

THE FUTURE COO

2020



EVOLUTION OR REVOLUTION?



BNP PARIBAS

The bank for
a changing
world

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FOREWORD

Welcome to The Future COO: Evolution or Revolution?, BNP Paribas' first research report to explore the changing role of the financial services Chief Operating Officer (COO).

At BNP Paribas we are proud to have partnered with hundreds of COOs over the years, representing a wide range of firms, regions and areas within financial services including asset management, banking, and alternative investors.

Day in, day out, COOs talk to us about the challenges they face. They oversee their organisations' risk and regulatory agendas, while improving operational efficiency and resilience. Increasingly, they are also driving their businesses' growth and transformation in a competitive and ever-changing environment.

As COOs' roles and ambition expand, so too does the strength of our partnerships with them. Through our global presence across the asset servicing value chain, we support COOs in the day-to-day supervision and management of their operations, reducing their administrative workload and freeing them up to focus on value-added work. At the same time, we work with COOs to transform their employee and customer experience – improving speed, security and flexibility to help fuel their growth.

Throughout my career as a business or operational leader, I have experienced firsthand the transition to a technological world. The next journey for COOs will be to empower and enable their people to derive the most value out of this technology. That is why we are constantly developing new technology partnerships and initiatives that enable COOs to explore new possibilities in their processes and products, opening up new opportunities for both their staff, and the wider teams they work with.

The next decade will be an exciting one for COOs. This journey – our collective journey – is just beginning. ●

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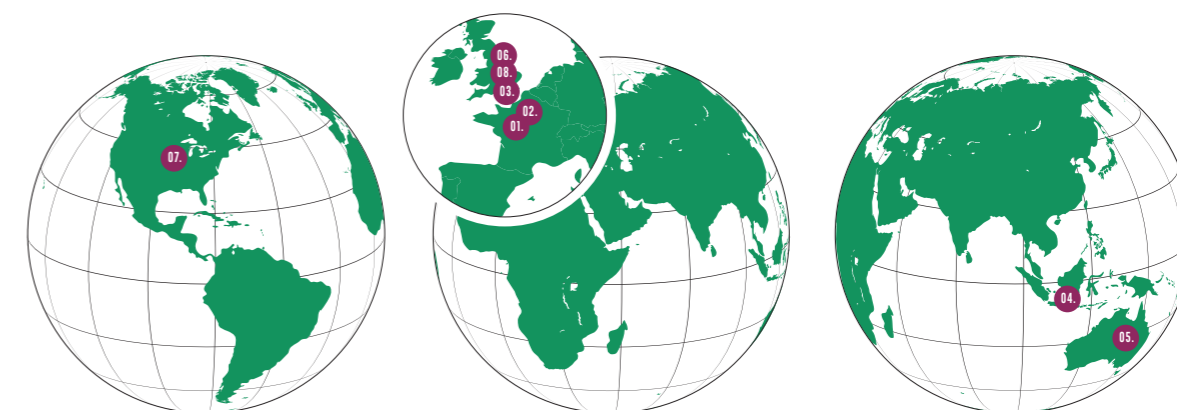
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Kate Straker

Chief Operating Officer,
Man AHL

CONTRIBUTORS REPRESENT FIRMS HEADQUARTERED IN



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The next journey for COOs will be to empower and enable their people to derive the most value out of this technology

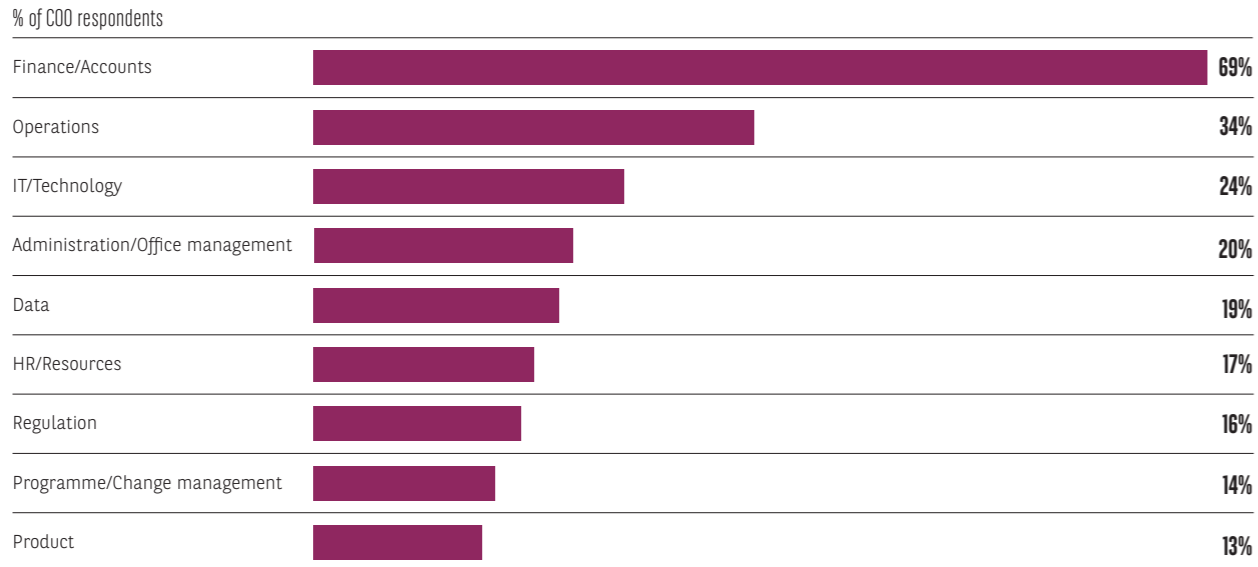
INTRODUCTION

The role of the financial services Chief Operating Officer (COO) has undergone significant change in recent years. COOs continue to hold ultimate responsibility for operational controls, owning the “production line” and budgetary management, as has been the case for decades. But now they must lead their business’s regulatory, compliance and governance agenda, which is becoming more and more complex. They are expected to generate change and drive their organisation’s response to change. The COO’s responsibilities are wide-ranging and continue to expand. Yet, at the same time, the distinct role of the COO is under threat. Across the S&P 500, fewer than half of financial services firms have a COO*. How are COOs adapting to their changing environments? What resources and relationships do they need to help them

do so? And will the future COO need to be different to his or her predecessors? Our research studies the challenges and opportunities facing financial services COOs, how the role is changing, and how the future COO will need to think and act. For the purposes of this survey, we defined the COO as the person having primary responsibility for a firm’s operational performance at a business, regional or group level. But we acknowledged the role may have a title other than COO, e.g. Managing Director or Head of Operations, both of which were included in this study. The findings are based on a global survey of 250 COOs across both the buy and sell-side, and from a range of geographies and workforce sizes. The survey was complemented by in-depth interviews with several industry leaders who have direct experience of the COO role.

“The COO’s responsibilities are wide-ranging and continue to expand”

