



GETTING A GRIP ON I.T.

MAY 2005





FOREWORD

A Message from Margy Osmond
State Chamber of Commerce (NSW) CEO

In May 2004, the State Chamber of Commerce (NSW), in partnership with Unisys, released Getting a Grip on I.T. – the first of our Industry Leaders Series. The Chamber introduced the series to promote leadership and to support the progress of specific industries focussing on key business sectors in New South Wales.

The aim was to stimulate debate about the major issues facing the particular industry via the release of an annual research piece coupled with high-level round table forums for business and government leaders.

In Getting a Grip on I.T. the State Chamber of Commerce focused on the rapidly growing industry that is Information Technology and especially its impact on business.

The research – which found that high cost and concern over the usefulness of technology were the two main reasons businesses delayed adopting new technology – attracted widespread attention both publicly and at State and Federal Government level.

In particular the issue of work/life balance and the impact of developments such as the mobile phone and the lap-top computer on us all, became a topic of debate in the public arena.

As a result we have explored this issue in more depth in this year's report providing further food for thought for legislators, corporate leaders, big and small business and the communities in which we live.

The second edition of Getting a Grip on I.T. serves as a timely reminder for all of us that as this unique industry continues to grow at a rapid pace, there will be challenges that we face both professionally and personally.

By responding to these issues in a co-operative manner business, Government and the IT industry have the opportunity to develop workable solutions to these challenges and to shape the direction of the industry's future in NSW.



Margy Osmond
Chief Executive

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1. EXECUTIVE SUMMARY

Information technology (IT) is now recognised as playing a pivotal role in modern society, especially for business. As a result the IT sector has grown rapidly over the past two decades and has become a major employer and contributor to economic output. According to the Organisation for Economic Cooperation and Development, IT is recognised as an important driver of growth and as an important catalyst of changes in the business sector¹.

The adoption of new technological breakthroughs has been significant to date. More than 80% of Australian businesses now use computers and 71% have access to the internet². Repeated gains such as higher productivity and significant long term cost savings are commonplace.

However, there is evidence that IT is increasingly blurring the distinction between work and home life. IT products now shape the way people live, work and play. But as business takes advantage of the increasingly flexible options that IT provides, the impact on workplace relations must be considered.

In the second edition of Getting a Grip on I.T. the State Chamber of Commerce, in partnership with Unisys, looks at this and other key issues raised by the growing emergence of new information technologies.

1.1 Major Findings

Our research is based on both official data and new information gathered by the State Chamber including an IT survey conducted exclusively for this research. The survey attracted 229 responses, with a roughly even split between businesses in the Sydney metropolitan (112) and non-metropolitan (117) areas.

Major findings of the research included:

The New Economy

- More than three quarters of businesses taking part in our IT survey have consistently spent more per annum on IT over the past three years. More than half anticipated their IT related spending would increase further in 2005/06, with one third forecasting spending growth of more than 10 per cent.
- Competition between New South Wales firms is a significant driver of IT investment. Staying competitive (32 per cent) and meeting customer demands (22 per cent) were the two most common factors driving respondents' 2005/06 IT spending forecasts.

Behavioural Trends

- Around one in five businesses regularly contacts staff while they are off duty or on annual leave.
- Less than half of the firms that contact staff while they are off duty had come to a formal agreement with the employee that this would occur.

- Almost one quarter of New South Wales businesses allow staff to regularly work offsite from their homes or abroad – that is, they telecommute.
- An increasing number of people are working longer hours as a result of being able to work offsite as well with over 40 per cent of survey respondents saying that work completed away from the office was in addition to their normal working hours.

Workplace Policy

- Less than half of the businesses that allow telecommuting actively enforce appropriate occupational health and safety (OH&S) standards on their employees while outside the normal workplace.
- Around one in seven businesses has had to deal with incidents of harassment, inappropriate behaviour etc. due to employee misuse of company provided IT hardware and software.
- Not one business in the 2004 and 2005 IT surveys said they used cameras to monitor staff IT use.

Infrastructure

- Broadband access, pricing and service availability remain significant concerns for non-metropolitan businesses – particularly in rural areas.

1.2 Summary of Recommendations

As a result of these findings we have developed a series of recommendations that, we believe, will help to address some of the problems confronting business, Government and the IT sector as the industry continues to grow in the future.

