Audit of the replacement of the Navision IT system
Swiss Export Risk Insurance

Key facts

The Swiss Export Risk Insurance (SERV) is a federal institution under public law and provides Swiss export companies with insurance and warranties as protection against default. In 2019, SERV concluded 778 insurance policies and insurance commitments in principle worth over CHF 2,173 million.

The Navision IT system used today has reached the end of its life and will no longer be supported. This means that, in extremis, there is a risk of SERV no longer being able to meet its legal obligations following changes to laws or ordinances. Against this backdrop, in 2018 SERV launched the "SERV IT and transformation project". The project has a budget of EUR 8.6 million for development and support/operation and is due to last five years. SERV selected Tinubu Square SA (Tinubu) as the service provider.

In its audit, the Swiss Federal Audit Office (SFAO) concluded that the success of the project within the set deadlines is highly doubtful. The fact that the delivery deadline for the definitive solution has already been postponed twice is a case in point; moreover, the project management needs improvement and fundamental project decisions must be validated. In addition, the functional scope of the product should be better managed and key concepts need to be defined as a matter of urgency.

Other areas requiring improvement are the contracts between SERV and the service provider, management of the project budget, and procurement management. When procuring the replacement for the existing IT core system, SERV chose the wrong procedure. No information on the detailed evaluation criteria and the evaluation grid was given to the bidders. Moreover, the evaluation report was not signed. Finally, errors were made during the procurement, as a result of a deficient procurement process, a lack of resources in the area of compliance rules and a lack of procurement expertise in the line organisation.

The development of cloud solutions for the public sector should be monitored

The choice of appropriate solution architecture is key for the sustainable development of an IT system, especially for small companies with fewer than 70 employees like SERV.

The solution originally offered by service provider Tinubu is based on a cloud infrastructure located outside Switzerland and designed as software-as-a-service (SaaS). The contract was concluded on that basis. Subsequently, SERV commissioned a legal opinion on the offered cloud solution, which confirmed that the solution was in principle feasible under Swiss law. Owing to the unclear legal situation, the assessor recommended that SERV obtain the Federal Council's approval to process data in a foreign cloud. SERV decided not to follow this recommendation. It is planning to set up the IT system on its own premises in Switzerland. This approach was guided primarily by the legal considerations.

SERV's decision was made more difficult by the fact that, in general, no rules on the use of cloud computing services have been formulated for the Federal Administration or

organisations with a public mandate. This uncertainty over whether and in what circumstances cloud computing services can be used is a hindrance and is causing unnecessary expenditure.

The SFAO can understand SERV's intentions. In view of the forthcoming legal developments on the topic of cloud computing over the next few years and the fact that the Tinubu solution was originally a SaaS solution, a new analysis should be performed when the law changes.

The project management tools must be expanded

SERV is working with an MVP (minimal viable product). However, it was defined so comprehensively that the actual concept of an MVP no longer applies, and thus its benefits (going live earlier, insights for further developments, greater acceptance, etc.) cannot be realised.

SERV has drawn up requirements regarding business functionality and a phased release plan for the duration of the project. The SFAO observed that important milestones such as Go/No-Go meetings, progress-driven budget releases and other decision points have not been defined.

In addition, owing to a lack of reporting tool (dashboard), SERV employees are unable to provide a clear picture of the project's progress. The same applies to Tinubu and SERV, neither of which are able to make a well-founded assessment of when the project will be completed or the requirements implemented.

Key concepts of the project are still either missing or insufficient

Key concepts such as those for operation, integration, migration, testing, information security and data protection are either unavailable or incomplete.

Yet, such concepts are important prerequisites for successful project completion. They provide a clear vision of the future solution and define the project guidelines. In the SFAO's view, they must be drawn up (or finalised) and implemented immediately. Without a test concept, for example, the employees involved in the project will each carry out testing based on their own knowledge, rather than according to predefined project requirements.

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