

# Healthcare as a digital innovation driver?

## Interview with Philomena Colatrella, CEO, CSS

From the vision of a digital Switzerland to the specific issues facing the healthcare sector – in an exclusive interview with Philomena Colatrella, CEO of CSS, we discuss the key challenges and opportunities of digitalization in the healthcare sector and the role of CSS in driving innovation. As a member of the Steering Committee of digitalswitzerland and a leading figure in the healthcare sector, Philomena Colatrella shares her insights into the pressing issues facing the industry. She highlights the potential of partnerships with educational and research institutes and CSS's strategy for using digital technologies to improve the customer experience, reduce costs and drive innovation.

**Prof. Dr. Reto Eberle:** *digitalswitzerland, where you serve on the Steering Committee, advocates for the transformation of Switzerland into a leading digital nation.*

*How well is Switzerland positioned internationally, where does the country lead the way and what gaps still need to be addressed?*

**Philomena Colatrella:** Switzerland is one of the most innovative countries in the world. However, innovation often takes place in traditional, analog areas. For example, our chemical and pharmaceutical industries are leading on the global stage. The proportion of patents with a digital component, on the other hand, is low, as revealed in an analysis by the Center for International Economics and Business at the University of Basel. One potential approach to boost digital innovation would be for educational and research institutes to collaborate more with the private sector. These types of partnerships can make an important contribution to strengthening Switzerland as a business location and preparing the country for the future. We also have a lively start-up scene in Switzerland. Companies with innovative digital ideas should be better supported.





## «For me, innovation means building capabilities within the company to develop the business models of the future.»

*Digitalization permeates almost all areas of our private and professional lives. digitalswitzerland addresses a wide range of topics such as eSustainability, distributed ledger technology, education and skilled workers, people and culture, infrastructure and cyber security as well as digital health. Where do you see the greatest need for action?*

There is a great need for action in all of those areas, and they are also interconnected. As CEO of a health insurer, I would like to emphasize the areas of “digital health” and “people and culture” in particular. Switzerland is well placed to play in the top league as a digital innovation driver in the healthcare sector. We have a dynamic research and education system and the necessary technical infrastructure. However, one aspect that does



need improving is the intersections between the various areas. There is still a lot of untapped potential. Another challenge is the digital skills of specialist workers. I do not just mean IT-specific skills relating to disruptive technologies, but also to an understanding of digital ethics, data protection and cyber security. Lifelong learning is not an empty phrase, it is indispensable in a world that is changing ever faster. Continuous professional development is not just the responsibility of each individual. Companies should also play their part by creating supportive conditions and providing opportunities. At CSS, this is also something we attach great importance to.

*You are known for being a very innovative leader.*

*What inspires you, where do your ideas come from?*

Leadership is the outcome of a maturation process that goes hand in hand with personal development. This involves critically questioning your own values and actions as well as continuously addressing change. Applying this mindset, I develop ideas that go beyond the aspects of “novelty” and “added value.” For me, innovation means building capabilities within the company to develop the business models of the future. This is the only way to harness the full potential of our people. Personally, I am interested in innovations and business models relating to healthy longevity and prevention.

*The digitalswitzerland website provides an ecosystem overview with numerous digital solutions and initiatives. A lot is happening in the healthcare system. What is the state of digital healthcare in Switzerland?*

It is still in its infancy. Switzerland is lagging behind in an international comparison, with various studies ranking it only in the bottom third. The reasons for this are individual solutions at federal level, insufficient networking, technological challenges and a lack of governance in the handling of health data. A well-functioning electronic patient dossier would give digitalization a much-needed boost. In my opinion, we need to change course here. Otherwise, the project will meet with resistance from key stakeholders. Healthcare players are making it too easy





for themselves when they point the finger at politicians, however. Digital innovation needs to come largely from within the system. For its part, the federal government should swiftly create the framework conditions needed to better exploit the potential of digitalization. On top of this, healthcare players currently have very different levels of digital maturity. This disparity makes it difficult to think in terms of overarching networks with a common digital foundation. Nevertheless, exciting projects continue to emerge, as CSS has demonstrated with the launch of the “Well” healthcare platform.

*What do you consider to be the most important developments that will significantly shape the healthcare sector in the medium term?*

They include artificial intelligence, big data and data analytics, robotics and automation, as well as certified health apps that provide support in prevention and in managing an illness between two medical appointments. These developments improve access to care, enable personalized treatments and increase efficiency.

*And what role does digitalization play in combating steadily rising healthcare costs?*

A major one. I anticipate that healthcare expenditure for last year will have passed the 90-billion mark. The ETH Economic Research Center is even forecasting an increase to 100 billion in 2026. There is a great need for action. Digitalization can have a positive impact at various levels: it optimizes processes and promotes more precise diagnoses, which prevents unnecessary treatment and duplication, which in turn saves costs. A study by McKinsey puts the savings potential at around 8 billion per year, which corresponds to around one percent of Switzerland’s gross domestic product. This is a view I share. For example, costs could be saved with electronic patient files, increased automation in hospitals and self-monitoring techniques for patients.