The Chamber recommends the following.

2. The New Economy

- 2.4.1 The Australian Government increase the 125% research and development tax concession to 150% of expenses.
- 2.4.2 Businesses be encouraged to take steps to determine their return on IT investments
- 2.4.3a The IT sector work with businesses to help them quantify the return on their IT investments.
- 2.4.3b The IT sector make a concerted effort to minimise confusing jargon when dealing with business.

1 OECD Work on IT and Business Performance – The Role of Data Linking, OECD, 2002.

2 Communications and Information technology yearbook – 1301.0, Australian Bureau of Statistics, 2005.

3. Behavioural Trends

- 3.3.1a State and Federal Governments commit full funding to, and expand programs aimed at providing regional access to IT infrastructure.
- 3.3.1b State and Federal Governments consider subsidising or providing tax concessions on the purchase of IT for telecommuting, and educating business on the benefits and likely impact of telecommuting arrangements with employees.
- 3.3.2 Businesses be encouraged to introduce formal agreements with employees that they can be contacted by managers or clients while off duty.
- 3.3.3 The IT sector investigate the development of products that overcome a lack of interpersonal contact arising from people regularly working away from the usual workplace.

4. Workplace Policy

- 4.3.1a The New South Wales Government abandon the draft Workplace Surveillance Bill to allow business to protect itself and its employees.

- 4.3.1b State and Federal Governments introduce initiatives to promote business awareness of OH&S responsibilities.
- 4.3.2 All businesses actively enforce appropriate OH&S and industrial relations standards on their employees, whether this work is being conducted inside or outside of the usual place of work.
- 4.3.3 The IT sector work closely with business and government to develop and promote products that help improve OH&S in the workplace.

5 Infrastructure

- 5.4.1 Initiatives that extend IT infrastructure access to rural areas, such as the National Broadband Strategy be expanded with full funding committed.
- 5.4.2 Businesses be encouraged to construct long-term IT infrastructure plans that are flexible enough to accommodate changes in technology.
- 5.4.3 The IT sector continue to explore ways to reduce costs for IT access for business.

2. THE 'NEW ECONOMY'

2.1 An Important Sector

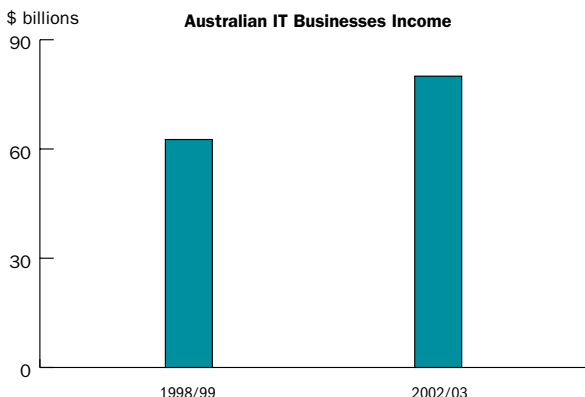
The widespread uptake of information technology (IT) – such as mobile phones, notebook computers and wireless modems – into the workplace means that IT is now an integral part of business. This 'new economy' phenomenon has changed the dynamics of the modern economy, with IT emerging as a significant force in terms of global activity and employment. For example, the Organisation for Economic Cooperation and Development (OECD) estimates that in 2001 IT industries contributed close to 10% of business GDP in member countries (up from around 8% in 1995) and accounted for approximately 17 million jobs³.

The Australian case is similar to the global story – the IT sector contributed roughly 8% of national output in 2001⁴. The Australian Bureau of Statistics (ABS) also estimates that there were around 340,000 IT professionals and tradespeople employed across the broader economy in February 2004. This represented approximately 3% of total Australian employment at the time⁵.

Australia's IT sector proved to be relatively resilient in the face of a large global IT downturn post-2000. The ABS estimates that the number of specialist IT firms in Australia actually grew by 33% during the five-year period between 1998/99 and 2002/03, and their combined incomes rose by 28% during the same period from \$62.6 billion to almost \$80 billion.



Source: Australian Bureau of Statistics, 2004.



Source: Australian Bureau of Statistics, 2004.

³ OECD Key IT Indicators table 10a, OECD, 2005-16.

