More agile but more complex: the impact of digitalisation on boards and companies

swissVR Monitor II/2019
August 2019
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**About the survey**
This is the sixth edition of swissVR Monitor and is based on a survey of 396 members of Swiss company Boards of Directors. The aim of the survey is to gauge Board Members’ attitudes to the outlook for the economy and business, and corporate governance issues. This edition also focuses specifically on the topic of digitalisation.

The swissVR Monitor survey was conducted by swissVR in collaboration with Deloitte AG and the Lucerne University of Applied Sciences and Arts between 17 June and 31 July 2019. A total of 396 Board members took part, representing listed companies as well as small and medium-sized companies (SMEs) from every major sector of the Swiss economy. 37% of participants are from large companies, 32% from medium-sized companies and 31% from small companies.

**The aim of swissVR Monitor**
The aim of swissVR Monitor is to offer Board members a benchmark for comparing the issues facing their own Board with those facing their counterparts on other company Boards. SwissVR Monitor also aims to share with the wider public the ways in which Board members perceive their role and the current economic situation.

**A note on the methodology**
When comparing survey results over time, please note that the sample may have changed. Percentage figures are rounded to add up to 100. Company size is determined by workforce: small companies have between 1 and 49 employees, medium-sized companies have between 50 and 249 employees, and large companies have 250 or more employees.
Foreword

The good news is that a majority of the Board members surveyed think digitalisation will open up new business opportunities and increase efficiency and agility. However, they believe that to tackle the greater complexity that it also brings, Boards must broaden their digital expertise and that continuing training is crucial to companies’ digital transformation.

Dear reader,

We are delighted to bring you swissVR Monitor II/2019, a survey conducted jointly by swissVR, Deloitte and the Lucerne University of Applied Sciences and Arts. For this edition, we surveyed 396 members of Boards of Directors across Switzerland. The findings are an excellent reflection of their attitudes to the economy and the outlook for business and to relevant aspects of their own role. The special focus topic in this sixth survey is digitalisation.

swissVR Monitor II/2019 provides a number of insights:

• As in the previous survey, only 27% of the Board members rate the economic outlook for Switzerland as positive.

• 82% of those surveyed think that digitalisation will open up new business opportunities and scope for increased revenues. Three-fifths believe that their company has made more progress towards digital transformation than its competitors.

• The vast majority of the Board members surveyed see big data and predictive analytics, as well as automation technology, as the key digital technologies that will be most important to their company in the future.

• Boards and senior management teams are the key drivers of digital transformation within companies.

• Only a minority of Boards are discussing the ethical issues surrounding digitalisation, such as fear of job losses, discrimination against certain population groups, manipulation of the population, data protection, and dependence on a small number of large corporations.

• The Board members surveyed recognise the need to broaden their digital know-how and acknowledge the importance of continuing training in the area of digital transformation.

• 87% agree that digitalisation will make the Board more efficient and lead to cost and time savings, and 83% agree that it will accelerate access to information, increase agility and enable Board members to react more effectively in a crisis.

• 39% believe, however, that digitalisation increases information overload and creates unnecessary additional complexity, while 69% believe that digital data sharing increases the risk of cyber-attacks.

We would like to thank all the Board members who participated in this swissVR Monitor survey. We hope you will find this report an informative and enjoyable read.

Cornelia Ritz Bossicard
President swissVR

Reto Savoia
CEO Deloitte Switzerland

Prof. Dr. Christoph Lengwiler
Lecturer IFZ/Lucerne University of Applied Sciences and Arts
## Summary and key findings

### 27 %
rate Switzerland’s economic outlook over the next 12 months as positive.

### Continued caution about economic outlook

Only 27% of the Board members surveyed rate the prospects for the Swiss economy as positive, significantly fewer than the 54% recorded a year ago (swissVR Monitor II/2018) and the same as in swissVR Monitor I/2017 two and a half years ago. Board members’ optimism about the prospects for their sector (36%) and for their own company (53%) is slightly down by comparison with swissVR Monitor I/2019.

### 82 %
expect digitalisation to bring new business opportunities and increased revenues.

### Digitalisation opens up new business opportunities

Most Board members surveyed (82%) believe digitalisation opens up new business opportunities and creates scope for increased revenues. Nine out of ten respondents (91%) report that their company is taking a pragmatic approach to digital transformation. Three-fifths believe that their company has made more progress towards digital transformation than their competitors. However, more than half believe that the major investment that digitalisation requires is putting pressure on operating margins and revenues.

### 61 %
cite big data and predictive analytics as the key digital technologies for their company in the future.

### Big data and predictive analytics driving digitalisation

61% of Board members surveyed believe that technologies for gathering and evaluating big data and predicting trends will be the most important technologies in their company’s digital future, followed by automation technologies that promote process efficiency (57%). Other frequently cited important technologies are cloud technology (43% of respondents), the Internet of Things (41%), artificial intelligence (38%) and mobile computing (36%).

### 67 %
take the time they need to brief themselves on the strategic challenges posed by digitalisation.

### Strategic challenges of digitalisation

Two-thirds of Board members surveyed believe they are adequately informed about the strategic challenges of digitalisation, but 33% also think more could be done in this area. Just under one-third believe that their company is not responding rapidly enough to digital challenges. Only a minority of Boards are discussing the ethical issues surrounding digitalisation, including fear of job losses, discrimination against certain population groups, manipulation of the population, data protection, and dependence on a small number of large corporations and monopolistic organisations.

### 45 %
seek to recruit individuals to their Board who have specialist expertise in digitalisation.

### Digital know-how within the Board of Directors

Board members recognise the need to broaden their digital expertise and the importance of continuing training in the area of digital transformation. Only one in six of those surveyed strongly agree that their Board and management team have an appropriate level of digital know-how. Just under half (45%) seek to recruit individuals to their Board who have specialist expertise in digitalisation, and just over half (54%) report that their Board uses internal workshops and external continuing training courses to broaden its digital know-how.

### 83 %
believe that real-time data accelerates access to information, increases agility and enables the Board to react more effectively in a crisis.

### Greater efficiency and agility, but also greater complexity

87% of respondents believe that digitalisation will make the Board more efficient and lead to time and cost savings; nearly as many (83%) expect it to accelerate access to information, increase agility and enable the Board to react more effectively in a crisis. However, almost two out of five Board members believe that digitalisation increases information overload and creates unnecessary additional complexity, while seven out of ten (69%) are concerned about the increased security risks created by greater digital data sharing (cyber-attacks).
Economic, sector and business outlook

There is little change from swissVR Monitor I/2019 in terms of Board members’ rating of the economic, sector and business outlook for their company over the next 12 months. There have been only minor changes in differences between individual categories: respondents rate the business outlook for their own company rather more negatively than six months ago, but considerably more positively than the outlook for their sector or for the economy as a whole. It is striking that Board members continue to be cautious in their view of the economic outlook (see Chart 1).

