"Without personal contacts, all digitalization is meaningless"

Interview with Maya Bundt
Cyber Practice Leader, Swiss Re

In recent years, both society as a whole and the economy have undergone major changes. New – sometimes disruptive – technologies and topics, such as artificial intelligence, blockchain, automation and data ethics occupy our everyday lives. In an interview with Maya Bundt, Cyber Practice Leader at Swiss Re and Mark Meuldijk, Partner, Data & Analytics and Intelligent GRC at KPMG Switzerland, we want to explain the relevance of these developments and how sustainably they will change our lives, the world of work and the economy.

Maya Bundt
Cyber Practice Leader, Swiss Re

Mark Meuldijk
Partner, Data & Analytics and Intelligent GRC, KPMG Switzerland

Mark Meuldijk What opportunities is digital innovation opening up for Switzerland?

Maya Bundt Actually, it is a fairly large field that is opening up here. In Switzerland, we have great innovative capacity in the field of technology. The many start-ups or spin-offs from technical universities are good examples of this. The extent to which they also achieve international breakthroughs and the marketability of their products is another question. Innovation alone is not enough. The market also needs to be ready for the new ideas and products. I remember the arrival of the concept of blockchain. The whole world was looking for applications for it in a panic. It then took around six years for the first meaningful business applications to arrive. And it will certainly take a while for this technology to become established in the global economy and deliver broad benefits. But back to Switzerland. With the ETH Zurich and the Swiss Federal Institute of Technology Lausanne (EPFL) as well as our universities of applied sciences, we are very well positioned to be up there with the leaders.

So, Switzerland is one of the most innovative countries in the world?

Many studies actually say that. Sometimes, however, I wonder whether we in Switzerland have the right environment for the best possible development of innovative ideas. As already mentioned, what is important for innovation are the universities, universities of applied sciences and also companies that find the right conditions in Switzerland. Money is also available for investments and financing, which is a decisive factor. What worries me at the moment is that Switzerland could lose its links with European research institutions because we are no longer associated with the EU's Horizon research programs for political reasons. Another factor that we cannot argue away is the relatively small size of the Swiss market. An innovation can only become accepted if it successfully masters the transfer of technology from research to the market. And if the home market is too small, you have to think about international expansion early on, which is always complex and often goes wrong.

"Switzerland should not and cannot go it alone.

We must stay connected, both internationally and with our neighbors."

Switzerland obviously offers a good breeding ground for large tech companies, such as Google or Facebook.

Exactly. Switzerland as a business location offers very good conditions for these companies. These include tax considerations as well as the availability of talent, a generally very high level of education and very good and secure living conditions. However, Switzerland should not and cannot go it alone. We must remain international and connected to our neighbors.

Offering a good platform for established companies is one thing, but where do they see their own technologies that are developed in Switzerland, which have the potential to make a major breakthrough?

SCION, for example, comes to mind. This is a development by ETH Zurich that could solve some problems in IT security on a global scale. Although this technology, which is full of potential, is already on the market, it still needs to scale up. At some point, you must reach a certain size in order to have breakthrough success. Unfortunately, we still have very few of the much talked-about "unicorns" in the tech sector in Switzerland.

Switzerland was and is known for other economic sectors, such as its financial center or the pharmaceutical industry. How important do you think the digital sector is for the Swiss economy?

Digitalization and digital processes are important for every sector. There is now no industry that is not digitized to a certain extent. However, we are still encountering entrepreneurs and CEOs who tell us that digital risks do not pose a threat to them because they operate in a supposedly traditional business model and market. But, on closer inspection, you quickly realize that there are hardly any industries left that can manage without digital processes. This means that we have the technology sector in the true sense of the word, on the one hand, and the general economy and society which can no longer avoid the topic of digitalization, on the other. However, I would like to emphasize that digital transformation processes are not projects that will arrive at some point in the future. No, we are already in the middle of this process. This means that the technology sector has an important role to play. However, this role is mostly filled by non-Swiss, often American players.

"A company does not need a digitalization strategy, but rather a business strategy; digitalization can drive or support this."

Are IT and fintech the only major drivers of innovation in Switzerland?