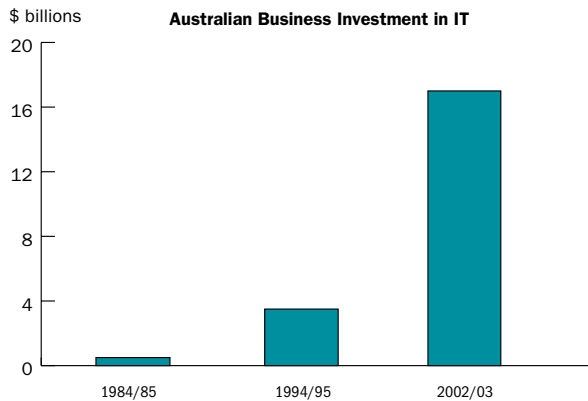
⁴ OECD Key IT Indicators table 10a, OECD, 2005.

⁵ Communications and Information Technology Yearbook – 1301.0, ABS, 2005.

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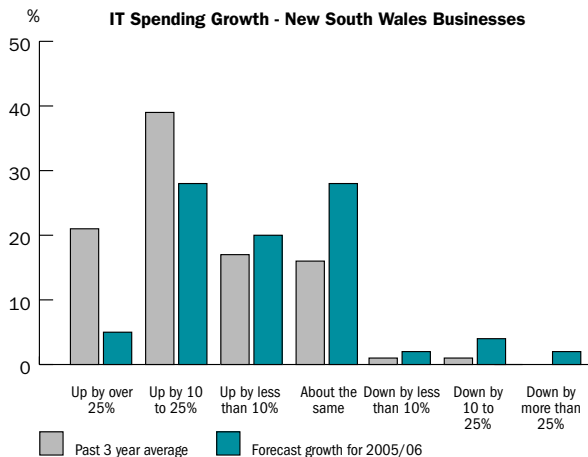
2.2 Investment trends

Part of the reason why Australia's IT sector has continued to expand is that Australian businesses are among the forerunners in the adoption of new information technologies⁶. This is reflected in an impressive history of IT investment growth. Indeed, business' spending on IT has been strong in recent years, even by international standards⁷, with Australian firms increasing their investment in IT by more than five-fold over the period 1994/95 to 2002/03⁸.



Source: Productivity Commission, 2004.

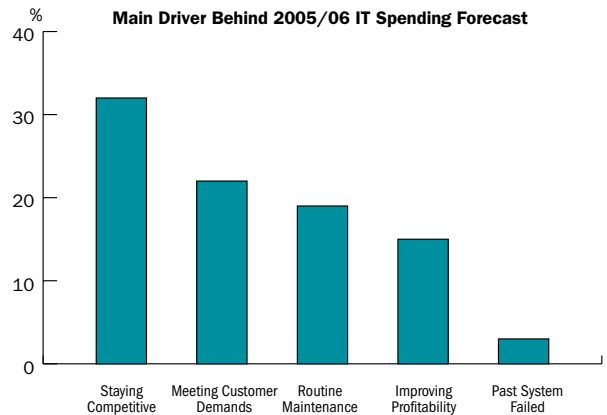
The fact that the New South Wales economy contributes roughly a third of the national economy⁹ and is largely services based suggests there would be similar trends for business investment in IT across the state. The results of our survey confirm this recent solid growth trajectory for commercial IT investment. Some 77% of the firms we surveyed have consistently spent more on IT per annum over the past three years – with one-fifth saying they had increased spending by over a quarter each year.



Source: Industry Leaders – IT Survey, 2005.

Australian firms' willingness to spend and adopt new IT should hold steady in the near future. Our survey found that business investment on IT is likely to continue to grow at a moderate pace. More than half (53%) of the companies surveyed anticipate IT-related spending to be higher in 2005/06 in comparison to the current financial year, with one third of our survey's respondents forecasting spending growth of more than 10%.

This could simply be due to the anticipation of higher prices or the need for system upgrades. However, a major source of future IT investment growth is likely to be competition between firms. Staying competitive (32%) and meeting customer demands (22%) were the two most common factors driving respondents' 2005/06 IT spending forecasts. This is not surprising given that 91% of our survey's respondents are small-to-medium sized enterprises¹⁰ and operate within a reasonably competitive environment.



Source: Industry Leaders – IT Survey, 2005.