Only 27% of the Board members surveyed rate the outlook for the Swiss economy as positive, down one percentage point from swissVR Monitor I/2019. Over the same period, the percentage rating the country’s economic outlook as neutral has risen slightly, from 64% to 67%, and the percentage of those rating it as negative has fallen, from 8% to 6%. Overall, respondents’ rating of the outlook for the economy is in line with the findings of swissVR Monitor I/2019 and I/2017.

There has been a further fall in the proportion of respondents rating the sector outlook as positive, from 42% six months ago to 36%. 13% now rate the sector outlook as negative, one percentage point down on the previous survey.

Board members continue to be optimistic about their company’s business outlook: 53% rate it as positive, although this represents a drop of six percentage points from swissVR Monitor I/2019. 41% rate their company’s business outlook as neutral and 6% as negative. These findings broadly reflect those of the five earlier surveys.

Board members in the information and communications technology (ICT) sector are most positive about their sector’s outlook: an above-average 76% rate it as positive, up from 62% in swissVR Monitor I/2019. The construction sector also out-performs the average, with 62% of Board members rating the sector outlook as positive. This is in marked contrast with the findings of swissVR Monitor I/2019, when a below-average 54% of respondents in construction rated the sector outlook as positive. Board members in the corporate services sector, too, out-perform the average, with 56% rating the sector outlook as positive. Respondents from the manufacturing and chemicals sector have consistently rated the outlook for their sector as above average since swissVR Monitor II/2017, but this has changed in swissVR Monitor II/2019: only 40% of Board members in this sector now rate it as positive. Other sectors rating their outlook as below average include pharma, life sciences, medtech and health (49% of respondents), financial services (49%), and commerce and consumer goods (48%).

Chart 1. Rating of prospects for the next 12 months

Question:
How do you rate the prospects for the Swiss economy/your sector/ your company’s business over the next 12 months?

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<th>I/17</th>
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<th>I/18</th>
<th>I/18</th>
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<th>I/18</th>
<th>I/18</th>
<th>I/19</th>
<th>I/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Swiss economy</td>
<td>27%</td>
<td>50%</td>
<td>67%</td>
<td>54%</td>
<td>28%</td>
<td>27%</td>
<td>31%</td>
<td>41%</td>
<td>45%</td>
<td>46%</td>
<td>42%</td>
<td>36%</td>
<td>53%</td>
<td>60%</td>
<td>64%</td>
<td>60%</td>
<td>59%</td>
<td>53%</td>
</tr>
<tr>
<td>Sector</td>
<td>7%</td>
<td>2%</td>
<td>1%</td>
<td>1%</td>
<td>8%</td>
<td>6%</td>
<td>19%</td>
<td>16%</td>
<td>9%</td>
<td>10%</td>
<td>14%</td>
<td>13%</td>
<td>9%</td>
<td>6%</td>
<td>5%</td>
<td>7%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Company</td>
<td>53%</td>
<td>60%</td>
<td>64%</td>
<td>60%</td>
<td>59%</td>
<td>53%</td>
<td>9%</td>
<td>6%</td>
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<td>6%</td>
<td>53%</td>
<td>60%</td>
<td>64%</td>
<td>60%</td>
<td>59%</td>
<td>53%</td>
</tr>
</tbody>
</table>

Note: The remaining percentages that add up to a hundred are made up of neutral answers.
Focus topic: Digitalisation

Companies’ digital positioning and new technologies

Over recent years, digitalisation has emerged as one of the key themes for discussion by Boards of Directors. In swissVR Monitor I/2017, digitalisation ranked only fourth in the list of most important topics discussed by Boards over the past 12 months. Eighteen months ago, in swissVR Monitor I/2018, it was the second most important topic, and six months ago (swissVR Monitor I/2019), it topped the list.

In terms of the opportunities digitalisation brings, the overwhelming majority (82 %) of Board members surveyed strongly agree or somewhat agree (36 % and 46 % respectively) that digitalisation opens up new business opportunities and new scope for sales and revenue. Only 18 % of respondents disagree. 91 % report that their Board is taking a pragmatic approach to their company’s digital transformation, viewing digitalisation as the means to an end rather than as an end in itself (see Chart 2).

The percentage of sectors reporting that they are taking a pragmatic approach to the issue varies, but there are no differences by company size. Almost all Board members in the commerce and consumer goods sector (97 %) and 100 % of those in the construction sector strongly agree or somewhat agree with this statement. In the ICT sector, by contrast, the proportion of Board members who strongly agree or somewhat agree is below average, at 81 %. Large companies are more likely than SMEs to agree with the statement that digitalisation will open up new business opportunities and increase scope for sales and revenue (90 % of respondents, compared with 78 % in SMEs). Board members in the ICT sector are more likely than the average to strongly agree or somewhat agree with this statement (93 %). Respondents in the manufacturing and chemicals sector are the most cautious in this respect: 74 % strongly agree or somewhat agree.

Three-fifths (60 %) of Board members surveyed strongly agree or somewhat agree that their company has made more progress towards digital transformation than its competitors (15 % and 45 % respectively), suggesting general optimism. However, the remaining two-fifths strongly disagree or somewhat disagree with this statement (7 % and 33 % respectively) and think that their company is lagging behind its competitors. Board members in commerce and consumer goods and in ICT are more likely than the average to be optimistic (70 % and 86 % of respondents respectively). Board members from large companies are also substantially more likely than those from SMEs to report that they have made more progress towards digitalisation than their competitors (70 %, compared with 54 % from SMEs).

Responses to the statement that digitalisation requires major investment and that the additional costs are putting pres-

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**Chart 2. Digital positioning of the company**

**Question:** Please indicate your agreement with the following statements on your company’s digital positioning ...

- **We are taking a pragmatic approach to digital transformation within the company (digitalisation as a means to an end rather than as an end in itself).**
  - Strongly agree: 41%
  - Somewhat agree: 50%
  - Somewhat disagree: 2%
  - Strongly disagree: 7%

- **Digitalisation opens up new business opportunities and new scope for sales and revenue.**
  - Strongly agree: 36%
  - Somewhat agree: 46%
  - Somewhat disagree: 16%
  - Strongly disagree: 2%

- **We have made more progress towards digitalisation than our competitors.**
  - Strongly agree: 15%
  - Somewhat agree: 45%
  - Somewhat disagree: 33%
  - Strongly disagree: 7%

- **Digitalisation requires major investment, and the additional costs put pressure on our operating margins and results.**
  - Strongly agree: 15%
  - Somewhat agree: 42%
  - Somewhat disagree: 37%
  - Strongly disagree: 6%
sure on operating margins and results reflect Board members’ view that digitalisation involves risks as well as opportunities. More than half of all those surveyed (57%) either strongly agree (15%) or somewhat agree (42%) with this statement. However, 43% of respondents either strongly disagree or somewhat disagree (6% and 37% respectively). Board members in the commerce and consumer goods sector and the financial services sector are more likely than the average to strongly agree or somewhat agree that digitalisation requires major investment (70% and 71% respectively), with large companies more likely than SMEs to agree with this statement (69%, compared with 50% from SMEs).