WHO REPORTS TO THE COO

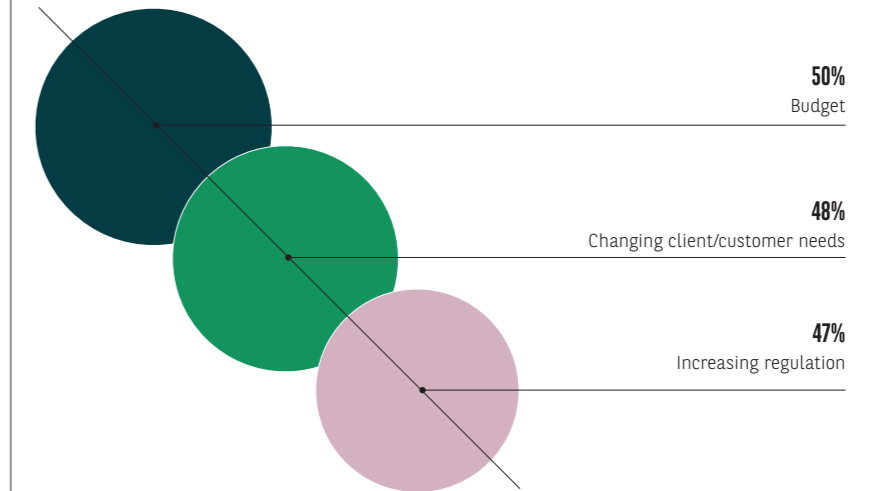


*Crist Kolder Volatility Report 2018

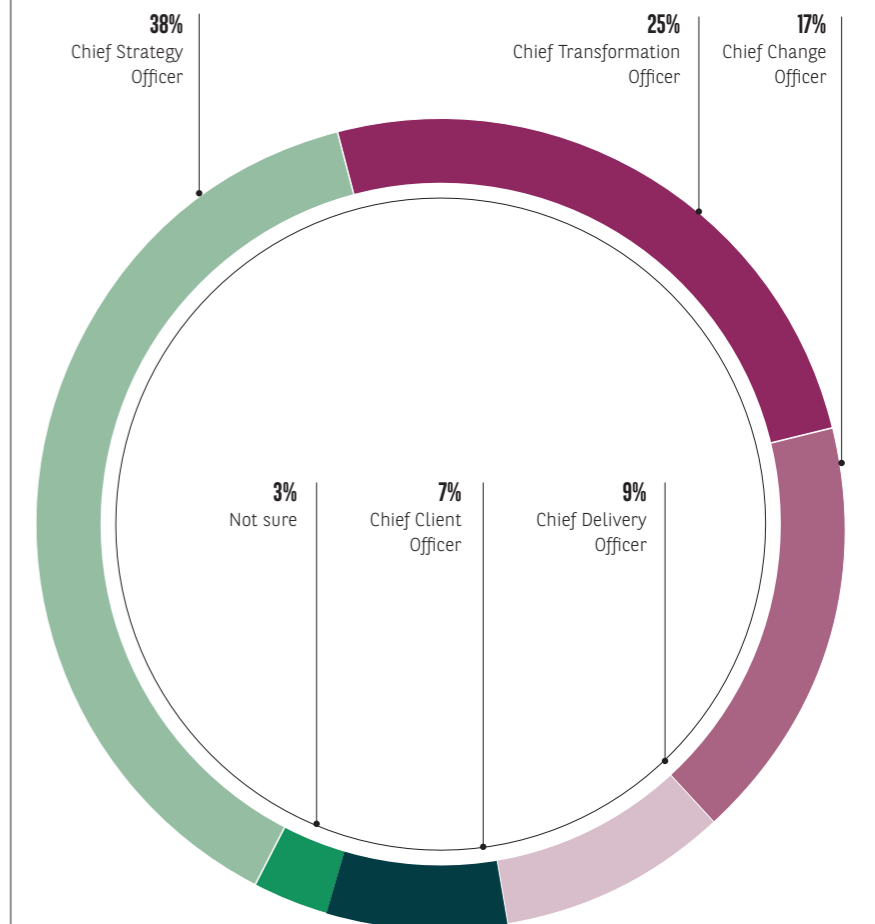
HEADLINE FINDINGS

- 01. COOs WANT A REBRAND**
60% of COOs surveyed believe their job title is no longer relevant. The most popular alternative is Chief Strategy Officer (38%) followed by Chief Transformation Officer (25%) and Chief Change Officer (17%).
- 02. MORE PRESSURE, MORE RESPONSIBILITY**
The biggest challenges for COOs are both external and internal. The role is no longer purely operational; 80% of COOs surveyed have two or more functions reporting to them.
- 03. THE COO AS TRANSFORMER**
COOs are embracing their expanding role. They see driving growth opportunities and delivering transformation as a key part of their role, especially those in asset management.
- 04. IT’S ALL ABOUT PEOPLE**
Upskilling the workforce will become the top priority for 67% of COOs, with many planning to spend more time developing talent in their organisations.
- 05. COLLABORATION IS KEY**
The vast majority of COOs (79%) want closer collaboration with other functions. Top of the list was IT and technology departments, as COOs look to harness the skills of their colleagues.
- 06. THE COO LEAVES THE BACK OFFICE?**
60% of COOs believe spending time with clients will become key to driving growth and transformation.
- 07. CHANGE WILL COME FROM WITHIN**
Only 14% of COOs surveyed see their successors coming from outside financial services. COOs think success will come from internal transformation, not external disruption.

TOP THREE CHALLENGES FOR COOs



AMONG THOSE WHO FEEL THE COO TITLE IS NO LONGER RELEVANT, OPINION IS SPLIT AS TO THE BEST ALTERNATIVE



PRIORITISING VALUE

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We spend increasing amounts of time on change management because a very strong part of our role is change and adaptation

Simon Olenka, Head of Client Delivery UK, BNP Paribas Securities Services



The role of the Chief Operating Officer (COO) in financial services organisations has centred on operational efficiency. But more recently the COO's influence has grown, as they take on ever-increasing responsibilities in areas of the business ranging from IT to data, regulation and change management. Of the 250 COOs surveyed in our study, 80% said two or more different functions reported to them.

As the COO's remit grows, so too does the complexity of challenges and the need to prioritise aspects of work that really add value.

Two areas where COOs feel their role adds the most value are driving growth opportunities, including new products and services, and delivering transformational or significant change projects, which were identified as top value-added areas by 52% and 39% of respondents respectively.

COOs who have been in their post for fewer than three years were more likely to emphasise the value of transformation and growth opportunities, compared with their more experienced peers. They were also more likely to choose Chief Transformation Officer as the most suitable alternative job title (19% compared with 13% of COOs with longer than three years in the role).

WINDS OF CHANGE

The words "change" and "transformation" are applied to a huge range of projects. Types of projects financial services firms have recently undertaken include mergers and acquisitions, outsourcing arrangements, geographic relocation and new systems implementation.

Simon Olenka, Head of Client Delivery UK at BNP Paribas Securities Services, says: "We spend increasing amounts of time on what I would overarchingly label 'change management' because a very strong part of our role is change and adaptation. That's important because it is being driven by external factors: the pace of change both in regulation, but also in technology. Our clients' environments are changing too."

Technological change is also a source and driver of transformation, as firms adopt new technologies such as blockchain. The World Economic Forum estimated that 10% of global GDP will be stored on blockchain by 2027.*

With the prevalence of legacy IT systems in financial services and the commercial benefits that can be derived from new systems and partnerships, new technology is increasingly a strategic, not just tactical, priority. Perhaps it is not surprising, then, that the most popular alternative job title chosen by respondents was Chief Strategy Officer.

AREAS WHERE COOs SEE THEMSELVES SPENDING MOST TIME IN FUTURE

Driving growth opportunities including new products/services

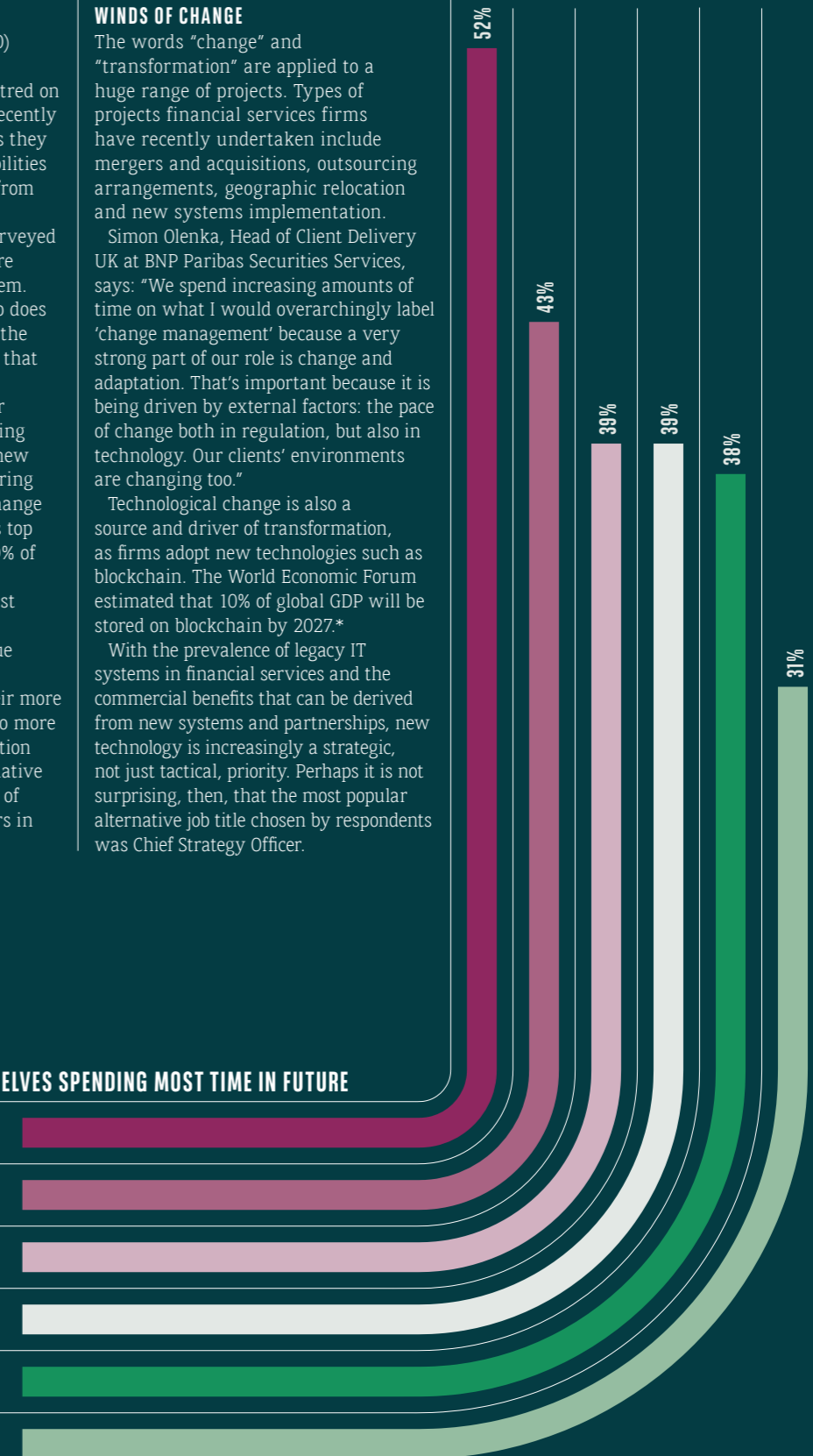
Delivering transformational/significant change projects

Enabling effective risk management

Realising cost savings

Developing talent and coaching staff

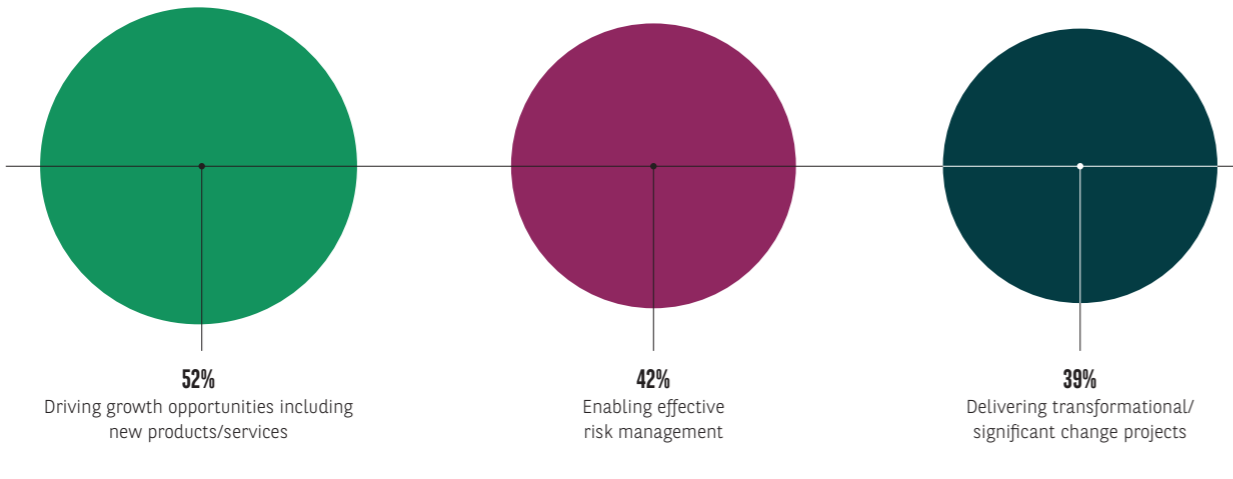
Overseeing/implementing regulatory and control frameworks



*World Economic Forum Building Block(chain)s for a Better Planet report, 2018

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AREAS WHERE COOs FEEL THEY ADD MOST VALUE



Meanwhile, 41% of COOs with more than three years' experience felt that developing talent was one of the areas in which they add most value. "People management," says Simon Rafferty, COO at Winterflood Securities, when asked where he believes he adds most value. "The key is making sure the right people are in the right roles and have the right skillsets."