Absolutely not. There is excellent research and development in the life science or energy sectors. As I come from the insurance industry, that is the field that I know my way around best of all. Many people overlook how much innovation comes from the insurance industry. This is often missed. Some innovations by Swiss Re from Mythenquai in Zurich include, for example, cyber insurance for private individuals, insurance for coral reefs or telematics solutions that completely reinvent car insurance and can, as a result, reach an extremely large number of people.

Let us come back to blockchain technology. It is an innovation that is still looking for concrete applications in practice.

When it comes to blockchain, of course, first of all you think of crypto-currencies and digital assets. But there are also other applications for digital ledger technology. For example, the insurance industry is working on concrete applications, some of which have already been introduced to the market. It is also important to note here that blockchain technology has many great features, but also that it does not offer the solution to all problems.

How does a company recognize which technology is hype and which promises sustainable success?

Actually, that is not easy. A company must always start from its own business. The question is: What is our business strategy and what do we need in order to implement our business strategy? We often make the mistake of starting from a technological innovation and then asking, "What can we do with it?". That is the wrong approach. Do our customers need and want this innovation? Does this make our product or service better, safer, faster or cheaper? These are the crucial questions. A company does not need a digitalization strategy, but rather a business strategy; digitalization can drive or support the business strategy.

Do we need other, new skills to manage companies?

At the top of a company, you need people with a vision and a strategy, but also a feeling for the market and for people, which in itself is nothing new. Leadership skills, such as strategic thinking, courage and empathy are enormously important, but communication skills and trustworthiness are also indispensable in order to advance the organization and to be able to compete when attracting talent.

"Culture cannot be changed
overnight and certainly
not with technology
as the supposed driver of
cultural change.

It takes time and leadership
to change cultures.
Two rare commodities."

For twenty-five years I have heard the demand that business and technology have to find each other and connect. I have been observing how these two areas have been drifting apart recently, not least because technological progress is advancing so rapidly and business cannot keep up.

Not everyone can do everything. In my opinion, the specialization of knowledge and skills will increase further. It is, therefore, crucial that we put working groups together correctly. They are the melting pots in which different skills from different backgrounds meet and interfaces are maintained, in which true innovation and transformation are created. This goes hand in hand with the design and maintenance of a corresponding corporate culture that allows both internal and external experts to work together creatively. Agility in the organization, collaboration and respect for what others do are important pillars of such a culture. However, this culture cannot be changed overnight and certainly not with technology as the supposed driver of cultural change. Rather, it takes time and leadership. Two rare commodities.

Much more important than pure processes and technology is the data we process.

This is a very exciting topic! You often hear that data is the new oil. But here, too, we face the challenge of having countless technologies and applications that collect and hoard huge mountains of data. Too often we make too little of it or there is simply no customer benefit that results from the management of this data. In addition, working with data is subject to a large number of laws and regulations. I strongly recommend that a company has clear and orderly data management so that you know what data you have, where you have it and what you can and may do with it.

Data not only means potential, but also risks.

The risks are, indeed, manifold. On the one hand, we have laws and regulations that specifically protect certain categories of data. In addition, data protection laws are not aligned internationally and are subject to many changes at present. It is not so easy to stay up to date. These legal requirements must be complied with otherwise the company that fails to comply may incur multiple claims for damages. Yet, there is also data that is not regulated or protected by law but which is extremely valuable and worthy of protection and which, if it were to fall into the hands of third parties, could also cause considerable damage. For example, construction plans, patents or model assumptions. The concept of ethics is also central to the handling of data. Sometimes, for example, it would be the right thing not to use certain data sets, even if it were legal to do so.
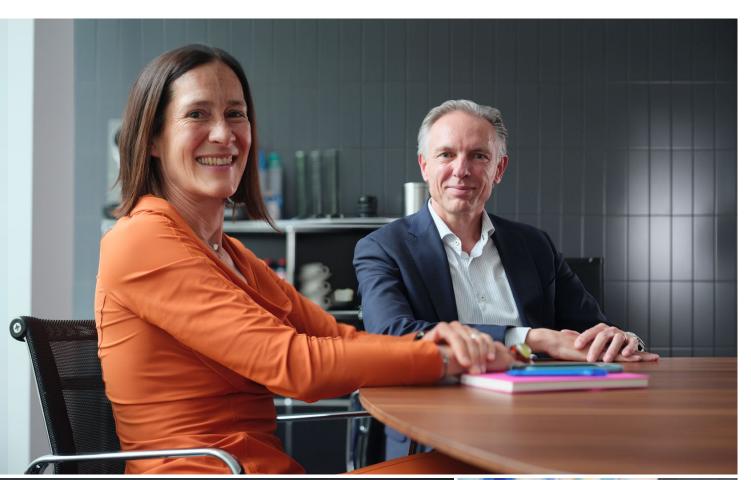
Terms such as artificial intelligence, data science or decision-making systems also play a role here.