Board members were also asked about the five digital technologies they think are likely to be the most important to their company in future. (It should be noted that the responses here represent a snapshot and that digital technologies continue to evolve rapidly in terms of their maturity and applicability.)

A substantial majority (61%) of the Board members surveyed cite big data and predictive analytics as the most important digital technology, followed closely by automation (57%) (see Chart 3). The most frequently cited technologies are those that facilitate the gathering and evaluation of big data and, in particular, enable forecasting of trends and those that improve efficiency by automating functional and working processes in the value chain.

Other digital technologies cited by more than two-fifths of survey respondents are the cloud (43%) – the use of computer networks to access IT infrastructure and data processing – and the Internet of Things (41%), in which ICT is used to network physical and virtual objects.

Technologies rated as slightly less important include artificial intelligence to model specific questions and support decision-making (cited by 38% of survey respondents) and mobile computing (36%) involving mobile devices such as laptops, tablets and smartphones.

Only a small minority of Board members cite technologies such as blockchain (22% of respondents), robots (18%), 3D printing (12%) and autonomous or semi-autonomous vehicles (6%) among the five technologies likely to be the most important for their company in future.

There are marked differences between sectors in their view of the importance of individual digital technologies. The financial services sector, for example, is most likely to rate big data and predictive analytics as most important (82% of respondents), followed by blockchain (60%), mobile computing (57%) and artificial intelligence (55%). In the manufacturing and chemicals sector, automation is most likely to be most important (cited by 68% of respondents), followed by the Internet of Things (61%), robots (35%) and 3D printing (26%). Board members in the ICT sector see big data and predictive analytics (cited by 74% of respondents), cloud technologies (67%) and artificial intelligence (64%) as the most important technologies for their companies in future.

**Chart 3. Most important digital technologies (top 10)**

<table>
<thead>
<tr>
<th>Digital Technology</th>
<th>Importance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Big data/predictive analytics</td>
<td>61%</td>
</tr>
<tr>
<td>Automation</td>
<td>57%</td>
</tr>
<tr>
<td>Cloud</td>
<td>43%</td>
</tr>
<tr>
<td>Internet of Things (IoT)</td>
<td>41%</td>
</tr>
<tr>
<td>Artificial intelligence</td>
<td>38%</td>
</tr>
<tr>
<td>Mobile computing</td>
<td>36%</td>
</tr>
<tr>
<td>Blockchain</td>
<td>22%</td>
</tr>
<tr>
<td>Robots</td>
<td>18%</td>
</tr>
<tr>
<td>3D printing</td>
<td>12%</td>
</tr>
<tr>
<td>Autonomous/semi-autonomous vehicles</td>
<td>6%</td>
</tr>
</tbody>
</table>
Drivers of digital transformation

Board members were asked which individuals or bodies within their company were the real drivers of digital transformation, for example in terms of launching digital initiatives, projects or innovations.

Almost half of all respondents (48%) say that the **Board of Directors as a body** is one of the three main drivers of digital transformation, followed closely by the company **CEO** (46%) and **the management team as a body** (43%) (see Chart 4).

Only 17% of those surveyed name the **President of the Board** as a major driver of digital transformation. Board members therefore see the CEO as much more important than the President of the Board or **individual members of the management team** (16% of responses).

Digital transformation is much more likely to be driven by the Board and the management team than by other levels of management. Only a small minority of Board members cite **specialist teams** in the company (16% of responses), the **Chief Information Officer, Chief Digital Officer or Chief Technology Officer** (14%), or technology **specialists below senior management level** (14%) as one of the three main drivers of digitalisation.

**External advisers or digital experts** are cited even less frequently as drivers of digital transformation (10% of respondents). **Specialist Board committees** tackling digital transformation currently play only a marginal role (5%).

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**Chart 4. Drivers of digital transformation**

*Question: Which individuals/bodies in your company are the real drivers of digital transformation (i.e. digital initiatives, initiation of projects, innovation, etc.)? (Please select up to 3 drivers.)*
Digitalisation and strategy

Survey respondents were asked whether they thought a company should have both a corporate strategy and a digitalisation strategy or whether digitalisation should be an integral part of corporate strategy. Board members have a clear opinion on this issue. Four-fifths of Board members (79%) strongly agree or somewhat agree with the statement that digitalisation strategy is an integral part of their company’s corporate strategy (44% and 35% respectively) (see Chart 5). Only one Board member in five strongly disagrees or somewhat disagrees (5% and 16% respectively).

Just one Board member in eight (13%) strongly agrees that their company responds sufficiently rapidly to the challenges posed by digitalisation. 56% of respondents somewhat agree with this statement, but the remaining 31% of Board members surveyed perceive a clear need for improvement in this area.

A similar picture emerges in response to the question of whether Board members take the time they need to brief themselves on the strategic challenges of digitalisation and to discuss the company’s digitalisation strategy. Just 20% of respondents strongly agree and 47% somewhat agree. The remaining third strongly disagree (9%) or somewhat disagree (24%).

Only a minority of Boards concern themselves with the ethical issues surrounding digitalisation, such as fear of job losses, discrimination against certain population groups, manipulation of the population, data protection, and dependence on a small number of large corporations and monopolistic organisations. Just 46% of Board members strongly agree or somewhat agree that their Board is tackling these issues (13% and 33% respectively). A small majority (54%) believe that their Board has not yet adequately considered the ethical issues surrounding digitalisation. Given the growing importance of this topic, both in society as a whole and in the political arena, Boards will have to focus more closely on these issues in future and take responsibility for them.

The consensus among survey respondents that digitalisation strategy should be an integral part of a company’s corporate

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Chart 5. Digitalisation and strategy

Question: Please indicate your agreement with the following statements on digitalisation and strategy ...

- Our digitalisation strategy is an integral part of our corporate strategy.
- Our company responds sufficiently rapidly to the challenges posed by digitalisation.
- Our Board takes the time it needs to brief itself on the strategic challenges posed by digitalisation and to discuss the company’s digitalisation strategy.
- We concern ourselves within the Board with the ethical issues surrounding digitalisation (e.g. job losses, discrimination against certain population groups, manipulation of the population, data protection, as well as dependence on large companies and monopolisation).
- Our company has a written digitalisation strategy or a ‘roadmap’ for digital transformation.
- Our Board has set up a committee to oversee the company’s digital transformation.
strategy is probably one of the reasons why only a minority (42%) report that their company has a written digitalisation strategy or a ‘roadmap’ for its digital transformation. In addition, just one respondent in nine (11%) indicated that the Board has set up a committee to oversee the company’s digital transformation. This may also indicate that the Board of Directors as a body often supports digital transformation in the company and does not delegate this responsibility to a committee.

