



SWITZERLAND - YOUR CUSTOMER-CENTRIC SALES AND MARKETING HUB

DATA CENTERS

Ranked by number

Country	Rank
United Kingdom	1
Germany	2
France	3
Netherlands	4
Switzerland	5
Italy	6
Spain	7
Sweden	8
Belgium	9
Denmark	10
Norway	11
Portugal	12
Ireland	13
Austria	14
Luxemburg	15

Source: datencentermap. 2018

INTRODUCTION

Markets are in a state of constant flux. Customer trust and loyalty have been shaken by events over recent years and by accelerated technological change. Digital channels have transformed business models and economies, blurring the distinction between products and services. Customers demand more from their service providers, such as immediate access via a wider array of channels and devices and better value for money. Many existing markets have become saturated and businesses need to focus on high-growth markets. Data has proliferated, but few organizations are capable of turning it into insight. Regulators have stepped up their scrutiny to ensure customers are treated fairly and organizations deliver appropriate outcomes.

To turn this wave of developments to your advantage requires aligning your sales and marketing activities to produce a genuinely customer-centric operating model.

WHY SHOULD YOU CONSIDER SWITZERLAND?

Switzerland can offer advantages if you:

- Are looking to achieve a customer-centric regional or global sales and marketing operation
- Need to ensure robust protection of your customers' data
- Are seeking qualified international staff to assure compliance with increasing regulatory demands

KEY TRENDS IN CUSTOMER-CENTRIC SALES AND MARKETING

Trend 1: Digitalization, big data and data protection

Rapid digitalization of sales channels and ever-expanding volumes of customer data can present significant challenges. An organization's ability to manipulate big data can be a huge differentiator. Those with the most insightful understanding and best protection of this data will be in a stronger position to maintain sustainable business growth.

The challenges:

- Ensuring fast international IT connectivity
- Maintaining data centers and a reliable electricity supply
- Existence of a solid data protection framework

Why Switzerland:

1. Connection to internet infrastructure is crucial for managing high customer data volumes. Switzerland occupies a leading position in Europe when it comes to broadband expansion. The EU Commission's study "Broadband Coverage in Europe 2017" shows that Switzerland's technologies and coverage combinations are above the European average.

Switzerland has an excellent data hosting infrastructure. There is a rapidly growing supply of data center providers with ultra-modern infrastructure, protected both from physical risks and threats posed by cyber attacks. Switzerland ranks highly in data center density with more than 400 public and proprietary data centers.

Switzerland is the world leader in power supply quality. High security of supply is critical to data centers even if they have emergency generators that can cover a temporary outage.

2. Strong data protection regulations and a highly innovative encryption industry. Switzerland is home to extensive expertise in the field of cryptography, and Swiss companies are leading international players in information security.

This is complemented by the fact that the country benefits from highly qualified personnel trained in new technologies and the web. Switzerland regularly occupies top rankings in the World Economic Forum's Networked Readiness Index.

Behind this success is the fact that data protection and privacy have traditionally been a high priority in Switzerland. Unlike countries such as Sweden or the USA, Switzerland requires a court decision in order for public authorities to access private data. Switzerland's Data Protection and Information Commissioner is responsible for supervising federal bodies and private companies in respect of data protection.

Case Studies:

The Society for Worldwide Interbank Financial Telecommunication (SWIFT) has built a European data center underground in Switzerland as part of a EUR 175 million project to enable European transactions to be processed entirely in Europe. Completed in 2013, the five-year project now ensures transactions made between European organizations remain in Europe. In the past, transactions would pass through a US data center.

SWIFT's network (known as SWIFT FIN) sends an average of 26 million financial transaction messages per day between banks located in over 200 countries. It is used by about 11,000 financial service providers. It processed more than four billion financial transactions in 2016 alone.

The data center is underground to improve security and uses natural cooling to reduce its carbon footprint.

Garmin in Schaffhausen is the global market leader for GPS navigation devices. The company was founded in 1989 in the United States. Today, Garmin has over 11,000 employees worldwide and is considered one of the most experienced manufacturers of mobile navigation systems. In June 2010, the company moved its headquarters to Schaffhausen in Switzerland. Schaffhausen also serves as the home base for the company's market development in Switzerland.

The main reasons for Garmin's move to Switzerland were:

- A central, strategic location in the heart of Europe
- Switzerland is one of the most business-friendly countries in the world
- Financial and political stability

Trend 2: Focus on high-growth markets

The rise of Asian and Latin American markets - and more recently parts of Africa - continues. Achieving effective sales and marketing activities for these countries requires, among other factors, access to these markets via free trade agreements and investment protection agreements.

The challenges:

- A need for unrestricted access to high-growth markets
- The need to protect investments

Why Switzerland:

A substantial proportion of Switzerland's prosperity is generated by exporting goods and services. The country focuses on developing and maintaining one of the world's densest networks of free trade agreements (FTAs), including with the European Union, China and Japan. A new FTA is currently being negotiated with India. FTAs only apply to goods and services where the largest part of their value is added in one of the treaty signatory countries. This makes the treaties of particular interest if you have a manufacturing or R+D presence in Switzerland.

FTAs usually also provide for a certain degree of investment protection in the treaty countries. It might therefore be an appealing model for a company to structure its investments in a treaty country via Switzerland to obtain this protection.

Case Study:

Swissmoo AG is a milk processing company based in Winterthur, Switzerland. It operates two flagship stores in Qingdao, China. The company, which is a network of 4,000 Swiss farmers, benefits from Switzerland's FTA with China. While Chinese demand for high quality milk products is steadily growing, milk products exported from Switzerland to China are exempt from duties.

Trend 3: Increasing regulation of services, products and markets

International bodies such as the UN, groups of countries such as the European Union and single countries such as the USA are developing and enforcing ever more detailed and stricter regulations for markets, services and products. Recent examples include sanctions on financial sector exports to certain countries (FATCA, Dodd-Frank and EMIR, for example) or on commodities trading. To keep the cost of regulatory compliance at an acceptable level, it can be critical to locate your business in a jurisdiction that offers an efficient legal, communication and administrative infrastructure as well as appropriate manpower to conduct compliance work. This is especially the case if your industry is subject to - or the target of - growing scrutiny by regulators.

The challenges:

- A need for qualified compliance staff
- An efficient administrative, legal and communication infrastructure

Why Switzerland:

1. Switzerland offers a qualified workforce for compliance. Swiss universities and educational institutions offer a wide range of courses in legal, compliance and corporate governance studies, including international degrees where the language of instruction is English. With one of the world's largest financial services sectors and the largest global center for commodities trading, Switzerland has an exceptionally large pool of finance, legal, customs, trade and commodities trading experts with industry-specific compliance expertise.
2. The Swiss Federal Government has a long history of applying international regulatory requirements and sanctions in a pro-business way. It assists with compliance or sanctions after having consulted with the industries potentially affected. An example of this prudent approach toward regulation is the Swiss Federal Government's report on commodities trading in Switzerland (Grundlagenbericht Rohstoffe, March 2013) which clearly states that the vital business needs of the industry have to be respected.

Case Study:

The presence of the World Trade Organization (WTO) and the European Free Trade Association (EFTA) in Geneva means proximity to two leading organizations in global and international trade - providing a steady source of trade and compliance experts.