6 IT and Economic Growth: Evidence from OECD Countries, Industries and Firms, OECD, 2003.

7 IT Investment and Economic Growth in the 1990's: Is the United States a Unique Case? Colecchia and Shreyer, 2002.

8 IT Use and Productivity: A Synthesis from Studies of Australian Firms, Productivity Commission, 2004.

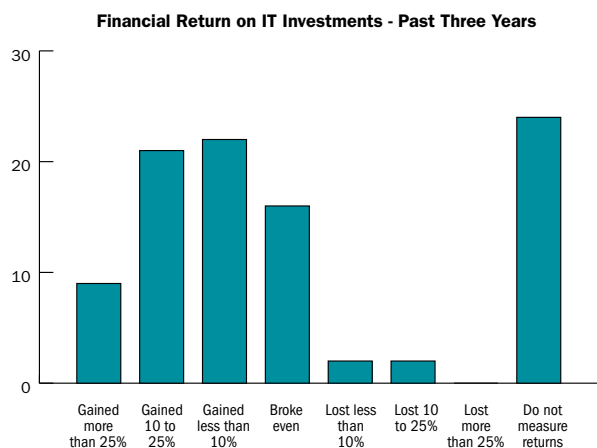
9 Gross State Product, 522001, ABS, 2004.

10 They have up to 99 employees.

2.3 Overcoming Uncertainty

In last year's IT survey we asked members to identify the barriers that deter them from adopting new technology. The most common responses were the high cost of new technology (47%) and being unconvinced of the benefits of new technology (42%). Investment decisions always contain an element of uncertainty, and high costs create significant financial risks. In addition, business needs to be wary of its individual circumstances when making investment decisions. Nevertheless, the evidence before us suggests that, on aggregate, firms have directly benefited from the introduction of IT into the workplace.

We asked firms to estimate the financial return on their IT investments over the past three financial years. Over half (52%) reported a positive return, while only 4% said they had lost money. Interestingly, almost one quarter (24%) of our respondents did not measure the return on their investment – mostly because they feel it is too difficult.



Source: *Industry Leaders – IT Survey, 2005.*

There is also a broad range of official evidence to suggest that commercial investment in IT has tended to result in significant gains in productivity. For example, the Productivity Commission has remarked that Australia's internationally high investment in IT over the 1990s drove more rapid (multi-factor) productivity growth¹². Meanwhile, the USA's Bureau of Census has also found that the introduction of computer systems into US manufacturing firms significantly boosted productivity¹³. And the United Kingdom's Office of National Statistics concluded in a recent study that appropriately integrated IT significantly boosted productivity at the firm level.

2.4 Policy Recommendations

2.4.1 For Government...

Australian institutions spent around \$2.5 billion on IT research and development (R&D) in 2002/03 – about one-fifth of total R&D expenditure for that year¹⁴ – with business contributing 86% of total expenditure. A major way for the Federal Government to further support commercial investment in IT would be to return the 125% R&D tax concession back to 150% of expenses. This would effectively double the incentive for business to spend on R&D (since 100% of expenditure is already deductible).

2.4.2 For Business...

Almost one quarter of businesses taking part in this year's survey had not measured the returns on their investment in IT. This is both surprising and concerning. Businesses without the expertise or ability to measure the return on investments that have many indirect effects – such as increased labour productivity – should consult with an independent assessor. While expert advice is rarely cheap, paying a one-off fee could prove to be far less expensive than continually spending money on a failing system.

2.4.3 For the IT Sector...

The IT sector should also work with businesses to develop methods for measuring their return on IT investments. This would both reduce the level of uncertainty in IT investment decisions and overcomes a major barrier to the adoption of new technologies. In addition, helping business quantify its return on IT investments has the added incentive of providing evidence that could be used to support the case for future expenditure.

Business continues to be baffled by jargon in IT literature. Sometimes firms are unsure of the benefits of a new technology simply because they do not understand what is being said in catalogues or by sales representatives. We highlighted this issue in last year's *Getting a Grip on IT* report. The industry needs to do more to present potential customers with a simplified version of what characteristics and abilities new technologies may have.

¹² *IT Use and Productivity: A Synthesis from Studies of Australian Firms*, Productivity Commission, 2004.

¹³ *Computer Networks and Manufacturing Plant Productivity, New Evidence from the CNUS Data*, Centre for Economic Studies, 2002.