Digital know-how within the Board and in senior management

Three-quarters (76%) of Board members surveyed strongly agree or somewhat agree that the management team within their company has the skills it needs to be able to lead the company into a successful digital future (18% and 58% respectively). Almost the same proportion strongly agree or somewhat agree that there is enough know-how within the Board to be able to set the right course for digital transformation within the company (72%) and to assess the opportunities and risks for the company of digital change (71%) (see Chart 6). Qualifying this positive overall picture, however, is the fact that only around one Board member in six strongly agrees with these statements and that around one in four strongly or somewhat disagrees with them.

Moreover, 46% of respondents strongly disagree or somewhat disagree with the statement that their Board is using internal workshops or external continuing training courses to broaden its know-how in the area of digital transformation (13% and 33% respectively). 45% of those surveyed strongly agree or somewhat agree with the statement that when planned vacancies arise, they seek to bring individuals on to the Board who have specialist expertise in the area of digitalisation (14% and 31% of respondents respectively). In both cases, large companies diverge slightly from SMEs: 58% of Board members from large companies report using internal workshops and external training courses to broaden their digital know-how, compared with 52% of those from SMEs, and 47% of respondents from large companies say they seek to bring digital experts on to the Board when there is a vacancy, compared with 44% of those from SMEs.

Chart 6. Digitalisation and know-how

Question: Please indicate your agreement with the following statements on digitalisation and know-how ...

The management team within our company has the skills it needs to be able to lead the company into a successful digital future.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
</tr>
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<tbody>
<tr>
<td>18%</td>
<td>58%</td>
<td>20%</td>
<td>4%</td>
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We have enough know-how within the Board to be able to set the right course for digital transformation within our company.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>19%</td>
<td>53%</td>
<td>25%</td>
<td>3%</td>
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We have enough know-how within the Board to be able to assess the opportunities and risks for our company of digital change within the economy.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
</tr>
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<tbody>
<tr>
<td>15%</td>
<td>56%</td>
<td>24%</td>
<td>5%</td>
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Our Board broadens its know-how in the area of digital transformation through internal workshops and external continuing training courses.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
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</thead>
<tbody>
<tr>
<td>14%</td>
<td>40%</td>
<td>33%</td>
<td>13%</td>
</tr>
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</table>

When planned vacancies arise, we seek to bring individuals on to our Board who have special expertise in digitalisation.

<table>
<thead>
<tr>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%</td>
<td>31%</td>
<td>37%</td>
<td>18%</td>
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Digitalisation changes the way Boards work

Board members were asked about the extent to which digitalisation now forms part of their day to day work and activities within the Board.

A significant majority of respondents are already benefiting from simple and rapid digital access to information. 91% receive Board meeting documents electronically, with 76% regularly receiving key company data automatically (including company information, press releases, press cuttings and staff data) (see Chart 7).

Board members are also making good use of the mobility and location independence that digitalisation enables. 60% hold conference calls with the Board, although only 24% hold videoconferences. Interestingly, Board members in SMEs are slightly more likely than their counterparts in large companies to hold videoconferences (26%, compared with 20% from large companies). By contrast, Board members in large companies are more likely to make use of conference calls as part of their role than their counterparts in SMEs (73%, compared with 53% from SMEs).

Board members also attach great importance to digital security. 53% of Board members surveyed use a secure extranet to store Board documents, and nearly the same proportion (51%) have secure access to their company’s information systems for data on key performance indicators (KPIs) or similar information (for example, by means of a virtual private network or VPN).

Around one-third of Board members surveyed use their company’s secure email system (37%) and/or a secure third-party email tool such as Securemail or Incamail (33%) to share information. However, there appears to be room for improvement with regard to security.

A similar small proportion of the Board members surveyed (34%) use digital platforms, such as board tools to share information including Sherpany, Brainloop and Loomion. Unsurprisingly, Board members from large companies are more likely to make use of such tools than their counterparts from SMEs (53%, compared with 23% from SMEs).

Chart 7. Digitalisation of Board’s work

Question: To what extent has your Board’s work been digitalised?

- Electronic distribution of Board meeting documents
- Regular and automatic distribution of key company data
- Conference calls with the Board
- Secure extranet for storing Board documents
- Secure access to company’s information system
- Secure company email system to share information
- Board tool (e.g. Sherpany, Brainloop, Loomion, etc.)
- Secure email tools to share information (e.g. Securemail, Incamail, etc.)
- Videoconferences with the Board

<table>
<thead>
<tr>
<th>Service</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic distribution of Board meeting documents</td>
<td>91%</td>
</tr>
<tr>
<td>Regular and automatic distribution of key company data</td>
<td>76%</td>
</tr>
<tr>
<td>Conference calls with the Board</td>
<td>60%</td>
</tr>
<tr>
<td>Secure extranet for storing Board documents</td>
<td>53%</td>
</tr>
<tr>
<td>Secure access to company’s information system</td>
<td>51%</td>
</tr>
<tr>
<td>Secure company email system to share information</td>
<td>37%</td>
</tr>
<tr>
<td>Board tool (e.g. Sherpany, Brainloop, Loomion, etc.)</td>
<td>34%</td>
</tr>
<tr>
<td>Secure email tools to share information (e.g. Securemail, Incamail, etc.)</td>
<td>33%</td>
</tr>
<tr>
<td>Videoconferences with the Board</td>
<td>24%</td>
</tr>
</tbody>
</table>
Impact of digitalisation on the work of the Board

Board members were asked to respond to positive and critical statements about the impact digitalisation is having on the work of their Board.

Among the positive statements, 35% of those surveyed strongly agree that digital technologies and tools make the Board more efficient and lead to cost and time savings. 52% of respondents somewhat agree and just a small minority strongly disagree (2%) or somewhat disagree (11%) (see Chart 8).

27% of respondents also strongly agree that real-time data accelerates access to information, boosts agility and enables Board members to react more effectively in a crisis, and 25% strongly agree that digital technologies enable better communication, make discussion more effective and improve decision-making. More than half of all respondents somewhat agree with both statements.

Board members are less likely to agree with the statements that digitalisation provides new insights and opens up alternative scenarios and opportunities to challenge the management team, and that it creates the space to enable the Board to tackle strategic issues in greater depth. Almost two in every five Board members strongly disagree or somewhat disagree with these statements, probably because Board members do not require digitalisation to gain new insights or create the space to tackle strategic issues.

Among the critical statements, a substantial majority of respondents (85%) strongly disagree or somewhat disagree that digitalisation leads to Board members putting less effort into preparing for Board meetings (44% and 41% respectively, see Chart 9). Their responses suggest that they believe they can prepare properly for meetings despite documents being available electronically or, perhaps, precisely because documents are available electronically.