BRIDGING THE GAP

However, our research shows a disconnect. COOs do not have enough time to spend on developing talent, even though it is now a key part of the role. While 36% felt this is one of the areas where their role adds the most value, only 32% said it is one of the areas where they currently spend the most time.

Our research also found that, despite the importance of change management in the COO's role, only 3% come from this specialism, with most (35%) having a finance or accounting background.

Dean Brown, Partner, UK Wealth and Asset Management Advisory at EY, attributes this to the different approaches towards change.

He notes that a typical change function is "more regimented" and COOs have to be fairly fluid, do "a bit more thinking outside the box", which is why not coming from a change management background may not be a disadvantage.

"Are COOs good at embracing change? Yes," he says. "They wouldn't be in the role if they weren't."

With so many demands upon them, how can COOs spend more time where they want to? And how can they ensure they are delivering the greatest impact?

This is where external and internal collaboration come in. Close partnerships with other functions within the business free up COOs to spend more time on what they want to do, and enable them to drive growth and change more effectively and efficiently. Our research revealed that 79% of all respondents would like closer collaboration with other functions, with technology and IT departments top of the list.

COOs increasingly need to rely on having other teams step up and on being able to outsource to reliable external parties. "I govern and manage the relationship of the back office that we outsource," explains Dharmendra Dayabhai, Head of Portfolio Analysis and Implementation at UniSuper.

"As we outsource more of our value chain to third parties, our role is more and more to monitor and supervise," adds Jeroen Buwalda, Chief Operating Officer at Eastspring Investments. "While the workforce needs to be upskilled, in some areas upskilling may not be the only answer. Businesses may need to attract new capabilities from the market." ●

“Are COOs good at embracing change? Yes. They wouldn't be in the role if they weren't

Dean Brown, Partner, UK Wealth and Asset Management Advisory, EY

SPOTLIGHT ON APAC

Our research found that approaches to transformation vary widely across regions; while it is a very low priority in North America, it comes top for Chief Operating Officers in Asia-Pacific (APAC). 56% of COOs in APAC feel one of the areas in which their work adds most value is delivering transformation or significant change projects.

Conversely, just 26% of North American COOs said the same, compared with a global average of 39%.

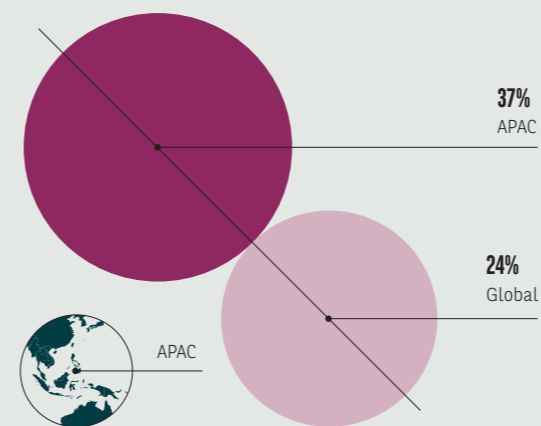
Jeroen Buwalda, Chief Operating Officer at Eastspring Investments, says a key reason for the emphasis on transformation in APAC is that "organisations [there] are growing much faster, they need to support new strategies at a rapid pace and ensure there is enough product on the shelf to capture the market opportunity".

APAC COOs are looking to technology to drive this transformation, according to our survey. PwC's *Financial Services Technology 2020 and Beyond* report predicts Asia "will emerge as a key centre of technology-driven innovation". The report notes: "In fintech, the [Asian] market is second only to the United States in investors' interest."

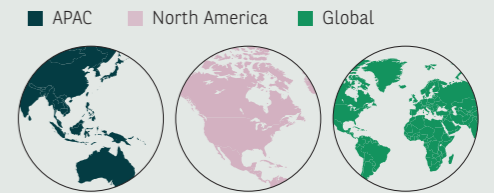
This is reflected in the experience of 35% of APAC COOs, who come from a technology or IT background, while in all other regions the most common background is finance or accounts. The survey shows that 37% of APAC COOs have technology or IT teams reporting to them, compared with 24% of COOs globally.

Interestingly, a higher proportion of APAC COOs want closer collaboration with technology or IT departments (52% compared with 38% globally). With their experience in technology, it seems APAC COOs are naturally inclined to recognise the value of strong collaboration with these departments. ●

COOs WITH IT/TECHNOLOGY TEAMS REPORTING TO THEM

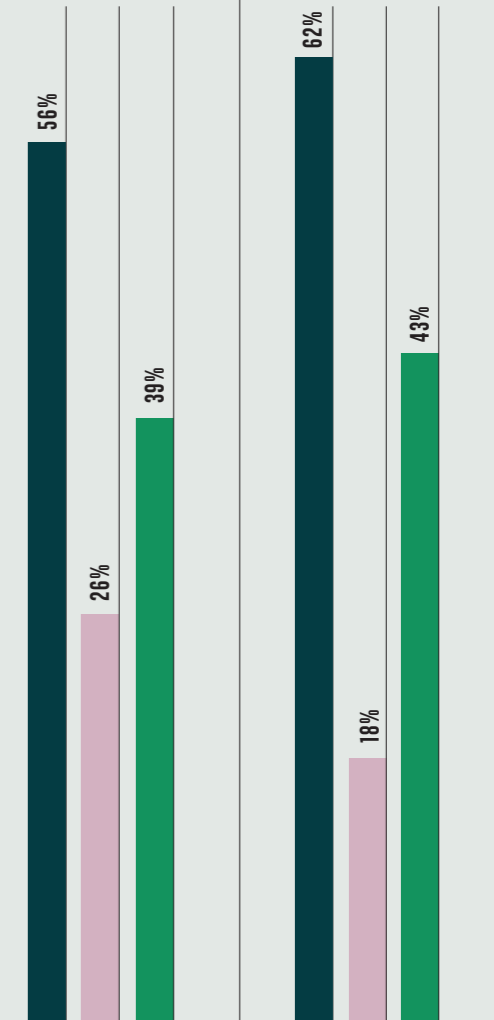


COOs HAVE A VERY DIFFERENT VIEW ON DELIVERING CHANGE PROJECTS ACCORDING TO THEIR REGION



COOs who feel delivering change projects is one of the areas in which their role adds most value

COOs who think change projects will become one of the areas they spend most of their time



UPSKILLING TO HARNESS TECHNOLOGY

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People and technology are both vitally important to the Chief Operating Officer (COO), whose objective is to drive the business forward operationally and strategically. Delivering on change projects requires not only the right technology in place, but a workforce with the appropriate skillset.

Formerly managers of large teams of operational staff, COOs are now at the helm of large-scale technology adoption and upgrades. Our survey showed that the highest proportion of COOs (38%) would like closer collaboration with technology and IT departments. While 68% rate their collaboration as somewhat close or very close, COOs want an even tighter working relationship.

"Due to the evolving challenges facing COOs, such as regulation and technology, they've had to become more tech and data savvy," says Dean Brown, Partner, UK Wealth and Asset Management

Advisory at EY, who says he has witnessed strong collaboration between COOs and technology functions.

As financial services firms strive to adopt new technologies, it often falls to the COO to oversee integration. An example of major technology integration in financial services is artificial intelligence, which can be in the form of robotics and machine-learning.

Robotic process automation can be used, particularly in the asset management sector, to automate activities across middle and back offices. This could span a range of functions including regulatory or compliance-based monitoring, trade processing and reconciliations. The COO is well placed to take a holistic view across functions and assess business benefits.

Yet only 18% of COOs surveyed come from a technology or IT background. So does this lack of personal experience hinder them?

45%
of respondents
do not collaborate
closely with HR



"You don't need to be a coder or a developer, but you do need to have a decent understanding of the systems," says Eleanor Stanley, Chief Operating Officer, EMEA and APAC, CME Cash Markets. "It would be incredibly difficult to do my job if I didn't have a good understanding of the products, technologies, the challenges our customers face and what our competitors are doing when it comes to technology."

As well as a technological understanding and mindset, organisational structure is key. Our survey showed that 24% of COOs have technology functions reporting to them, with this figure rising to one third (33%) in divisions or business areas of more than 1,000 employees. By having direct influence over technology teams, COOs are well placed to make effective decisions and drive implementation.

THE PERFECT MARRIAGE?