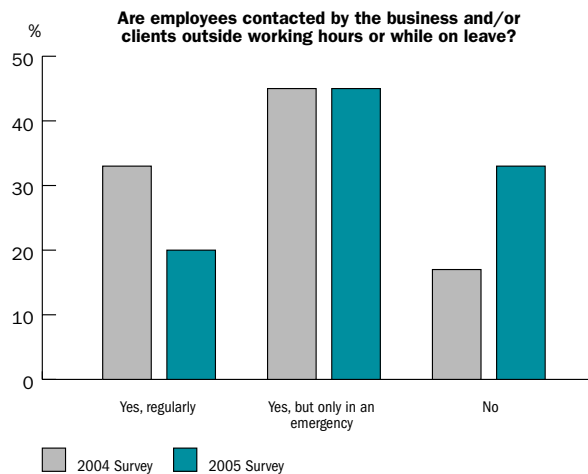
¹⁴ ABS, *Overview of the Australian IT Industry, 2005.*

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3. BEHAVIOURAL TRENDS

3.1 Business Relationships

The emergence of IT-based workplaces has had significant consequences for workplace relationships, particularly between management and staff. Improved communications means employees are more accessible. This increases the temptation for management or clients to regularly contact staff outside of standard working hours or while they are on annual leave. One third of the businesses surveyed in last year's IT survey said they contacted staff outside standard working hours or while on annual leave. This had fallen to about 20% in the 2005 survey. In addition, 45% of firms in both surveys said they contacted staff while on leave, but only in emergencies.



Source: *Industry Leaders – IT Survey, 2004 & 2005.*

One positive aspect to emerge from the 2005 survey is that a declining number of businesses continue to rely on employees to be available or 'on call' around the clock. Of more concern, however, is that less than half (48%) of the firms that contact staff while they are off duty have formal agreements with employees that this will occur. If staff are regularly interrupted while holidaying, without it being made clear to them that this could occur, they are more likely to become unhappy with their managers, or the position itself, and leave.

IT has also changed the way business interacts with other businesses. For example, the use of videoconferencing via satellite links has allowed business representatives to overcome the 'tyranny of distance' and to deal with multiple contacts within several minutes of each other. This is particularly relevant for Australian businesses spread out over such a large geographical area and displaced a long way from international trading partners.

We asked members of the Chamber network state-wide to describe how staff conduct meetings with clients and/or suppliers. More than half (51%) of the respondents to this question said that staff now conduct their external meetings via a combination of videoconferencing, phone and in-person. Less than one third (30%) of businesses still conduct meetings only in-person.

3.2 Telecommuting

Employees are also taking advantage of modern technology to carry out their jobs away from the usual workplaces. This is not a recent development. Since the early 1990s there has been an increase in the incidence of people regularly using different combinations of communications links to work remotely from their cars, aeroplanes and in the family home. This practice is called telecommuting, or teleworking.

Telecommuting occurs worldwide. A recent study by Gartner, an international research and consultancy firm, estimates that more than 140 million people worldwide are involved in some form of telecommuting¹⁵. Similarly, IDC communications consultancy estimates that currently around 2.8 million Australians are mobile workers, and this should increase to around 3.4 million by 2008¹⁶.

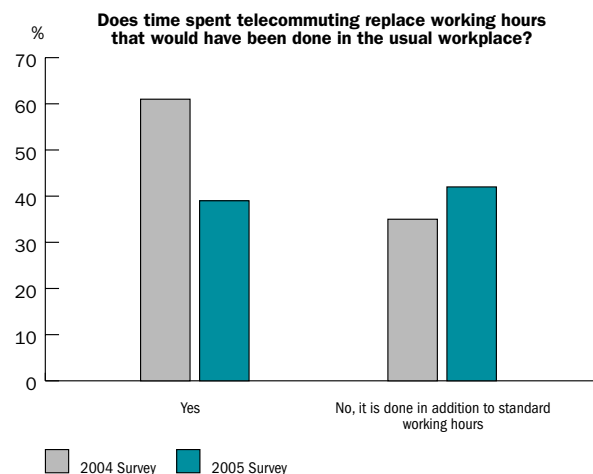
Turning to New South Wales businesses, our survey found that almost one quarter (23%) of respondents have employees that regularly work from home or on the road via remote links. A further quarter (24%) of businesses surveyed said staff did this occasionally. This represents a decline from 43% and 33% respectively in the 2004 survey. However, this fall is more likely a reflection of the expansion of the 2005 survey to cover businesses outside of the better-connected metropolitan area. For example, 16% of non-metropolitan businesses with staff that could potentially telecommute said this did not occur because of insufficient access to IT infrastructure.