Chart 8. Impact of digitalisation on the work of the Board of Directors (positive statements)

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly agree</th>
<th>Somewhat agree</th>
<th>Somewhat disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Digital technologies and tools make the Board more efficient and lead to cost and time savings.</td>
<td>35%</td>
<td>52%</td>
<td>11%</td>
<td>2%</td>
</tr>
<tr>
<td>Real-time data accelerates access to information, boosts agility and enables Board members to react more effectively in a crisis.</td>
<td>27%</td>
<td>56%</td>
<td>15%</td>
<td>2%</td>
</tr>
<tr>
<td>Digital technologies enable better communication, make discussion more effective and improve decision-making.</td>
<td>25%</td>
<td>54%</td>
<td>18%</td>
<td>3%</td>
</tr>
<tr>
<td>Digitalisation provides new insights and opens up alternative scenarios and opportunities to challenge the management team.</td>
<td>15%</td>
<td>50%</td>
<td>29%</td>
<td>6%</td>
</tr>
<tr>
<td>Digitalisation creates the space to enable us to tackle strategic issues in greater depth.</td>
<td>18%</td>
<td>43%</td>
<td>34%</td>
<td>5%</td>
</tr>
</tbody>
</table>
Most respondents do not, however, agree with the statement that digitalisation reduces face-to-face exchange between Board members: 36% strongly disagree and 45% somewhat disagree (81%).

A similar profile emerges in responses to the statement that the permanent availability of information and the volatility of data produce more questions than they answer and makes it more difficult to prepare for a role on the Board. 78% of all respondents strongly or somewhat disagree with this statement, but just 24% strongly disagree while more than half (54%) somewhat disagree, signalling a degree of scepticism.

Substantial numbers of Board members agree with some of the critical statements on the impact of digitalisation. Almost two in five Board members strongly agree (4%) or somewhat agree (35%) that digitalisation increases information overload and creates unnecessary additional complexity. Just under half (49%) somewhat agree and only 12% strongly disagree.

The picture is even more marked with regard to the cyber-risks associated with digitalisation. For more than two-thirds of respondents, digitalisation increases the security risk of data sharing (cyber-attacks); 19% strongly agree and 50% somewhat agree (a total of 69%). Only 31% of respondents disagree, probably because physical data sharing also involves risks.

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Chart 9. Impact of digitalisation on the work of the Board of Directors (critical statements)

*Question: Please indicate your agreement with the following statements about the impact digitalisation is having on the work of the Board of Directors ...

Note: The colour scale has been reversed for better readability.*

- Digitalisation leads to Board members putting less effort into preparing for Board meetings. 44% strongly disagree, 41% somewhat disagree, 13% somewhat agree, 2% strongly agree.
- Digitalisation reduces face-to-face exchange between Board members. 36% strongly disagree, 45% somewhat disagree, 16% somewhat agree, 3% strongly agree.
- The permanent availability of information and rate of change in data produce more questions than they answer and make it more difficult to prepare for a role on the Board. 24% strongly disagree, 54% somewhat disagree, 20% somewhat agree, 2% strongly agree.
- Increased information overload creates unnecessary additional complexity. 12% strongly disagree, 49% somewhat disagree, 35% somewhat agree, 4% strongly agree.
- Digital data sharing increases the security risk (cyber-attacks). 7% strongly disagree, 24% somewhat disagree, 50% somewhat agree, 19% strongly agree.
Organisational issues within the Board of Directors

Roles and influence within the Board

The picture of the organisation of roles and influence within the Board of Directors that emerges from the swissVR Monitor II/2019 survey is broadly similar to that painted by swissVR Monitor II/2017 (see Chart 10).

The vast majority of survey respondents report that Board members are able to make a good contribution to the work of the Board: 69% of respondents strongly agree with this statement and 27% somewhat agree. Only a very small minority (4%) of respondents strongly or somewhat disagree.

Responses are similar to two further statements, that Board members have adequate information about the company and the challenges it currently faces and that the President of the Board is the lead member but involves the Board as a whole and individual members. The overwhelming majority strongly or somewhat agree with both statements, with fewer than 10% strongly or somewhat disagreeing.

As was the case two years ago, in swissVR Monitor II/2017, a substantial majority (89%) also strongly agree or somewhat agree that the work of their Board is organised efficiently and effectively (in relation to use of time and adequate impact). The proportion of Board members strongly agreeing has risen markedly, from 33% two years ago to 46%.

The overwhelming majority of respondents still agree that roles within the Board of Directors are optimally distributed across Board members with regard to skills, experience, personality, etc.: 33% strongly agree and 55% somewhat agree. Only around one respondent in eight (12%) disagrees.

There is greater divergence in responses to the statement that roles and influence are evenly distributed across Board members. Only 28% of Board members strongly agree; 49% somewhat agree and 23% strongly or somewhat disagree.

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Chart 10. Roles and influence within the Board of Directors (checks and balances)  
[swissVR Monitor II/2019 change from II/2017]

Question: Roles and influence within the Board of Directors (checks and balances). Please indicate your agreement with the following statements ...

Note: n/a means that this question was not asked in 2017.

<table>
<thead>
<tr>
<th>Role Description</th>
<th>II/2017</th>
<th>II/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board members are able to make a good contribution to the work of the Board.</td>
<td>n/a</td>
<td>69%</td>
</tr>
<tr>
<td>Board members have adequate information about the company and the challenges it currently faces.</td>
<td>n/a</td>
<td>53%</td>
</tr>
<tr>
<td>The President of the Board is the lead member but he/she involves the Board as a whole as well as individual members.</td>
<td>n/a</td>
<td>59%</td>
</tr>
<tr>
<td>The work of our Board of Directors is organised efficiently and effectively (sensible use of time, adequate impact, etc.).</td>
<td>33%</td>
<td>32%</td>
</tr>
<tr>
<td>Roles within the Board of Directors are optimally distributed across Board members (with regard to skills, experience, personality, etc.).</td>
<td>33%</td>
<td>51%</td>
</tr>
<tr>
<td>Roles and influence within the Board of Directors are evenly distributed across Board members.</td>
<td>24%</td>
<td>50%</td>
</tr>
<tr>
<td>The Board of Directors periodically discusses its own internal organisation.</td>
<td>24%</td>
<td>38%</td>
</tr>
</tbody>
</table>
This generally positive assessment of how the work of the Board is organised may also reflect the fact that 70% of respondents agree that their Board periodically discusses its own internal organisation, up from 62% in swissVR Monitor II/2017. However, it is surprising that almost one-third of Boards seldom (23%) or never (7%) have such a discussion.

**Organisation of the work of the Board**

A substantial majority of respondents (80%) strongly disagree or somewhat disagree that individual Board members are not involved enough in some cases (38% and 42% respectively). Only one in five Board members (20%) see a need for improvement in this area.

