



Cloud computing has arrived in the board room

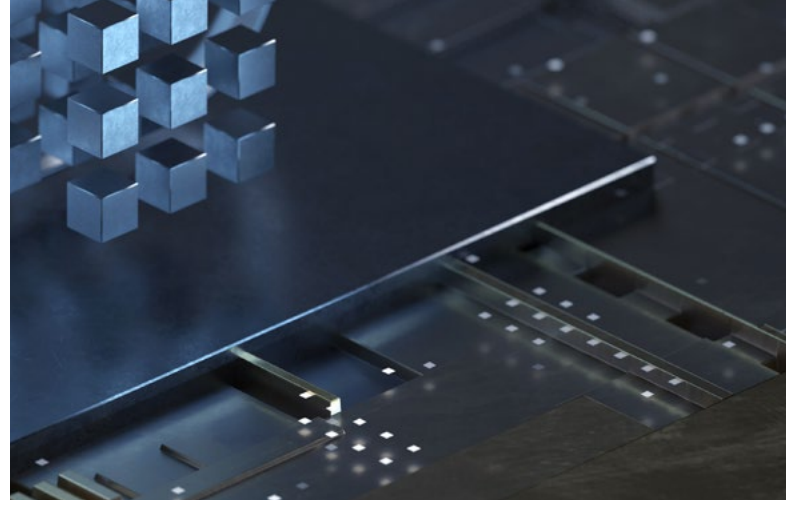
How well prepared are companies in Switzerland for this technological transformation?

Cloud technology is a leading trend in data storage and processing. It is also associated with uncertainties and risks – and these are particularly significant for highly regulated industries. The value of cloud solutions in our age of digital transformation is increasingly a strategic management topic. Are companies in Switzerland ready for this step, and what is the role of the board of directors? This article is based on a discussion between Thomas Bolliger, Partner, Information Management & Compliance at KPMG Switzerland, and Simone Frömmling, Director Enterprise Customers at Microsoft Switzerland.

The move toward cloud solutions for data storage and management marks a real paradigm shift in the way IT is run at companies, organizations and administrations. Board members, risk managers, compliance officers and, of course, IT specialists first had to get used to the idea that even sensitive data would no longer be stored on the company's own servers in the basement. With cloud solutions, they're kept at decentralized data centers operated by private providers such as Microsoft or AWS (Amazon Web Services).

It goes without saying that all aspects of data security and protection against unauthorized access are of central importance and need to be clarified in a first step. Home to highly sensitive industry clusters in areas like banking, insurance and pharmaceuticals, Switzerland has a particularly strong interest in security and transparency when it comes to processing and storing customer data. Once these questions have been satisfied, however, the cloud offers a high degree of agility, a range of highly innovative functionalities and great cost-saving potential. Cloud usage has already taken off rapidly among innovative, tech-savvy SMEs, who have embraced it on a large scale, as well as all major international corporations. Regulated industries are lagging somewhat, however, as they have to deal with compliance issues. Looking at the various cloud projects as a whole, we have seen far greater benefits from developing innovative cloud software services, analytics tools and ecosystems compared to simply moving IT infrastructure to the cloud, which is typically viewed as efficient. The tremendous growth of cloud functionalities and connectors will further accelerate the cloud trend. Cloud solutions are multifaceted and need to be considered on a case-by-case basis to determine the best possible individual benefit.





Trust is paramount

Initially, the Swiss financial center was – quite rightly – somewhat skeptical, doubtful even, about the feasibility of the cloud in banking. Working with cloud solution providers, however, the financial industry sought contact and dialog with FINMA at an early stage. Various risk assessments were carried out with the support of the Swiss Bankers Association and, gradually, the parties came to agree that the cloud safeguards data security even better than conventional server structures. Recognizing the advantages of the cloud, banks have been working intensively on the unresolved compliance issues of cloud solutions and have developed sound approaches. They are now generally able to use the cloud – even for client data – once adequate measures (e.g. strong data encryption) are in place. Today we can say that companies in Switzerland are ready and well equipped for the cloud.

New working environment

Cloud onboarding, i.e. shifting relevant corporate processes to the new environment, must not be underestimated. It belongs on the board agenda as a central management task. This is important because the process requires a multidisciplinary approach that aligns and coordinates responsible parties from Legal, Compliance, IT, HR, Procurement and the business. Alongside the purely technical and legal issues, there are also cultural questions around collaboration (such as how employees should be involved in collaborative processes). It means the board of directors and HR specialists have to create a new working environment within the company.

Opportunity for Switzerland as a business location

Switzerland is an important location for cloud service providers. The country can position itself as a preferred site for data storage by hosting cloud data centers with the highest level of security. Switzerland has a long tradition and culture of trust and values – gained not least through the country’s experience as an international financial center. Cloud computing is an opportunity to reconnect with this culture of trust and values in a changing world. The gold bars in the vault may be gone, but in their place is sensitive data that is stored reliably and protected. In policy making, Switzerland does not have to follow all of the EU’s – often time-consuming – efforts to impose new standards and rules. Instead, Switzerland should use its independence and agility to seek its own place in the market. Cloud technology in Switzerland is further driven by the strong culture of innovation, with many start-ups and new technologies emerging.

E-voting and virtual general meetings

Of course, not all questions around compliance and governance have been answered yet. And they’re constantly being joined by new ones, including at top management level. During the lockdown in 2020, for example, boards of directors were almost universally confronted with questions about virtual board meetings, online general meetings, e-voting and the like. Using the cloud for all communication and data exchange is one helpful approach, especially since providers offer near real-time analysis of cloud activities, which supports a high degree of security and transparency.





Protection against cyber attacks and greatly reduced power consumption

Fighting cyber attacks and defending the company from hackers is a central task for any board of directors or risk management program. Cloud providers have established highly professional, very strong defense mechanisms to help in this regard. They respond effectively even to organized attacks from criminal or government sources. Microsoft, for example, operates its Cyber Defense Operations Center in Redmond near Seattle in the USA. Security experts from across the company collaborate at the center to identify and respond to threats in real time. Microsoft invests over USD 1 billion annually in data security and risk management. In this respect, migrating corporate and customer data to a cloud environment marks a huge step forward in terms of security compared to traditional data processing.



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The cloud also makes sense from a sustainability perspective. Compared to an in-house data center with high consumption of energy and resources, the cloud's carbon footprint is smaller by some magnitude when designed for minimum energy and maximum synergy utilization of the infrastructure. Microsoft has even set itself the goal of being carbon neutral from 2030. It means that their customers can improve their own environmental footprint by transforming to the cloud.

A "cloudified" life?

Cloud technology is increasingly dominating our daily lives, even privately. The car is cloudified, banking is cloudified, our kitchen appliances communicate with the cloud. It is no longer a question of when and where the cloud will be used, but whether the companies involved will have recruited people who know how to handle these technologies by the time they are needed.

Clarity on Emerging Technologies

Read the full interview between Thomas Bolliger and Simone Frömmling [here](#).

It is part of our [Clarity on Emerging Technology](#), which explores the impact of emerging technologies on businesses in Switzerland. 5G, blockchain, artificial intelligence, data analytics and the cloud: what do they do, how will they develop in the coming years and how can their potential be realized?

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