A commonly noted benefit of telecommuting is that employees are able to minimise the amount of time they spend away from home. Not having to physically go to a central workplace eliminates the need for travel altogether, or working from a laptop on the way to the office means that an employee is able to complete the day's work earlier and won't have to spend as many hours on-site.

15 From 'Wireless sea change – Telecommunications: IT Business Survey Special Report', Ian Grayson in *The Australian*, 29 June 2004.

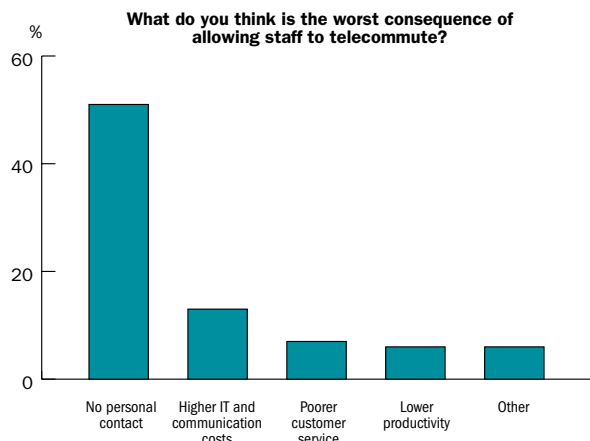
16 *Australia Telecommuting Services and Equipment 2004-2008 Forecast and Analysis*, IDC, 2004.

However, employees are also reporting that the ability to work remotely has a significant downside. Our survey found that a large number of people are instead simply being asked to work more. Over 40% of respondents in this year's survey said that work completed away from the office in this manner was in addition to standard hours. This was up from 35% in the 2004 survey.



Source: Industry Leaders – IT Surveys, 2004 & 2005.

We also asked firms about their perspective on telecommuting and to identify the main benefit of allowing staff to regularly work outside of the usual workplace. Higher productivity (32%) was the most common response, followed by better customer service (21%), better staff retention (15%) and lower office, travel & parking costs (7%). We also found that more than a quarter of survey respondents (27%) used telecommuting to re-introduce staff into the workforce while they recovered from injury, illness or were returning from parental leave.



Source: Industry Leaders – IT Survey, 2005.

When asked what business thought was the worst consequence of allowing staff to telecommute, a lack of interpersonal contact (51%) was clearly the most common response, followed by higher IT and communication costs (13%), poorer customer service (7%) and lower productivity (6%).

However there appears to be plenty of scope for an increasingly mobile workforce. Around a third of businesses (34%) said they had staff that could perform their duties away from the workplace but don't. Of these, 35% said this was because they found it too difficult to monitor staff, 14% had insufficient access to IT and 10% had simply not considered it. A small number of businesses also noted that employees preferred the 'team environment' of an office or central workplace.

3.4 Policy Recommendations

3.3.1 For Government...

Inadequate access to IT infrastructure remains a significant barrier for some New South Wales businesses to allow telecommuting, especially in regional areas. Rural communities are also likely to gain more from access to high quality IT infrastructure. If regional communities are able to provide the means for higher salaried people to do their jobs remotely, they are more likely to attract higher-income households into the district.

Another major benefit of encouraging more telecommuting is the likely reduction in peak-hour traffic flows on major transport infrastructure. For example, if every office worker in Sydney's CBD was able to telecommute one or two days a week this would reduce the pressure on Sydney's heavily congested transport networks.

Governments at all levels have a vested interest in enabling more people not to have to travel into centralised areas for work. More needs to be done to encourage this. Measures that could be taken include fully funding commitments to, and expanding, programs such as the National Broadband Strategy, introducing subsidies or tax concessions for telecommuting-related IT spending, or providing more information to business about the potential benefits and impacts of telecommuting.

3.3.2 For Business...

Over half of the firms that admitted to contacting employees while they were off duty have not reached a formal agreement with staff that this will occur. As a result these businesses could face the prospect of losing valuable but disgruntled staff. The remedy is relatively simple. Clearly outlined occupational expectations in employment contracts should make staff aware of their position's requirements and prevent a potential dispute.