Responses to the statement that the President of the Board of Directors dominates the Board are slightly more critical: 38% of respondents strongly disagree and 36% somewhat disagree. By contrast, 6% strongly agree and 20% agree, representing just over one-quarter of all Board members surveyed. There are no differences between companies of different sizes: Board members from 26% of large companies agree that their President dominates the Board, the same proportion as their counterparts from SMEs. It is encouraging that this proportion is considerably lower than the 41% recorded two years ago (swissVR Monitor II/2017).

Most Board members also disagree that there is a major information gulf between the President of the Board and the members: 33% of respondents strongly disagree and 39% somewhat disagree. However, just over a quarter (28%) strongly or somewhat agree.

Compared with the findings two years ago, there is practically no change in responses concerning the scope for improvement in the internal organisation of the Board: half of all those surveyed (50%) believe there is scope for optimising processes and structures within the Board of Directors.

**Chart 11. Organisation of the work of the Board of Directors [swissVR Monitor II/2019 change from II/2017]**

<table>
<thead>
<tr>
<th>Statement</th>
<th>II/2017</th>
<th>II/2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual Board members are not involved enough in some cases.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>The President of the Board of Directors dominates the Board.</td>
<td>19%</td>
<td>38%</td>
</tr>
<tr>
<td>There is a discrepancy in the level of information between the President of the Board and the members.</td>
<td>n/a</td>
<td></td>
</tr>
<tr>
<td>There is scope for improving the internal organisation of the Board of Directors (processes, structures, etc.).</td>
<td>9%</td>
<td>11%</td>
</tr>
</tbody>
</table>

Note: The colour scale has been reversed for better readability. n/a means that this question was not asked in 2017.
Special responsibilities and committees

More than half of all those surveyed (59%) report that special responsibilities or areas are allocated to individual Board members. This is a lower proportion than the 65% recorded two years ago, in swissVR Monitor II/2017 (see Chart 12).

The percentage of Boards of Directors that allocate special responsibilities to individual Board members depends on the size of both the Board and the company. Boards with between one and three members allocate special responsibilities to individual members on a below-average basis. Such responsibilities are most likely to be allocated to individual Board members when the Board has more than seven members (70% of respondents). Large companies are also more likely than small or medium-sized companies to allocate special responsibilities to individual Board members: 67% of Board members from large companies report that their Board does so, compared with 48% of those from small companies and 60% from medium-sized companies. It is important to note that many respondents also include the setting-up of specialist committees in their response.

41% of Board members report that their Board has set up committees, slightly down from 44% two years ago (swissVR Monitor II/2017).

There are marked differences between Boards and companies of differing sizes, however. Generally, the larger a Board or a company, the more committees it has: 30% of Boards with between four and six members have committees, but this figure rises to 87% of Boards with seven or more members. Small companies have fewer Board committees than medium-sized companies and large companies. The financial services sector is more likely than the average to have set up Board committees (74%), although this reflects the fact that the Swiss Financial Market Supervisory Authority (FINMA)
requires banks above a certain size to have an audit and risk committee.

Board members were asked which committees their Board has (see Chart 13). Around 72% of Boards with committees have an **audit committee**. Fewer have a **compensation committee** (46%) or a **nomination committee** (37%).

Almost all Boards in the financial services sector (94%) have an audit committee and 54% have a compensation committee. By contrast, nomination committees dominate in the manufacturing and chemicals sector (where 50% of Boards have such a committee) and in the pharma, life sciences, medtech and health sector (40% of Boards).

**Risk committees, strategy committees** and **HR committees** are also fairly common, with 26%, 25% and 21% of Boards respectively having set up such a committee. However, only a few Boards have an **innovation or digitalisation committee** (13% of Boards), a **management committee** (11%), an **IT committee** (8%) or a **real estate committee** (7%).

This broadly reflects the findings of swissVR Monitor II/2017. A slightly higher number of respondents indicated in that survey that their Boards had strategy, HR and management committees. In swissVR Monitor II/2019, however, Board members are more likely to report having an innovation or digitalisation committee.

Board members surveyed are more likely than two years ago to rate the work of committees positively: 99% of all respondents agree that committee members have the necessary **skills and aptitude for their role**, up from 92% in swissVR Monitor II/2017. The same proportion agree that committees create **added value** for the company, up from 94% in swissVR Monitor 2017, while 96% believe that the number and nature of the committees is in line with the **requirements and needs** of the company, up from 91% two years ago (see Chart 14).

The overwhelming majority of respondents (92%) either strongly agree (70%) or somewhat agree (22%) that
decision-making committees have the necessary skills and aptitude for their role.

### Chart 13. Types of committees (top 10)  
[swissVR Monitor II/2019 change from II/2017]

<table>
<thead>
<tr>
<th>Committee</th>
<th>II/2019</th>
<th>II/2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit committee</td>
<td>72%</td>
<td>73%</td>
</tr>
<tr>
<td>Compensation committee</td>
<td>46%</td>
<td>50%</td>
</tr>
<tr>
<td>Nomination committee</td>
<td>37%</td>
<td>50%</td>
</tr>
<tr>
<td>Risk committee</td>
<td>26%</td>
<td>36%</td>
</tr>
<tr>
<td>Strategy committee</td>
<td>23%</td>
<td>25%</td>
</tr>
<tr>
<td>HR committee</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Innovation committee/digitalisation committee</td>
<td>13%</td>
<td>15%</td>
</tr>
<tr>
<td>Management committee</td>
<td>11%</td>
<td>15%</td>
</tr>
<tr>
<td>IT committee</td>
<td>8%</td>
<td>15%</td>
</tr>
<tr>
<td>Real estate committee</td>
<td>7%</td>
<td>15%</td>
</tr>
</tbody>
</table>
**sions are not made in committees but within the Board itself.** This is in line with statutory provisions that the Board (only) “may assign responsibility for preparing and implementing its resolutions or monitoring transactions to committees or individual members” (Article 716a (2) of Swiss Code of Obligations). Fewer Board members agree with the statement that the Board has delegated the formulation or implementation of decisions to individual committees in most cases. Only 49% of Board members strongly agree with this statement.

The proportion of respondents reporting that all Board members receive committee minutes is also up on two years ago (86% compared with 79%).

