

Press release

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Deloitte Resilience Barometer: Swiss public services and infrastructure could be largely maintained during crisis – healthcare and logistics are vulnerable

Pandemics, geopolitical tension, climate change: Switzerland’s economy is continuously exposed to major events that have the potential to cause considerable damage in an interconnected world. The auditing and consulting organisation Deloitte investigated how crisis-proof and resilient the Swiss economy is for three realistic scenarios. The results were validated with external experts. Encouragingly, it was found that public services and infrastructure are stable overall. However, the Swiss economy has some major vulnerabilities in the areas of healthcare and logistics. Food imports might also be affected, and Switzerland’s ‘militia’ system of part-time public service would reach its limits in the event of a prolonged crisis. The study shows just how reliant the Swiss economy is on local workers and global supply chains.

The results of the study reveal some major differences between the eight areas that are key to a well-functioning economy. The financial market infrastructure, for example, is encouragingly resilient. Although the energy supply – a much-discussed topic at present – exhibits certain vulnerabilities, the basic supply could be largely maintained. Healthcare was found to be somewhat less resilient and would be severely limited in the *global pandemic* and *geopolitical tension* scenarios. Due to globalisation, logistics is also very vulnerable, especially in the *geopolitical tension* scenario. ‘Wherever important work is carried out by people locally, difficulties would be encountered in a crisis situation,’ says Ralph Wyss, partner and Defence, Security & Justice Sector Lead at Deloitte Switzerland.

Logistics as the backbone must be strengthened

While certain healthcare limitations in the event of a serious pandemic are perhaps unavoidable, measures could definitely be taken to make logistics more resilient. It is clear that the Swiss economy is heavily reliant on global

Financial market infrastructure	72
Energy supply	69
Information and communication technology	63
Food.....	60
Critical imports	59
Public security.....	58
Healthcare	49
Logistics	36
TOTAL	58

Below 60: Major limitations
Below 40: Some public services and infrastructure can no longer be ensured

supply chains, which are neither resilient during a pandemic nor in the face of escalating political tension. ‘Logistics is the backbone of the economy. Companies and associations would therefore be advised to quickly address the weaknesses revealed by the study,’ adds Wyss.

Resilience depends largely on the scenario

Out of the three scenarios that were analysed, a pandemic would have the biggest impact on the Swiss economy – even though Switzerland and the world as a whole have learned a lot from the Covid-19 crisis. ‘It is very difficult to build resilience for an even more contagious pandemic. After all, in such a situation, sick

Fig. 1: Resilience scores for Switzerland (by category)

people are helped by healthy people. Until humans have been largely replaced by technology, the weakness in the system will remain,’ says Wyss.

Extreme climatic events also have an effect, although not as pronounced. In addition to logistics, they are increasingly affecting the food supply as well. ‘Extreme climatic events are not likely to pose a risk to public services and infrastructure in the Swiss economy in the next three to five years. Forecasts further into the future are largely dependent on how well the international community manages to halt global warming,’ says Céline Neuenschwander, researcher at Deloitte Switzerland and project manager of the study.

Public security is heavily reliant on Switzerland’s militia system

Public security was found to be largely crisis-proof in all scenarios. One outlier is the ambulance service, which would be severely limited in the *pandemic* scenario. The army, as the last resort for maintaining public security, would have difficulties in the *geopolitical tension* scenario in particular, as it would become difficult to procure armaments in such a situation. Furthermore, throughout most of Switzerland, many institutions (e.g. army, civil defence, crisis teams, fire brigade) are based on the country’s militia system. ‘In a prolonged crisis, people in such roles would eventually have

to return to their normal jobs. This is the biggest challenge for our militia system, which otherwise works very well,' says Wyss.

Financial market infrastructure and energy supply encouragingly resilient

On the positive side, the financial market infrastructure and energy supply both achieved high resilience scores in the overall ratings. However, energy supply resilience decreases rapidly in the face of major geopolitical tension and greater bloc formation. 'In light of the increasing digitalisation of the economy, a vulnerable energy supply would be

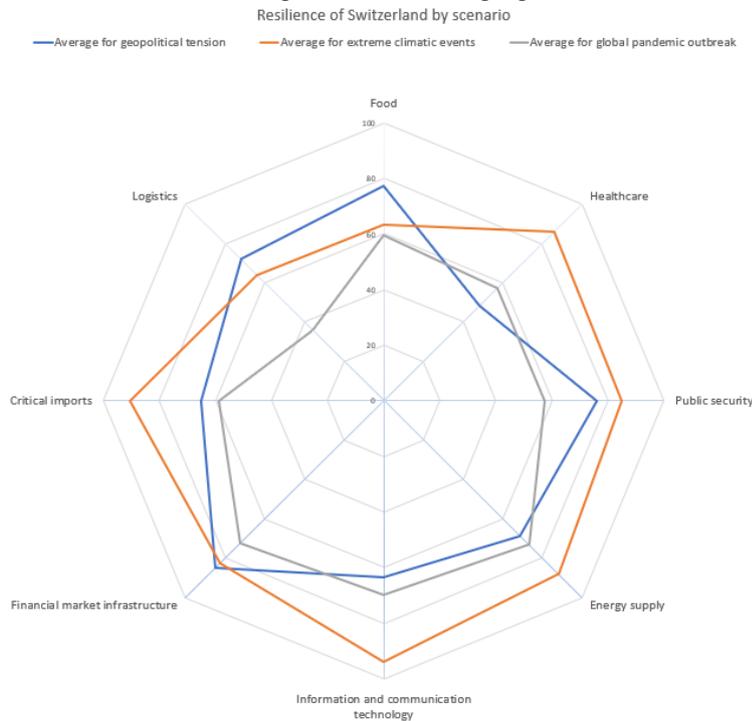


Fig. 2: Resilience scores for Switzerland (by scenario)

problematic. That is why most companies have now taken measures to better understand their own consumption and are preparing to temporarily reduce their electricity consumption and planning how to handle quotas and supply interruptions,' explains Wyss.

The study makes a conscious distinction between maintaining the current, comfortable situation and only ensuring the essentials. 'Encouragingly, it was found that the Swiss economy – with a few exceptions – is well equipped to ensure public services and infrastructure. However, the identified weaknesses show that companies and authorities must take a broader approach to the issue of resilience. The current focus on energy supply is important, but it does not do justice to the diversity of the challenges that lie ahead,' concludes Wyss.

About the study:

For the [Deloitte Resilience Barometer](#), the authors summarised the basic pillars of a well-functioning Swiss economy into eight areas (see Figure 1), which in turn were broken down into further sub-areas. The structure is based on the categorisation in various publications of the federal government.

The resilience of each sub-area in three specific scenarios was assessed based on desktop research, own analysis and structured interviews with internal experts, among other things. The resulting resilience scores were then validated in discussions with recognised external experts from business, public administration and science. For each of the eight areas, the authors obtained at least two external assessments, but more for most.

The **three scenarios** that were chosen are ones that could realistically occur in the next three to five years: 1) a highly contagious pandemic with a high morbidity rate; 2) an escalation of global political tension with block formations, an increase in sanctions and supply chain disruptions; 3) worsening climate change with extreme climatic events such as heat waves and floods.



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