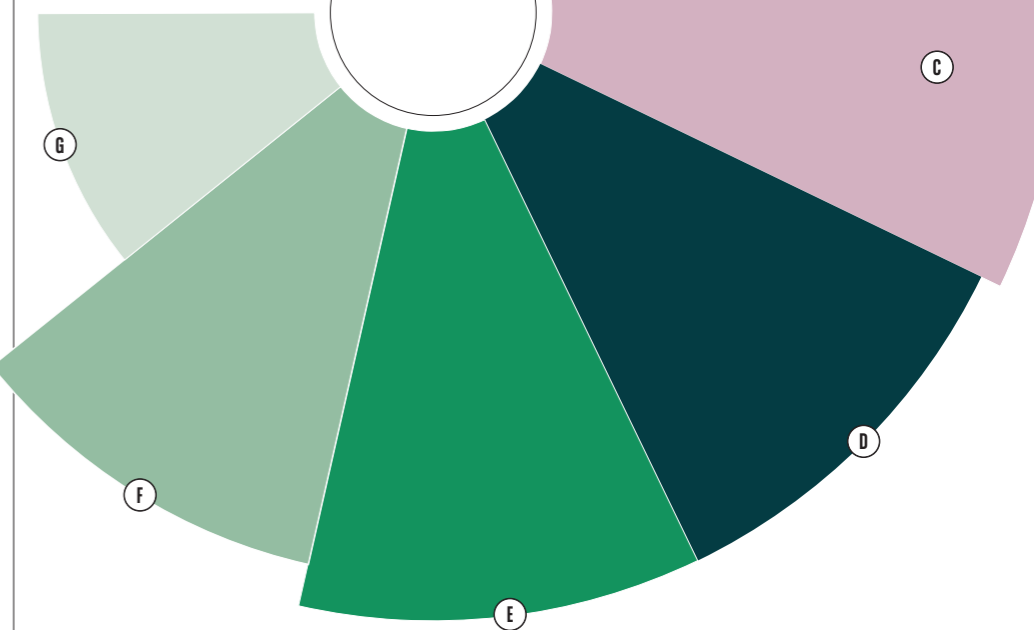
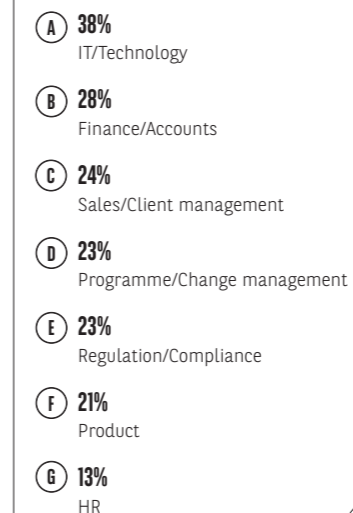
However, COOs recognise they cannot simply rely on technology to deliver outcomes. Increasingly, a significant part of the COO role is people management and these responsibilities will increase in the future. Among respondents, 62% said upskilling the workforce would become a top priority for managing costs and improving efficiency, while 67% said it would become one of the most important ways to drive transformational projects and business growth.

Simon Rafferty, Chief Operating Officer at Winterflood Securities, explains: "You can have great technology, but people don't know how to use it properly. Equally, you can have great people and poor technology, and again that doesn't work. So the perfect marriage is great people, great technology."

Dharmendra Dayabhai, Head of Portfolio Analysis and Implementation at UniSuper, says his biggest challenge is ensuring the workforce is pursuing the right objectives.

"If you give people data they will create stuff. The challenge is what you are creating these things for because it has to be to create better investment decisions. If you let people loose, they will create lots of funky things, but it can be a lot of energy wasted in terms of investment decisions. That is a constant challenge because we have young, aspiring talent as portfolio managers, who just want lots of data."

FUNCTIONS WITH WHICH COOs WOULD LIKE CLOSER COLLABORATION



“

You can have great technology, but people don't know how to use it properly. Equally, you can have great people and poor technology, and again that doesn't work. So the perfect marriage is great people, great technology

Simon Rafferty, Chief Operating Officer, Winterflood Securities

THE MOST VALUABLE ASSET

Asset manager Chief Operating Officers plan to spend more of their time on transformation and change. Our findings showed that 59% of COOs at asset managers see themselves spending most time on delivering change projects in future, compared with 43% overall.

Asset managers are facing a competitive landscape, with the rise of passive investing, the need to ensure existing products and solutions meet new regulatory requirements, and the changing needs of younger investors.

Indeed, 63% of asset manager COOs chose increased competition in the market as a key challenge, compared with 46% of sell-side respondents;

and 51% chose changing client and customer needs, compared with 43% on the sell-side.

In responding to and overcoming these challenges, asset manager COOs see themselves in the driving seat. When speculating on the COO title, Chief Change Officer was the most popular alternative for asset managers, jointly with Chief Strategy Officer at 24%.

Collaboration with technology is seen as a key enabler of this change, with 61% of asset manager COOs looking for closer collaboration with IT or technology departments.

Furthermore, 35% of asset manager COOs come from technology or IT

backgrounds (a higher proportion than any other segment). Again, it seems that experience in technology is a strong motivator for close collaboration with this function.

Faced with an expectation to run so many business functions, how will asset manager COOs spend more time on transformation in the future? In our research and subsequent interviews, they acknowledge there is only so much they can do. In future, will the role therefore be split between change executives and operations executives? Or will automation and technology-based solutions enable COOs to take on more? ●

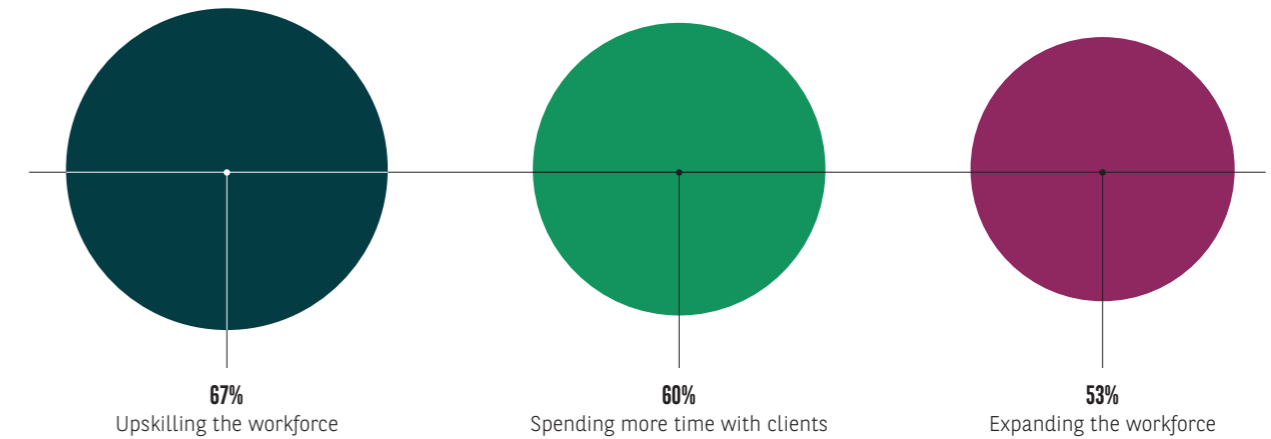
ASSET MANAGER COOs PLAN TO SPEND MORE TIME ON CHANGE THAN ANY OTHER SEGMENT OF FINANCIAL SERVICES

COOs who think delivering change projects will be one of the areas where they spend the most time in future



UPSKILLING THE WORKFORCE IS KEY TO DRIVING TRANSFORMATION AND BUSINESS GROWTH

Areas that COOs say will become more important for driving transformational projects and business growth



COOs need to be able to develop and nurture their people to harness increasingly complex technologies. Among the COOs interviewed, many saw this part of their job as contributing significant value. For Brown, it's about using technology to free up people to do a much more value-added role. "This will give your staff more of a sense of accomplishment," he says.

Simon Olenka, Head of Client Delivery UK at BNP Paribas Securities Services, says: "We can only derive real value by looking after our greatest asset - our people - by developing the right talent, coaching staff and creating the environment in which people can harness technology and succeed." He cites talent selection and programmes at BNP Paribas for building specific skills, while longer-term development is on offer through a range of activities, including mentoring, roundtables and career surgeries, and job-shadowing.

Dayabhai adds: "In my role, it comes down to leadership, leading a relationship with an external vendor, for example, and managing internal people."

Among UK-based COOs in particular, the research uncovered a large gap between the amount of perceived value of developing talent and coaching staff (42%) and the time COOs have to dedicate to this (21%). UK COOs are optimistic, though, with 40% predicting they would spend most time on this area in the future.

Buy-side COOs also showed a strong focus on developing talent, with 40% saying

they would spend most time on this in future. Among insurer COOs, this area was highlighted by more respondents (46%) than any other segment.

With so much of the COO role focused on upskilling the workforce and talent management, it might be expected that COOs and human resources would work closely together.

However, the survey found that HR is the function with which COOs collaborate the least; 45% of respondents do not collaborate closely with HR. Of the functions with which COOs would like closer collaboration, HR was identified by only 13%.

This is in spite of the fact that COOs often have more people reporting to them than any other C-suite leader and a wider range of employees with different skillsets.

Kate Straker, Chief Operating Officer at Man AHL, says the COO needs to be directly responsible for developing the workforce, without relying on HR to do it for them. "There's something invaluable in the business functions themselves being involved in developing the training, graduate schemes, internships or recruitment programmes to bring in people who are going to fill the right niches," she says.