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**Chart 14. Rating of committees**

**[swissVR Monitor II/2019 change from II/2017]**

**Question:** Rating of committees. Please indicate your agreement with the following statements ...

**Note:** This question was only answered by respondents that have committees. n/a means that this question was not asked in 2017.

| Member of Committees have the necessary skills and aptitude for their role. | II/2017 | 50% | 42% | 6% | 2% |
| The committees create added value for the company. | II/2017 | 60% | 34% | 36% | 1% |
| The number and nature of the committees is in line with the requirements and needs of the company. | II/2017 | 63% | 28% | 6% | 3% |
| Decisions are made not in committees but within the Board itself. | II/2017 | 70% | 22% | 7% | 1% |
| All Board members receive committee minutes. | II/2017 | 68% | 11% | 9% | 12% |
| Board members can rely on the committees to do solid work and do not have to invest so much time and effort in specific issues. | II/2017 | 72% | 14% | 7% | 7% |
| The Board of Directors has delegated the formulation or implementation of decisions to individual committees in most cases. | II/2017 | 49% | 34% | 10% | 7% |

Board members agree that the work of committees brings a welcome reduction in their own workload. 32% strongly agree and 53% somewhat agree with the statement that Board members can rely on the committees to do solid work and **do not have to invest so much time and effort in specific issues** (a total of 85%). However, the high proportion of ‘Somewhat agree’ rather than ‘Strongly agree’ responses may well indicate that Board members are aware that despite the preparatory work done by committees, they bear responsibility and must scrutinise this work.
Interviews

Digital transformation and ecosystems

Peter Delfosse, CEO of Axon Active Group, President and
member of multiple Group Boards.

“The Board has a key role to play in any company’s
digital transformation. It decides what the company’s
strategic priorities should be and should therefore
drive this issue.”

swissVR: What do you see as the difference between digital-
isation and digital transformation? Could you give an exam-
ple?

Peter Delfosse: Digitalisation is what we have been seeing
over the past 30 years – the ongoing replacement of physical
processes by IT-based systems. To put it simply, more or less
everything that used to be on paper is now also available in
digital form. This has opened the door to digital transforma-
tion: digital information has made processes more efficient
but has also facilitated new, and mostly integrated, products
and even entire business models within digital ecosystems.
Typical examples are Amazon in the online retail sector and
travel platforms, which have completely disrupted some sec-
tors. Across the economy as a whole, however, the process is
still at a very early stage.

swissVR: How relevant are platforms and ecosystems to dig-
italisation, and how should companies be managing them?

Peter Delfosse: Experts estimate, for example, that by
2025, 30% of global revenues in the financial industry will
be managed by cross-sector ecosystems. If this really is the
case over this short timeframe, then all the current players in
the financial sector face huge challenges. In particular, newer
players – the big tech companies, such as Google, Facebook
and Amazon – do not operate like the old, familiar market
players but are considerably more agile in terms of their cul-
ture, structure and investment.

swissVR: What is needed for a successful digital transforma-
tion?

Peter Delfosse: Digitalisation is largely an operation- or
project-based process. Digital transformation by contrast
requires a strategic reorganisation to adapt a company’s
existing business model to its future business environment.
One key issue, for example, is the role a company can realisti-
cally – and may wish to – play in digital ecosystems.

swissVR: How can a Board of Directors drive digital strategy?
And what should be its focus in implementing such a strategy?

Peter Delfosse: The Board has a key role to play in any
company’s digital transformation. It decides what the compa-
y’s strategic priorities should be and should therefore drive
this issue. To do that, it has to ask the right questions. And
those questions are often uncomfortable ones, for example
when the transparency that digitalisation creates challenges
part or all of the company’s business model and it becomes
clear that the company is going to have to move out of its
economic comfort zone over the medium or long term. The
various implementation phases then need to be planned so
that the Board of Directors can provide close support as a
kind of sounding board. That is important because digital
transformation is taking place within a complex and very
fast-paced market environment, so companies cannot gener-
ally take their direction from best practice solutions. In many
companies, this also means a cultural shift for the Board and
the senior management team.

Peter Delfosse has been CEO of the Axon Active
Group since 2008. The Group
employs more than 800 staff
around the world in ten com-
panies. As part of this role, he
is President or member of the
Board of a number of Group
companies as well as of Klara
Business AG and Finform AG.
He was previously CEO of DCL
Data Care AG. Peter Delfosse
is also a member of the Advi-
sory Board of the Hochschule
Luzern – Wirtschaft. He has substantial experience in
strategic and operational management of companies with
a focus on digital transformation, digital ecosystems and
process management. He also has many years’ experi-
ence in the start-up environment.

swissVR Monitor II/2019 | August 2019
The role of the Board of Directors in digital transformation

Paivi Rekonen, member of the Board of Directors of Konecranes, Alma Media, F-Secure and Efecte.

“It is important that the entire governance chain understands and ensures that the digital initiatives and programmes the company opts for are aligned with its business strategies and drive value in the long term.”

Päivi Rekonen is a non-executive member of the Board of the following listed companies: Konecranes Plc, Alma Media Plc, F-Secure Plc and Efecte Plc. She also serves on the strategy advisory board of the United Nations Office for Project Services (UNOPS). Her background is in technology and digital leadership roles. She is former Managing Director, Group Technology at UBS and has held several senior global roles in Fortune 500 companies, including Cisco Systems, Nokia and Credit Suisse. She has more than 25 years’ experience in the area of digital technologies and IT, and in banking and services. Päivi Rekonen has worked throughout the world and has lived in Finland, China, Singapore, the UK and the Netherlands. She currently lives in Switzerland.

swissVR: What role should the Board of Directors play in the digital transformation of a company?

Päivi Rekonen: Almost every industry and every company is impacted by digital technologies and new business models. This increasingly requires Boards of Directors to broaden their digital awareness. It is important that the entire governance chain understands and ensures that the digital initiatives and programmes the company opts for are aligned with its business strategies and drive value in the long term. Digital transformation is not an end in itself. In my view, the Board’s role is two-fold: to understand how digital transformation impacts on the company and the sector as a whole, and to ensure an appropriate level of guidance and monitoring – just as with any other strategic initiative.

swissVR: How do you ensure that your business strategy is appropriate for the digital age?

Päivi Rekonen: The last 20 years have transformed our business and personal lives significantly from a connectivity perspective. To a large extent, we now live in a digital economy. Disruption of traditional business models has become the norm. I believe it is good practice for Boards to discuss and understand where and how digital disruption and transformation arise and the impact they can have on the organisation. Digital transformation can take many forms, including new products and services, new productivity tools and more widely connected ecosystems and platforms. One way of imagining the future is to build scenarios that combine current and future business models, customer requirements, technologies and ways of working, both within and outside the organisation. It is safe to say that both customers and employees now expect more engagement, interaction, transparency and connectivity than ever before. It is not all about digital transformation, however: the culture and values of the organisation also have to be taken into consideration.

swissVR: How do you ensure that the Board is always well informed and up to date on digitalisation and new technology?