3.3.3 For the IT Sector...

More than half of the businesses with staff that telecommute said that a lack of interpersonal contact was the worst feature of allowing employees to regularly work away from the usual workplace. This presents a challenge for the IT sector to consider when developing new products for business use. A cost-effective technology that overcomes this problem is likely to be a welcome addition to the array of IT available to the general business community.

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4. WORKPLACE ISSUES

4.1 OH&S Concerns

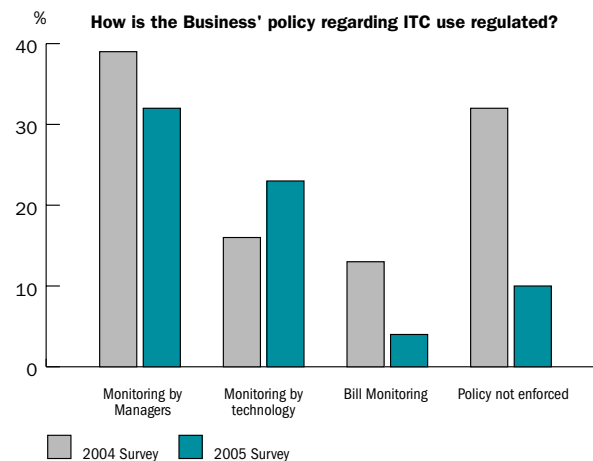
It is important to remember that employers have full occupational health and safety (OH&S) responsibilities when staff work from home, just as they do for employees who are stationed in the usual workplace. Our survey revealed two alarming findings with respect to OH&S compliance. Firstly, only half (51%) of the businesses with a telecommuting workforce actively enforced appropriate OH&S standards. This increases the chances of an accident and could lead to costly down-time periods for the employee and compensation claims. Secondly, just under two-thirds of respondents were aware that this is a statutory requirement. This suggests that around one third of businesses with staff working outside the usual workplace have not researched the legal implications of this arrangement.

4.2 Workplace Surveillance

The widespread use of IT in business means that technology is also open to potential abuse, such as viewing or distributing unsolicited or offensive material. On a positive note, a large majority (79%) of businesses reported that they had not had to deal with incidents of harassment, generally inappropriate behaviour etc. due to the misuse of company provided IT. However, almost one in seven companies has had to deal with workplace incidents related to the misuse of company supplied IT equipment.

A simple way of preventing such incidents is to have a clearly written company policy outlining the appropriate use of these technologies. More than half (53%) of the businesses we surveyed admitted that the firm did not have such a written policy. Again, this could mean that a company is exposed to an array of potentially costly legal problems.

For those businesses that have taken the time to construct a clear IT usage policy, the preferred method of enforcement remains via managerial staff. This selection attracted around one third of responses in both the 2004 and 2005 surveys. The use of technology, such as page blocks or firewalling, has increased in popularity over the past year. A positive trend in this area is that the proportion of firms that did not bother to enforce their policies fell from 26% in 2004 to only 10% in 2005.



Source: Industry Leaders – IT Surveys, 2004 & 2005.

In July 2004 the NSW Government introduced draft legislation, the *Workplace Surveillance Bill**, aimed at limiting businesses ability to monitor employee communications. The Bill's intention is to limit the ability of employers to monitor employee's activities on company owned equipment during company time. The Bill could expose business owners to litigation in the case of harassment, especially if business owners are not able to engage in some kind of monitoring of employees IT use. Not even one-fifth (19%) of respondents to this year's survey knew of the Bill, which suggests a large amount of firms are also unaware of its likely consequences – namely costly modifications to already expensive monitoring systems.

Part of the justification for introducing this Bill was to prevent the perceived invasion of employees' privacy. More specifically, the bill was introduced based on an unfounded belief that businesses are installing cameras to monitor employees' IT use. We found, however, that not one business in both 2004 and 2005 surveys used cameras to monitor employee use of IT. This raises questions over the relevance of this particular Bill.

As an ongoing indicator of the business community's perception of legislators, we also asked if companies thought governments had sufficient knowledge to write workable IT-related law. Roughly the same percentage of business said 'yes' in both the 2004 (17%) and 2005 (16%) surveys – indicating a significant lack of confidence.

