

Audit of the further development of the Navision IT system

Swiss Export Risk Insurance

Key facts

After around 17 years, Swiss Export Risk Insurance (SERV) is replacing its highly customised core application NAVISION with a software upgrade. Due to a lack of manufacturer support, its maintenance is no longer guaranteed. SERV uses this application to process its insurance transactions, with an exposure of over CHF 7 billion in 2021. The software upgrade is part of the Phoenix programme and costs of CHF 11.5 million are planned for its implementation, of which CHF 8.8 million are for third-party services. By July 2022, SERV had spent CHF 1.2 million on external services.

SERV had to abandon two other solutions for replacing NAVISION. The first led to a confusing and costly application landscape, the second led to unsatisfactory results in terms of timing and quality, with the threat of additional costs. With Phoenix, SERV has now taken over product responsibility for the new application again. Based on the upgrade path from Microsoft (MS), it wants to transfer its solution to Microsoft Dynamics 365 Business Central (MS BC) version 2019 and thus create the basis for future maintenance and further development.

The Swiss Federal Audit Office had already previously audited the project on one occasion¹. In this second audit, the focus was on the risks facing the achievement of the objectives, after SERV adjusted its approach. After a successful interim measure, SERV still has significant risks in the Phoenix programme with regard to its resources and IT security. This can primarily result in delays, and consequently additional costs. SERV largely determines the schedule itself, which means that the risks mainly affect the stability and security of the solution.

The approach taken is effective, but important principles are still lacking

SERV wants to implement the programme step by step, together with external service providers, in a main project using agile methods. Two preliminary projects created important prerequisites for this: firstly, a technically necessary interim upgrade to the MS BC version 2014 and, secondly, the external services were put out to tender in two open procurement procedures. A contract was awarded for each of the technologies MS BC and JAVA.

However, important basic principles have not yet been developed in the preliminary projects. SERV has not yet defined central roles and processes, e.g. in terms of agile implementation and information and data protection. SERV must therefore revise its business organisation concept with a focus on IT service management. In view of the limited resources, the concept must also regulate longer-term collaboration with external partners (sourcing strategy). The protection requirements and the information and data protection concept are also lacking. The processing of information classified up to CONFIDENTIAL can

¹ The report on the "Audit of the replacement of the Navision IT system" (audit mandate 20414) is available on the SFAO website (www.sfao.admin.ch).

have a significant impact on the security requirements of the new solution. SERV has recognised these deficiencies, but the results will be available too late to be accommodated in the current schedule. This means that additional costs are looming due to security-related improvements along with additional delays compared to the current plan.

The implementation schedule is not reliable and the steering tools need to be supplemented

SERV structured the Phoenix programme appropriately and the processes for steering and managing the project are defined and established. SERV's technical and IT units demonstrate a high level of commitment to implementation. The quality and risk management processes are also actively followed, although significant risks due to the lack of principles were only recognised when the independent quality and risk manager was appointed. Milestones with the necessary prerequisites for operation in the new operational structures were neither defined at the steering level nor considered in the schedule ("critical path"). SERV urgently needs to develop this critical path planning as a steering instrument together with the implementation schedule.

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