Nonetheless, Straker acknowledges the importance of closer collaboration with HR in the future. She adds: "The HR function needs to set a framework of how your business standards should be and how you should manage the talent structure." ●



UK

42%

of UK COOs see developing talent as a top value-add area

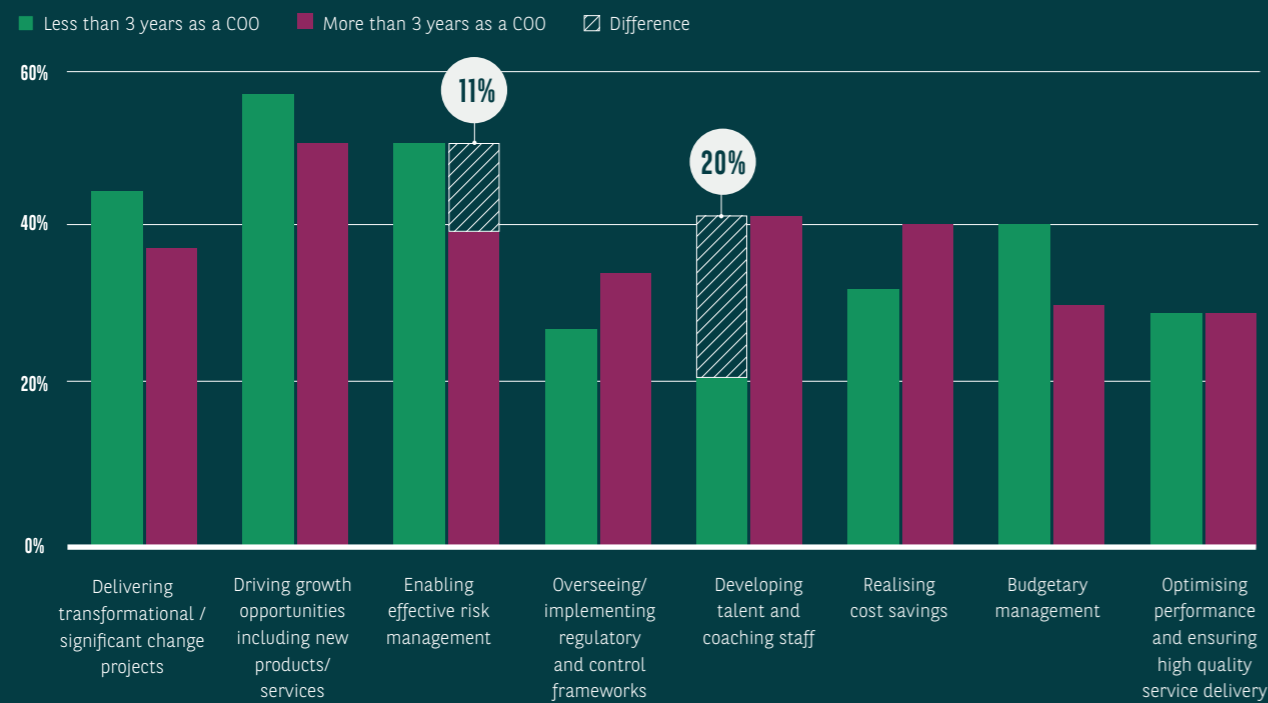
ONLY 21%

have time to dedicate to developing talent

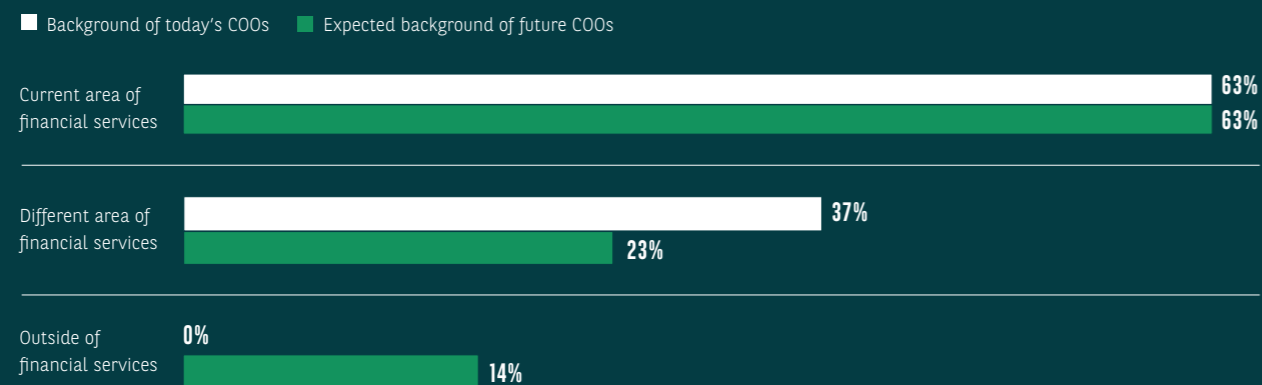
CHANGING OF THE GUARD

As a new generation of COOs enters the market, are they bringing with them a new vision for the role?

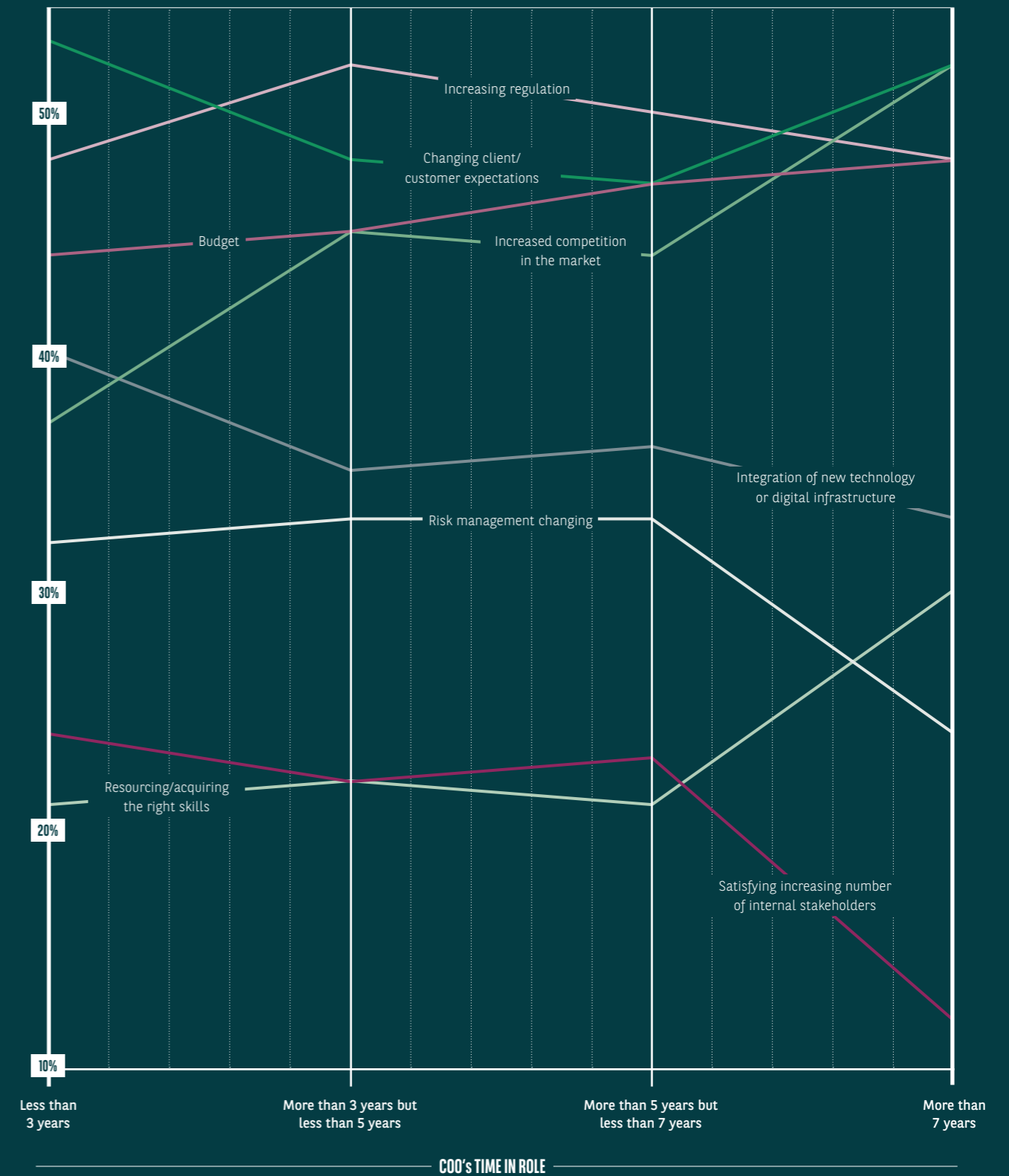
MORE EXPERIENCED COOs FEEL THEY ADD VALUE IN DIFFERENT WAYS TO THE NEW GUARD



WILL THE CAREER BACKGROUND OF COOs DIVERSIFY IN THE COMING YEARS?



CHALLENGES FACED BY COOs VARY ACCORDING TO THEIR TIME IN THE ROLE



BACK TO FRONT



Having an end-to-end understanding of client requirements and the evolution they themselves face in the industry is critical in making sure you can service their needs today and also tomorrow

Jeroen Buwalda, Chief Operating Officer, Eastspring Investments



Chief Operating Officers (COOs) are being pulled in an important new direction.

They are now required to devote time to managing both internal and external relationships, and this balance will become even more challenging and crucial.

Historically, the COO may have been seen as a back-office role, with other executives, such as the Chief Executive or Chief Information Officer, taking on more client-facing responsibilities. But our research showed that COOs will increasingly become the face of their organisations, as they become a key contact for clients.

Our survey showed that spending more time with clients will become more important for 60% of COOs when it comes to driving transformation projects and future business growth. This was the most important area for 63% of Continental European COOs surveyed.

Time with clients is also seen as an important part of the COO's responsibilities in day-to-day cost and operational management. In the Asia-Pacific region, in particular, 62% of COOs said spending time

with clients will become more important in managing costs and improving efficiency.

Simon Rafferty, Chief Operating Officer at Winterflood Securities, allocates more of his time to client relationships now and notes this trend has been spurred in recent years by regulatory developments.

"I think we learnt, going back almost 15 years now when MiFID [European Union Markets in Financial Instruments Directive] came into force, that we spent a lot of time with clients. And it was really powerful in terms of giving clients comfort that we had all angles of the relationship covered," he says.