*As CEO, you have realigned CSS in recent years and positioned it as an important player in the healthcare market. You are quoted as saying that CSS can do more than just be a health insurer. What role does/did digitalization play in the transformation of CSS’s business model?*

We operate a high-volume business that would be impossible to manage without digitalization. Last year, we received 23 million invoices, most of which we verify using machine learning. Of course, the possibilities of digitalization go far beyond that. A few years ago, CSS set itself the goal of gradually increasing its data expertise. We want to make even better use of potential along the entire value chain. We want to create added value for our policyholders. To achieve this, we are building a data platform and investing in our people’s digital skills. The impact of this strategy extends across all areas of CSS – from product development and customer service to marketing, sales and distribution. In addition, we are investing a portion of our profits from the supplementary insurance business in research into innovative therapies and in start-ups. In the medium term, this should lead to new products and healthcare services that we can offer to customers holding supplementary insurance. These measures round off our portfolio and strengthen our positioning as a healthcare partner.





*CSS wants to support its customers as a healthcare partner and contribute to the healthcare system by taking responsibility and driving innovation. To this end, CSS works with various universities, including ETH Zurich and the University of St. Gallen, as well as EPFL in Lausanne. What are you hoping to gain from these partnerships?*

CSS was the first health insurer to embark on this path back in 2015, and we have been pursuing it resolutely ever since. The two collaborations have different objectives. We founded the CSS Health Lab with ETH Zurich and the University of St. Gallen. Its aim is to become the leading research center for digital therapies and employs doctoral students from the fields of psychology and computer science. Wherever possible, research findings are translated into products and applications. The program with EPFL, on the other hand, supports start-ups that are between the founding phase and their first financing round. Every year we are in contact with more than 250 applicants. This allows us to identify trends just as they are emerging and use our financial resources and expertise to help promising ideas make a breakthrough.

*How do these applications benefit customers and CSS as an insurer and healthcare partner?*

The CSS Health Lab, for example, is where the spin-off "Resmonics" evolved. The technology developed there transforms commercially available smartphones into medical sensors. Patients with respiratory diseases can easily monitor their progress and detect any deterioration at an early stage. Thanks to collaboration with EPFL, the selected start-ups have made remarkable progress. One example is "Biped," a company that markets an obstacle detector to increase the independence of visually impaired people. Another is the start-up "Ocumeda," whose application facilitates eye screening through telemedicine, and is used by more than 100 opticians in Switzerland and Germany.



## «In 2023, we prevented unjustified costs totaling CHF 797 million.»

*Triggered by ChatGPT, the topic of artificial intelligence is on everyone's lips. However, "generative AI," which includes ChatGPT, is just one "variety" of artificial intelligence. Where do you see the most important areas of application for artificial intelligence in your company?*

The potential of artificial intelligence fascinates me and is far from exhausted. The areas of application are incredibly diverse - including at CSS. I have already mentioned our use of machine learning to verify invoices. In 2023, we prevented unjustified costs totaling CHF 797 million. AI algorithms also help to identify insurance fraud by recognizing suspicious patterns in the data. We also use advanced analytics such as chatbots in customer service. CSS is currently piloting the use of AI models to answer customer queries more efficiently and effectively. Many administrative tasks can be simplified and accelerated as a result. Another example is health programs in the area of prevention. With the help of AI-assisted data analysis, we can develop programs that are tailored to policyholders' individual needs.





*The use of new digital technologies and data processing entail risks as well as the benefits mentioned earlier. How does CSS ensure that it operates trusted and secure digital technologies and services?*

Switzerland has strict data protection laws. It goes without saying that CSS complies with all legal regulations. We are also subject to supervision by the federal authorities, including monitoring of how we handle customer. In addition, CSS has been awarded quality labels for data protection in various areas and has its data handling inspected at least once a year. Public trust in the secure handling of data is crucial if we are to make substantial

progress in digital healthcare. This requires us to be able to demonstrate what happens to the data and how it benefits people. Only then will the public be willing to accept it.

*Thank you very much, Ms. Colatrella, for this insightful and interesting exchange.*

**Prof. Dr. Reto Eberle**

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## About Philomena Colatrella:

Philomena Colatrella joined CSS in 1999 as a lawyer. In 2012, she was appointed General Secretary and Deputy CEO of the CSS Group before taking over as Chair of the Group Executive Committee four year later. She serves on the Steering Committee of digitalswitzerland, is a member of economiesuisse, Deputy Chair of the health insurance association curafutura, a member of the Board of Directors of the Swiss Insurance Association SIA and a member of the Board of Directors of Swiss Life Holding AG.

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