customer-centric company. By the nature of the infrastructure we are building, these are long-term investments. For example, in June 2024 we announced with the German Chancellor an €8.8 billion investment in Germany. Earlier this week we did the same with the UK Chancellor of the Exchequer in terms of a commitment to increase our infrastructure investment in the UK by £8B. We have done this around the world in countries where we are already present and we have expanded the number of countries where we are present.

When you are building data centre infrastructure, the core of what we run, they are not short-term investments but long-term commitments to every country and society that we operate in. Your wider question of what technologies may come along and be popular and transformational in the way that generative AI is now, is something that we probably need to ask the universities around, because that is a guessing game. We are investing in technologies like quantum computing. There could well be a great idea out there that someone else is working on and our philosophy as a company is to be customer obsessed at all times and to maintain what we call a "day one" mentality. Even though we are the size that you observed in your opening question, our challenge as a company is to be customer focused and to maintain that "day one" entrepreneurial view, so that we are not overtaken by technologies that we might miss.

### David Wright

Thank you, Mark. It was not a trap to keep you here for the next five years but thank you very much and thank you for your support of Eurofi.

### Mark Jopling

I am delighted to be here.