OUTWARD LOOKING

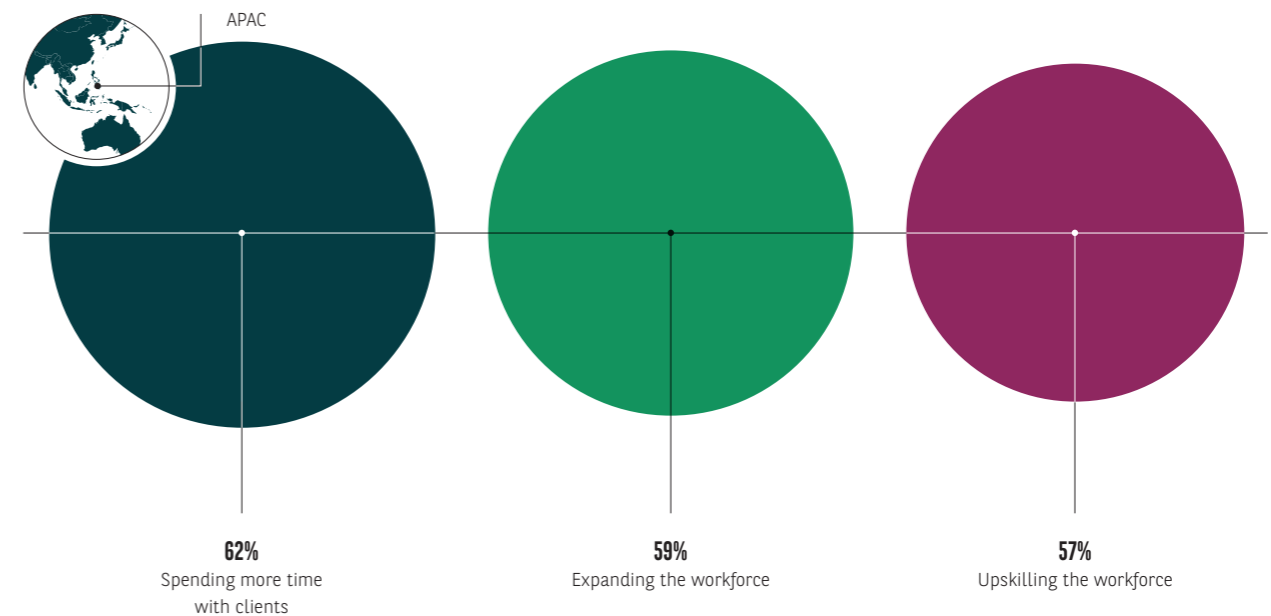
External relationships are vital for the COO to understand where value can be created for the client, explains Jeroen Buwalda, Chief Operating Officer at Eastspring Investments.

"Having an end-to-end understanding of client requirements and the evolution they themselves face in the industry is critical in making sure you can service their needs today and also tomorrow," he says.

60%

of total respondents say spending more time with clients is one of the key areas that will become more important for driving transformation and business growth

PRIORITIES THAT WILL BECOME MORE IMPORTANT FOR APAC COOs FOR MANAGING COSTS AND IMPROVING EFFICIENCY





The most important thing is being able to explain very concretely to your client how you deliver the service, why it is not risky, why it is well controlled

Alain Pochet, Head of Client Delivery, BNP Paribas Securities Services

Kate Straker, Chief Operating Officer at Man AHL, explains that the COO is “the face of everything that is not the investment management content itself”.

She says: “Having those relationships, and being able to speak to clients and know what their interests are, is incredibly important in the role.”

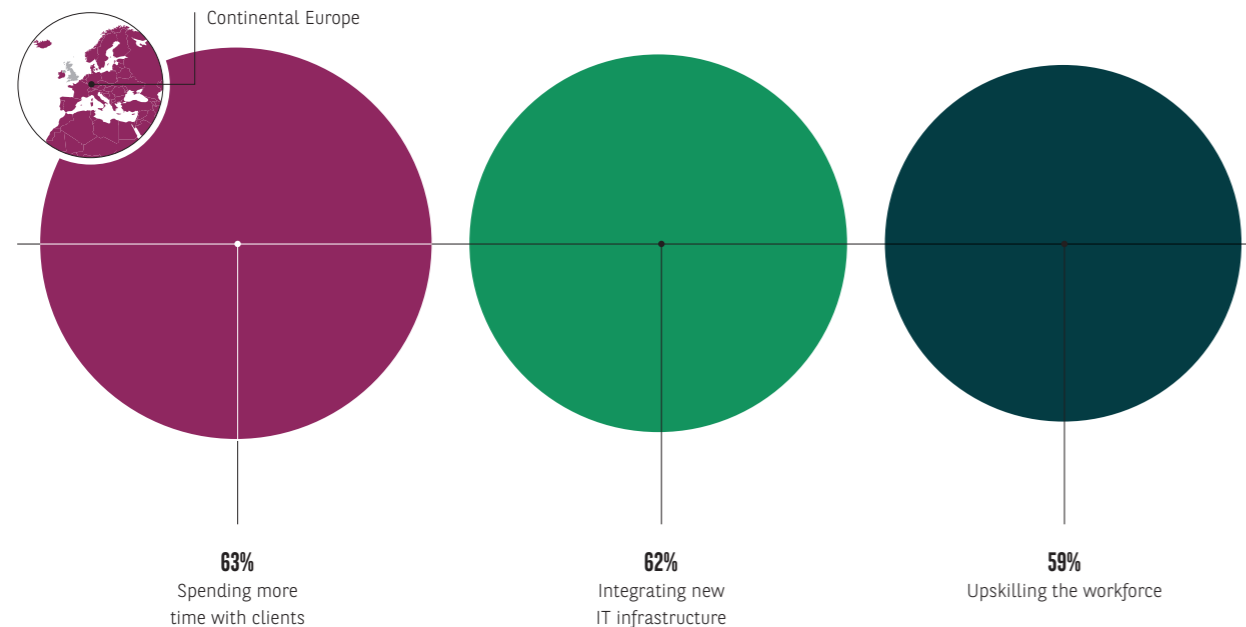
There might be an expectation that it is the sales team who foster relationships with clients. But our research reveals that only 24% of COOs want to collaborate more closely with the sales team in their organisation, lower than for the technology or finance functions. However, is this because the

relationship is already working well? Or will this change in the future as the relationship becomes more important?

Alain Pochet, Head of Client Delivery at BNP Paribas Securities Services, is clear about how much time COOs need to devote to external relationships and the focus of these relationships.

“COOs do not need to spend 99% of their time with clients because they need to run the business to deliver on client expectations,” he explains. “The most important thing is being able to explain very concretely to your client how you deliver the service, why it is not risky, why it is well controlled.” ●

CONTINENTAL EUROPEAN COOs: PRIORITIES FOR DRIVING TRANSFORMATIONAL PROJECTS AND BUSINESS GROWTH



EYE FOR A DEAL

In recent years Chief Operating Officers have focused on regulation, both local controls emphasising accountability and conduct, as well as far-reaching global standards such as Basel III.

Now, the focus of sell-side COOs is starting to shift back to commercial performance. Only 28% of sell-side COOs chose commercial acumen as one of the most important competencies for a COO. But this increases to 56%, looking to the future, and was selected as the most important competency, compared with 38% on the buy-side.

In Europe, for instance, the full implementation of various regulations, such as the Central Securities Depositories Regulation and Shareholder Rights Directive II, will soon be complete. Perhaps COOs now foresee their roles being less occupied by regulatory and compliance demands, and more focused on commercial growth.

What is meant by becoming more commercial? In future, sell-side COOs see themselves spending more time on realising cost-savings, with 42% choosing it as a top area, compared with 32% currently.

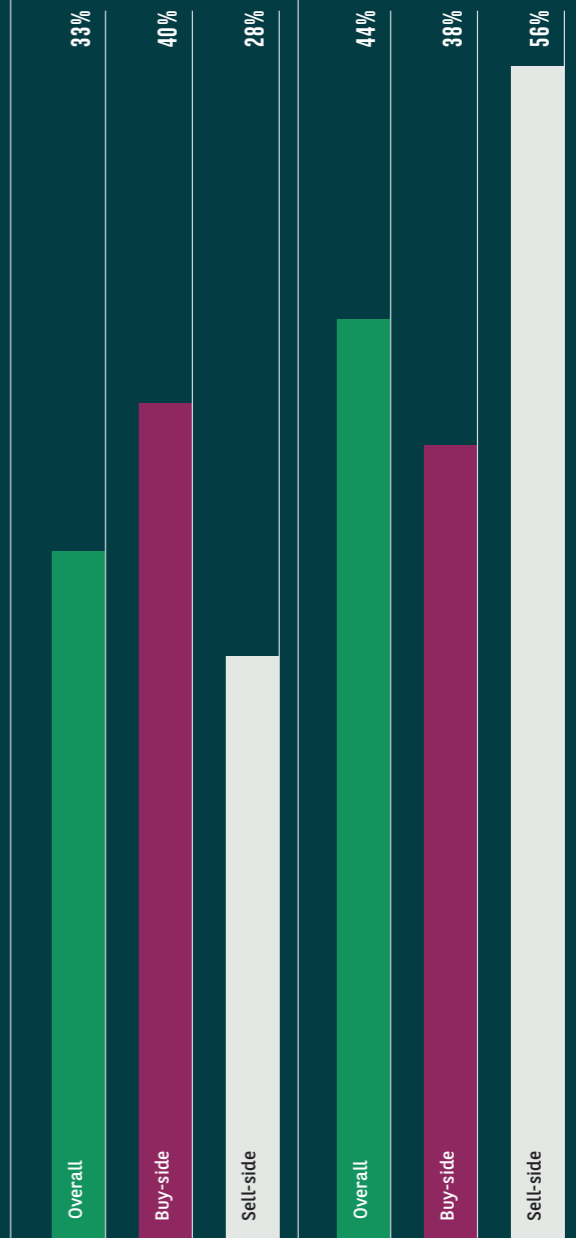
But with driving growth opportunities and delivering transformation and change also ranking in the top three areas that add most value, our research confirmed that sell-side COOs are combining these focuses. For them, a more commercial future is defined by a strategic approach to driving growth, not just focusing on short-term cost-control activities.