Päivi Rekonen: There is often a lot of hype and excitement when people talk about digital transformation, with lots of buzzwords. It is practically impossible to keep on top of all the latest technologies, as they are constantly changing and evolving. However, I think that as well as remaining abreast of industry- and company-specific technologies, Boards should be aware of and understand some of the core technologies that drive hyper-connectivity (those that connect individuals, organisations and objects via the internet, mobile technology and the Internet of Things), data management, automation, privacy and security, to name but a few areas. The management team can play a critical role in bringing relevant technology topics to the Board, and for their part, Boards should encourage this and request technology updates. I know that some Boards schedule separate sessions on digital and technology transformation over and above their usual meetings. Another way of increasing overall awareness is to set up digital advisory committees or separate working groups.

swissVR: Does your Board discuss ethical issues such as job losses, discrimination against older workers, data protection and a potential bias in AI?
Päivi Rekonen: I think there is a common belief that once new technologies emerge, they are rapidly adopted on a broad scale and that life as we know it changes rapidly. History shows us, in fact, that many new technologies take years, if not decades, to mature fully and become mainstream. Of course, this does not mean we should not experiment, understand consequences and consider the social, ethical and cultural implications of these technologies as well as their business impact. Today’s technology debates tend to centre around topics such as machine learning, robotics, artificial intelligence, cyber, the Internet of Things, 5G and voice technology. When new technologies emerge and are widely adopted, wider societal implications, policies and regulations sometimes lag behind. The European Union’s data protection legislation, the GDPR, is a good example of how regulation brought data, privacy and technology to the boardroom agenda as complexity, risks and responsibilities became more transparent. Another example might be bias in AI; if bad data is being used to train AI that can produce ethical, racial, ideological and other biases.

swissVR: Which aspects of digital transformation are particularly close to your heart?

Päivi Rekonen: I am increasingly interested in privacy and security-related topics. Cyber-security breaches and incidents are common nowadays. The rapid rise of instant connectivity and data integration both at home and in business environments enables us to be connected all the time, and that has led to a more relaxed sense of security and trust in many situations. I believe cyber-resilience should be a topic for all Boards nowadays. Understanding critical assets and how they are protected and managed is an important part of risk management in today’s connected business world.

Digital leadership and continuing education for Board members


“Digital leaders see themselves more as a coach than a commander. They enable their teams and drive collaboration across departmental as well as organizational boundaries. They recognise that engaging with ecosystems and networks collaboratively benefits their business success.”

Sunnie J. Groeneveld is an entrepreneur, Board member, author and lecturer (www.sunnie-groeneveld.com). She is the founder and Managing Partner of the consulting company Inspire 925 and serves on the Board of the IT company emineo AG, the electrical engineering group Hefti.Hess.Martignoni., and the media group Galledia Group AG. She is also the Associate Dean of Studies of the Executive MBA in Digital Leadership at the University of Applied Sciences in Business Administration Zurich. Sunnie J. Groeneveld was previously the first Managing Director of ‘digitalswitzerland’, Switzerland’s largest cross-industry initiative on digital transformation. She is the author of “Inspired at Work” and has been listed by the business newspaper Handelszeitung as one of the “Top 50 Who is Who in Digital Switzerland”. She holds a degree in economics from Yale University.

swissVR: What are the major challenges a Board of Directors needs to be aware of in regards to disruptive innovations?

Sunnie J. Groeneveld: Speed is of essence when it comes to dealing with disruptive innovation. One of the major challenges for boards, therefore, is keeping up with the pace of digital change and actively anticipating disruptive technological developments. Certainly, there are some exceptional organisations where the Board of Directors strategically
enables pilot projects using new technologies such as big data, machine learning and AI. Overall though, when it comes to scaling up disruptive innovations, it seems to me that boards across the Swiss economy don’t follow through strongly enough, perhaps because of a lack in sense of urgency. Another challenge is that Boards tend to focus too much on new technologies and too little on organisational development. Technological change, however, goes hand in hand with corporate cultural change: you can’t have one without the other. A simple example of how these two areas are inextricably linked is the following: a Board can decide to approve the roll-out of the best-in-class, cloud-based, data-driven collaboration platform. If the organisation operates in silos and is plagued by mistrust amongst employees, the project will fail to realise its full potential. Digital transformation is first and foremost a human-driven change process. That’s why any investment request to the Board concerning innovative technologies should entail not only the fee for the technology solution itself, but also a significant allocation for people development and organisational change.

**swissVR:** What is “digital leadership”? And what is the Board’s role in it?

**Sunnie J. Groeneveld:** Digital leadership at Board level means that the Board of Directors is able to strategically minimise the risks of digital transformation while also maximising the organisation’s ability to generate added value from it. To do so, requires a new approach to leadership from the Board of Directors as well as the management. In particular, digital leaders need to not only have a more in-depth understanding of technology, they also need to be more enthusiastic, inspirational, flexible and more willing to take risks than earlier generations of managers. They consider themselves more as coaches than commanders, enabling their teams and driving collaboration across departmental as well as organisational boundaries. They do so because they recognise that engaging with ecosystems and networks collaboratively benefits their business success. Moreover, they respond openly to new models of work, they understand the advantages of iteration as well as data-based decision-making, and they combine this expertise with a high level of empathy and excellent communications skills, both virtual and face to face. Another crucial element of digital leadership is an entrepreneurial spirit and a high level of customer centricity across all channels. Digital leaders never stop learning and are slightly paranoid that a new digital innovation could disrupt their business model at any time.

**swissVR:** How important do you think continuing digital education is for ‘analogue’ Board members?

**Sunnie J. Groeneveld:** Having been elected to three Boards of medium-sized companies for my digital expertise and also as an Associate Dean of Studies of the Executive MBA in Digital Leadership at the University of Applied Sciences in Business Administration Zurich, I have a clear opinion on this: It’s just a matter of time until companies will require that Board members have digital skills just as they currently require them to have business skills. Why? Because to remain competitive companies will need to shift from having single individuals being responsible for digitalisation – such as a Chief Digital Officer – towards making digital expertise part of their corporate DNA. That’s why it’s paramount that Board members operating on an ‘analogue’ basis undergo targeted and ongoing training in areas of digitalisation.

**swissVR:** What is the best way of going about a continuing education in the domain of digital transformation as a Board member?

**Sunnie J. Groeneveld:** That depends on your aim. If you want to gain a comprehensive overview of digitalisation, then the best format is an executive training program with a digital focus. If, on the other hand, you want to obtain specific knowledge about a new technology, such as blockchain or machine learning, then an online course or a certification program (CAS) might be a good starting point. On the Boards on which I serve as a member I have – on more than one occasion – initiated in close coordination with the Chairman sessions during which I or a guest lecturer from the EMBA in Digital Leadership teaches the Board of Directors digital skills. These sessions have improved our discussions as well as our ability as a group to make informed decisions about digital technologies, which, in turn, yields a positive impact on our strategy process.

**swissVR:** Which new technology tools could make the work of a Board member easier? And how?

**Sunnie J. Groeneveld:** There are a number of tools that make it easier for Boards to manage their meetings and documents, such as the Swiss software solution Sherpany. I also use tools such as the “paper tablet” reMarkable as well as G Suite for my notes and apps such as Gmail, Zoom, Beekeeper or Slack for communication with other members.
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