Absolutely. A lot will continue to happen in these areas in the near future. Both in terms of regulation and in public debate. We saw this very clearly, for example, in the debate on e-ID in Switzerland. To classify such a topic correctly and make it accessible and understandable to the general public, general awareness and knowledge, as well as a culture of discussion, need to continue to develop. We are still at the very beginning, and this includes the topics I have mentioned.

How do you see the role of the auditing and consulting industry – and thus also of KPMG – in this context?

We have to differentiate between auditing and pure consulting. For auditing, new audit fields and risks arise that need to be covered. Here, too, the know-how and processes have to keep pace with the new reality on the company side.

In the field of consulting, the industry is already very active and offers support for companies that want to take the next step. Of course, in order to help others, the industry also has to be one step ahead. This, in turn, requires getting the right people on board in good time and developing and training them for what is required.

«When I look at my children, I see that there is still a lot to come for us.»

Another major topic is sustainability, or ESG. To what extent can digital innovation support ambitions and goals in the context of sustainable corporate governance?

ESG is an important area that, on the surface, does not have much to do with digitalization. Efforts to achieve environmentally, socially and managerially sustainable corporate management must be based on the core strategy and anchored in it. Once this has been established, digitalization can support the implementation of strategy and increase measurability. And, of course, with the help of new technologies and better data, transparency can be increased, which can ensure accountability. This is used, for example, by companies such as the innovative Swiss technology company RepRisk which, in turn, enables other companies to implement their own sustainability strategy. Without digitalization, this would not be possible.

How do you see the development of ESG in corporate governance? For a long time, the topic was rather neglected and treated as a "nice-to-have".

We are, indeed, facing a radical change. It is no longer enough to say something nice in the annual report. A company's strategic orientation in the field of sustainability must be presented credibly and made visible. For example, when talking about the observance of human rights in the supply chain, this must be substantiated with data and facts. Cyber risks and ESG are probably the two greatest issues of recent years that will continue to occupy us for a long time to come. They came to stay. Both have been massively accelerated by the experience of two years of pandemic.

Another topic that has been strongly fueled by the pandemic is the increasing flexibility of the working world through home office and hybrid workplace solutions. A curse or blessing for the economy?

Above all, I see opportunities for companies as they can respond better to the needs of their employees. This makes them attractive employers in the competition for the best talent. But I am convinced that a mix between a physical and a virtual presence is a good thing. Many tasks can be performed from home, perhaps even better. However, many people need direct interaction with others. In addition, working from home restricts networking, in my opinion, because you now mainly meet the people with whom you work directly via video and conversations at the coffee machine or over the computer screen are lost. After two years of pandemic, all of our personal networks have tended to shrink, which now need to be expanded again. Because without personal contact, no amount of digitalization can help.

Networking, maintaining contacts and building one's own identity also happens virtually, for example, via parallel worlds such as Metaverse.

When I look at my children, I see that there is still a lot to come for us. However, the extent to which these artificial worlds are effective and sustainable is not something that I can adequately judge. There are certain areas of application, for example in education and training, where such parallel worlds can already be used sensibly.

There are still relatively few women in the IT professions. You are one of the few women who have ventured into this sphere. How did you come to it?

As a natural scientist, I am a career changer and have grown into the topic through my profession. The advice I like to give any women I meet on the way is "Don't be shy!" There are currently so many opportunities in the field that I can recommend study or further education to any woman who is enthusiastic about technology, IT and cyber topics and enjoys them. There are always opportunities and possibilities to move to another area of responsibility, to get to know new things and to try them out. Innovative teams need diverse thought patterns and backgrounds.