Sell-side COOs were most likely to be satisfied with their job title; half of respondents felt that the COO title is still relevant, compared with 34% on the buy-side. This suggests that sell-side COOs see a different type of COO in future, with a renewed focus on the core areas of performance, growth and cost - rather than a complete overhaul of the role. ●

SELL-SIDE COOs BELIEVE COMMERCIAL ACUMEN WILL BECOME A MORE IMPORTANT COMPETENCY

Respondents who think commercial acumen is a top competency for today's COO

Respondents who think commercial acumen will be a top competency for the future COO



THE FUTURE COO: EVOLUTION, NOT REVOLUTION

From industry knowledge, to mindset, to skillset, what are the elements that incumbent COOs feel are indispensable to the success of the future COO? Six of today's COOs offer their thoughts on the recipe for tomorrow's COO.

Simon Olenka, Head of Client Delivery UK, BNP Paribas Securities Services:

"My successor has to be someone with a mindset that is quick to adapt, to be able to move across change. I would say he or she could well come from within IT. Or, they could well come from outside of the industry, where there are numerous examples of rapid development. "My successor won't necessarily come from the traditional routes of someone who has run a big team of people."

Alain Pochet, Head of Client Delivery, BNP Paribas Securities Services:

"You need to be committed to deliver. If you are just committed to try to deliver, that is not enough. I think the future COO needs to be

somebody who is very IT or very business-oriented."

Eleanor Stanley, Chief Operating Officer, EMEA and APAC, CME Cash Markets:

"COOs are typically problem solvers. When unexpected issues crop up, it's often our job to resolve them as quickly and effectively as possible, with minimal impact to clients, and ensure they do not occur again."

Simon Rafferty, Chief Operating Officer, Winterflood Securities:

"In our industry you have to have an awareness of the regulatory angle. That is where you will potentially find competitive advantage as well. It is not

just about complying with the regulation, but also looking at ways to make the regulatory change work for you.

"Where do I see my successor coming from? I think it's a combination of people management, regulatory knowledge and interest, and an interest in technology."

Kate Straker, Chief Operating Officer, Man AHL:

"We operate in a competitive, dynamic environment with a fast pace of change – our business is constantly evolving in terms of new technologies, products and regulations, and it would be impossible to stay in the role of COO for the next five to 10 years and not adapt to that.

"My role will constantly evolve to ensure that I can continue to

drive our strategy through to our clients, drive efficiencies and meet requirements from their perspective as well as the board and shareholders.

Jeroen Buwalda, Chief Operating Officer, Eastspring Investments:

"If you think about the role going forward, I think COOs need to become more tech savvy. I can well imagine someone with a technology or transformation background coming into operations.

"COOs will need to be adaptive to continue to meet changing fiduciary, regulatory and shareholder requirements and play a 'whole of business role' at the executive table as operations, technology and administration will continue to converge. The COO of the future may come from a non-traditional source we're not thinking about today."

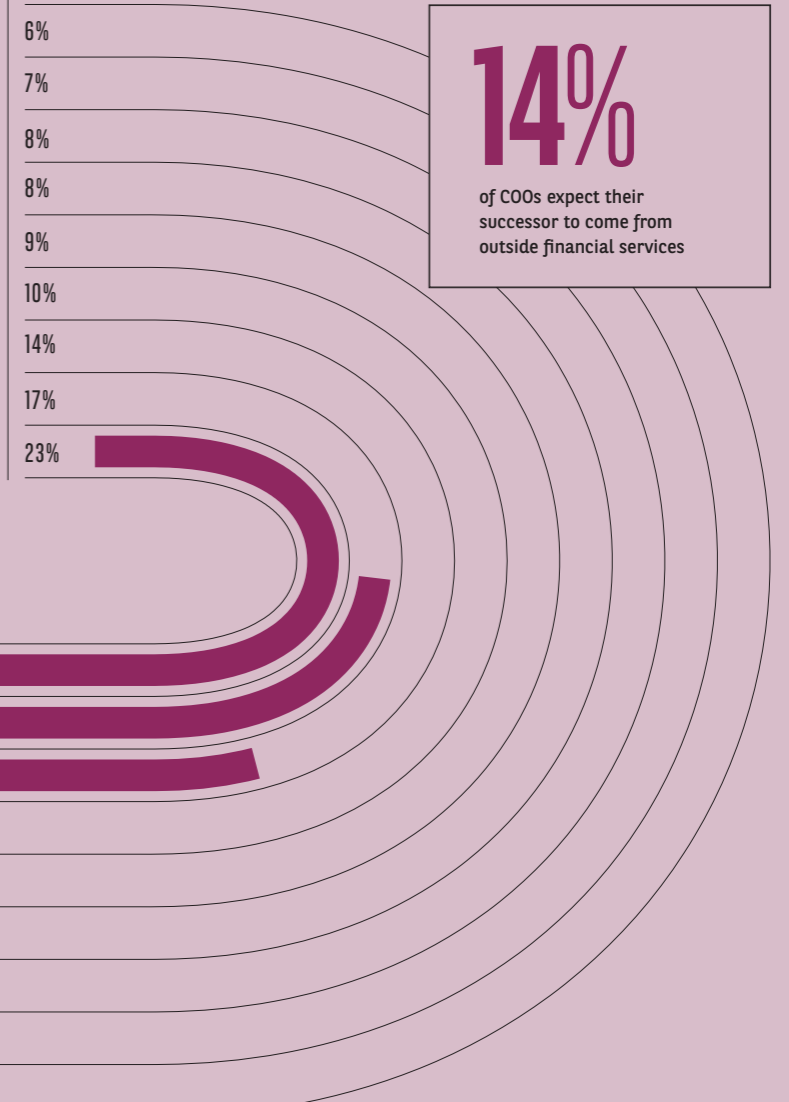
CONCLUSION

COOs face a balancing act as they are required to become more external-facing, and also become better internal collaborators. They also recognise the need to become increasingly commercially minded and more people-focused as they take responsibility for coaching talent. The question is, can they have it all?

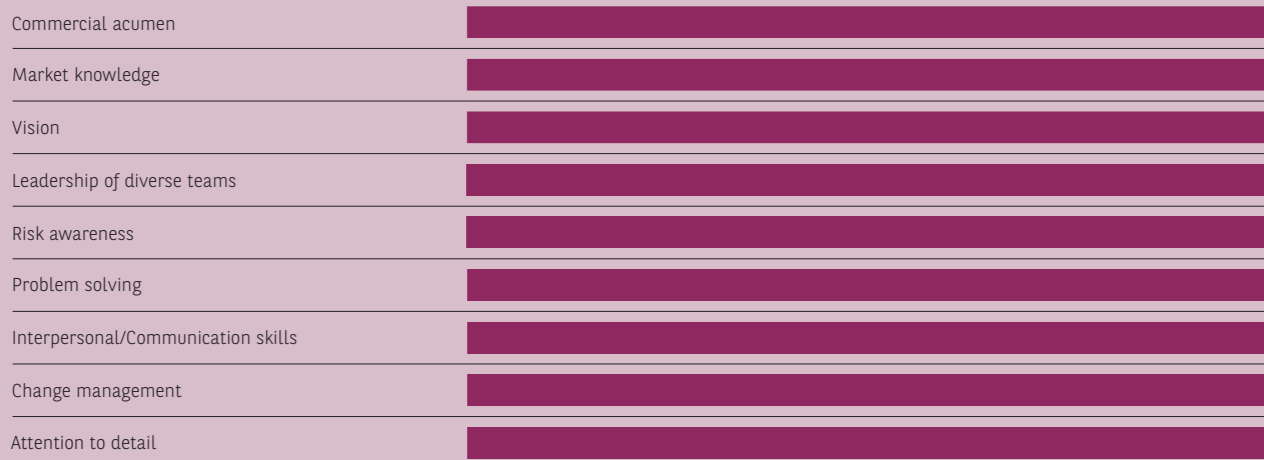
One thing for certain is that whilst the role may change, its importance will not diminish. COOs are embracing their growing remit. They are hungry to take on more challenges, and act as the glue of the organisation, bringing together different functions in the pursuit of transformation and change.

Our research shows that COOs have a clear vision of the future and recognise the need to change, although this vision varies widely across financial services. Asset manager COOs see themselves as the change agents of the future – while the sell-side COO is a strategic driving force, combining the traditional cost-focus of the COO with an increased drive for business growth.

It is clear that both buy and sell-side COOs see their future success coming from the people they lead and work with, rather than the technology that those people operate. With only a small minority of COOs expecting their successor to come from outside financial services, COOs do not see their future success coming from external disruption. Instead, it is in the hands of current COOs to develop a new generation of COOs, or evolve themselves, into a community devoted to developing their workforce, bringing together internal stakeholders, and understanding clients' needs and requirements. This evolution has already begun. ●



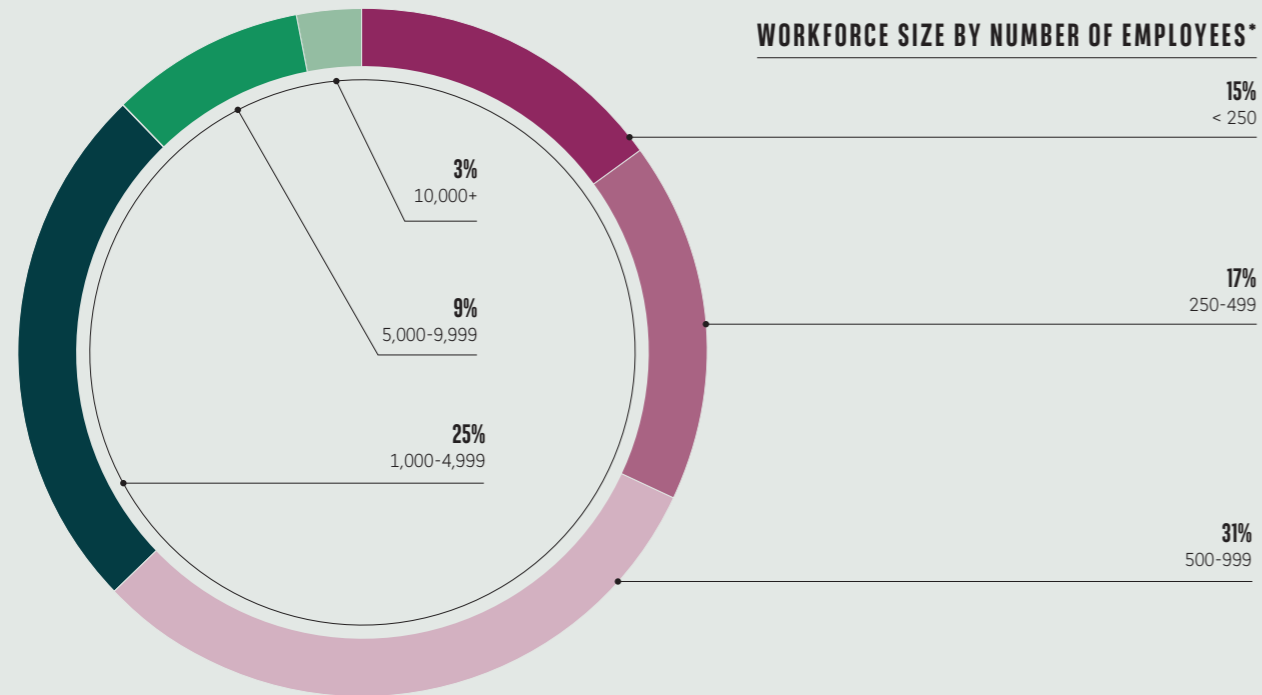
MOST IMPORTANT COMPETENCIES FOR THE FUTURE COO*



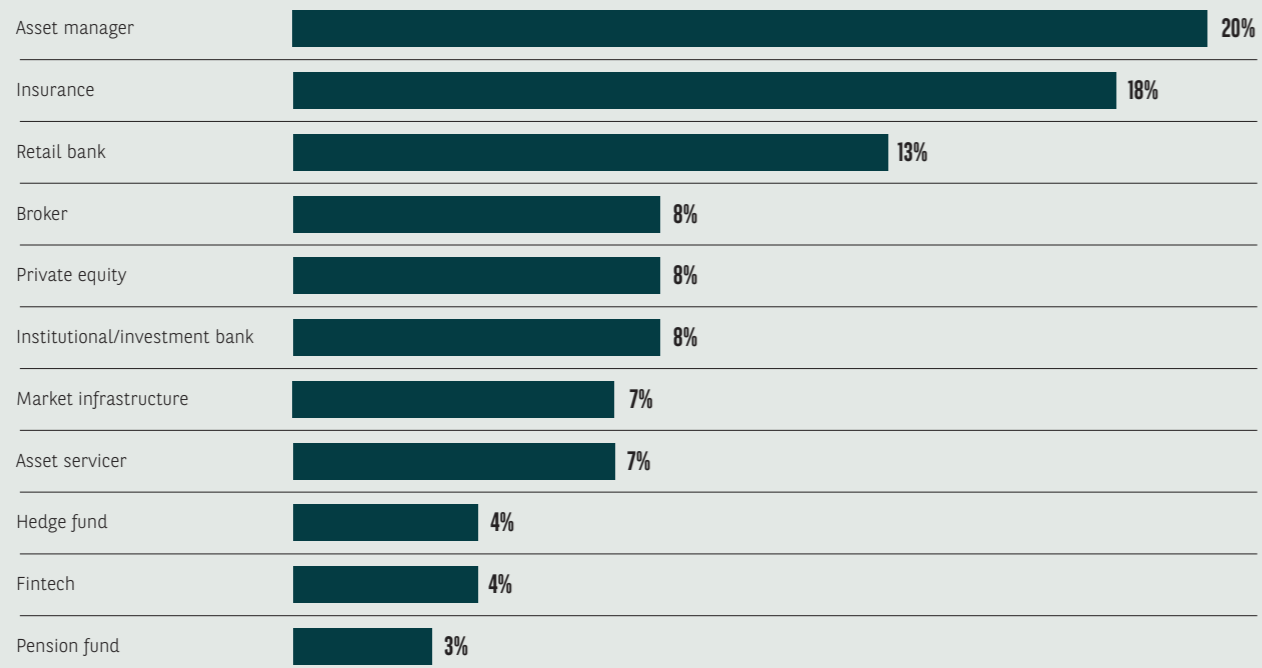
*Selected as number one competency

DEMOGRAPHICS

WORKFORCE SIZE BY NUMBER OF EMPLOYEES*

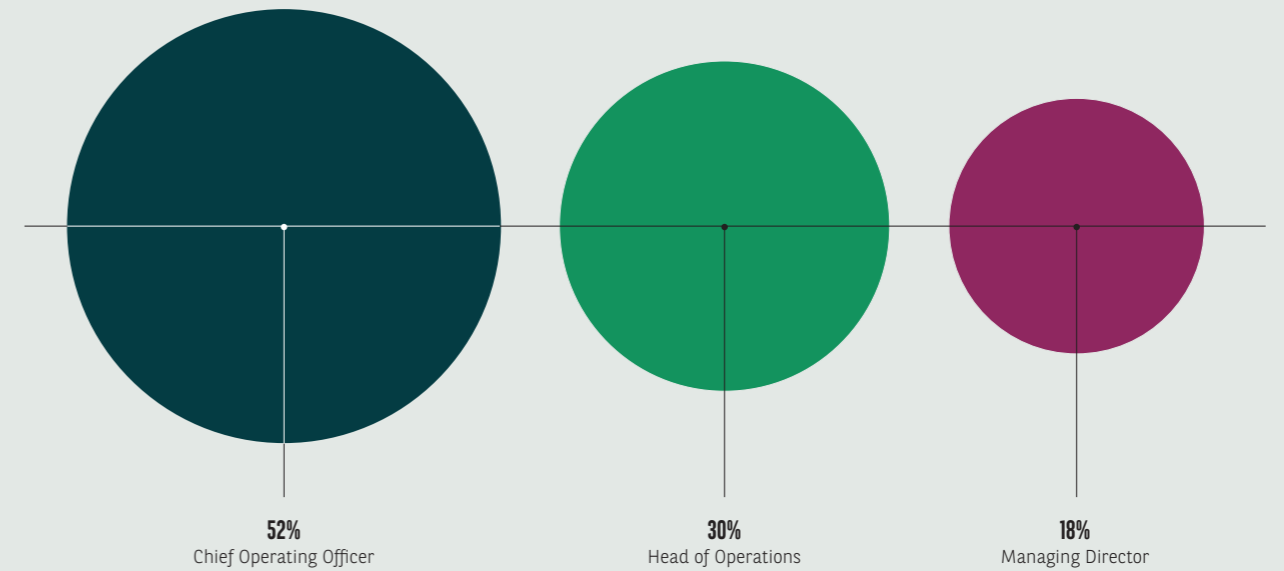


SEGMENT OF FINANCIAL SERVICES*

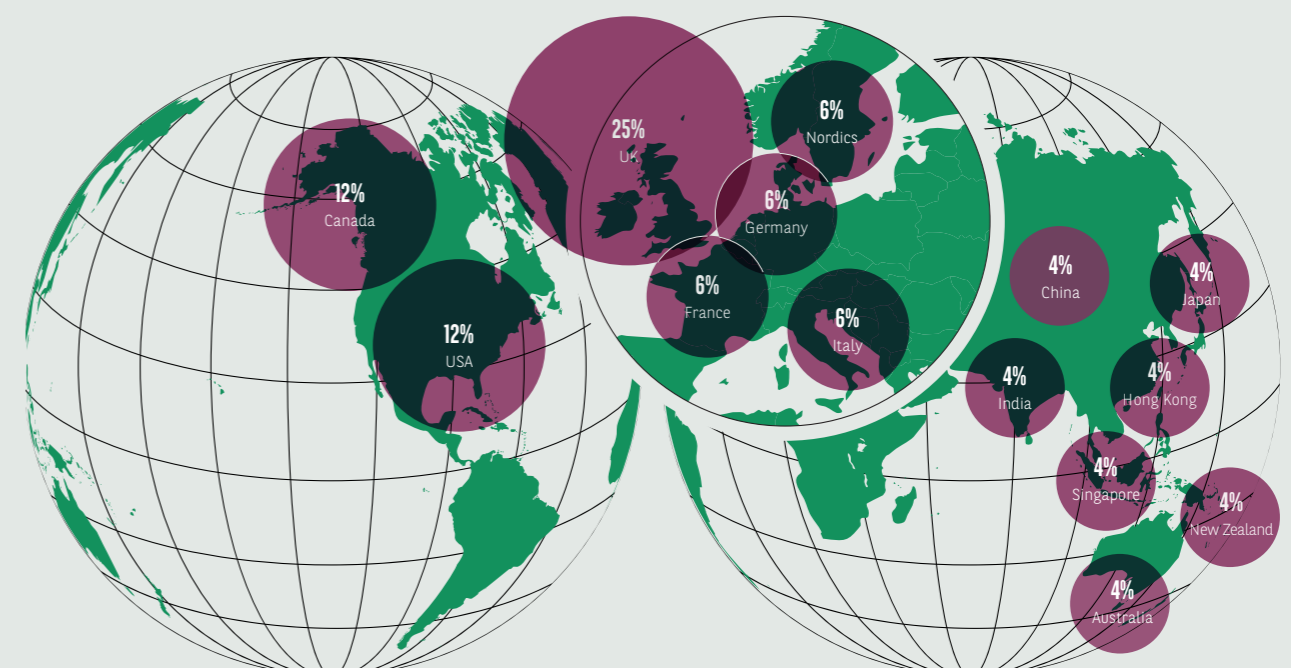


In autumn 2019, Raconteur, in association with BNP Paribas Securities Services surveyed 250 COOs from 14 countries and a range of financial services segments. The survey was conducted online. The results were supplemented by a series of in-depth interviews.

JOB TITLE



COUNTRIES INCLUDED IN THE SURVEY*



*Respondents were asked to select their firm's location, sector and number of employees based on the division or area of the organisation that they represent.

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