4.3 Policy Recommendations

4.3.1 For Government...

The New South Wales Government's proposed Workplace Surveillance Bill is aimed at restricting the right of employers to monitor employees use of company provided IT. The Bill is likely to result in costly changes to already expensive monitoring systems and leaves business exposed to prosecution in the case of harassment. It is also based on the premise that business is installing cameras in the workplace to monitor the use of IT. In contrast, our survey found that not even one business in either the 2004 or 2005 surveys was using cameras as a means to monitor staff IT use. The draft Bill should be abandoned so that employers can continue to protect both themselves and their employees from the inappropriate actions of 'rogue' employees.

Just over half of the respondents to our 2005 survey who allow telecommuting actively enforce appropriate OH&S standards. This leaves a large number of companies exposing themselves to the risk of unnecessary accidents and potentially costly compensation claims. The safety of the workforce is a joint responsibility of business and governments alike. Governments should take a role in overcoming this issue by promoting business awareness of its OH&S responsibilities and of safer products in general.

*At the time of publication the *Workplace Surveillance Bill* had been reintroduced into the NSW Parliament.

4.3.2 For Business...

Business is legally required to enforce appropriate OH&S standards for its employees both inside and outside the usual workplace while work is being done. Proper research and planning is required if a business is considering changing its workplace arrangements.

4.3.3 For the IT Sector...

The IT sector should work closely with business and government to develop and promote products that help improve OH&S in the workplace.

5. INFRASTRUCTURE

5.1 Access costs

We have already mentioned that the high cost of new technology is the most likely factor to deter business from adopting new technologies (see section 1.3) and this principle applies to access costs as well. Anecdotal evidence suggests that the cost of broadband access has generally fallen over recent years and the introduction of product bundling, such as combined telephone and internet access, has allowed business to enjoy further cost savings. However, Pacific Internet's latest 'Broadband Barometer' revealed that around one in five SME's are choosing residential broadband packages because they are cheaper than business-oriented products¹⁷.

5.2 Service Availability

Sydney businesses enjoy a high standard of service availability, but for firms situated outside of the metropolitan area this continues to be a major issue¹⁸. When asked about any general comments on IT and their business, roughly 10% of survey respondents from outside of the Sydney metropolitan area mentioned broadband access as a key issue for their company.

Access to IT infrastructure also remains a significant inhibitor to allowing a more flexible workforce. It was noted earlier that 16% of non-metropolitan businesses with staff that could potentially telecommute said that insufficient access to IT was the main reason there is no working from home, despite having staff that could (see section 3.2).

On a positive note, there is a collaborative policy between local, state and federal government in place aimed at providing more IT access for rural areas¹⁹. For example, the National Broadband Strategy Implementation Group (NBSIG) Action Plan uses some of its \$143 million in federal funding for a 'Broadband Demand Aggregation Brokers Program'. The first tier of this program allocated \$2.9 million to regional communities, including three projects in the Orana region surrounding Dubbo, around Gloucester in the Hunter Valley region and along the Murray River in the Albury-Wodonga region. The purpose of this program is to provide more access options for the local community while facilitating the supply of

'cost effective (broadband) infrastructure and services' over a period of 12-18 months.

5.3 Policy Recommendations

5.3.1 For Government...

According to the OECD, 'public policy focusing on a mix of connectivity, content and education and distribution issues will help to maximise the benefits of IT'²⁰. The State Chamber therefore supports initiatives aimed at improving IT access in rural areas. Better access to IT should allow rural businesses to enjoy some of the benefits that metropolitan firms already enjoy, resulting in a more competitive commercial climate. As a result, governments are encouraged to continue to expand access to modern IT infrastructure across regional New South Wales.

5.3.2 For Business...

Businesses with a long-term plan for IT infrastructure that is flexible enough to accommodate changes in technology are less likely to experience prolonged and costly problems with IT. This means making provisions for expansions in the network's physical requirements, or thinking about the volume of data the firm expects to store and manage in the future. For example, IDC Asia Pacific suggests that 'unless organisations plan now and start to implement a consistent and robust IT architecture they are likely to be overwhelmed by complexity and cost'²¹.

5.3.3 For the IT Sector...

Falling access costs and product bundling has meant that business has experienced lower connection costs than only a few years ago. However, the findings of our 2004 IT survey and Pacific Internet's 'Broadband Barometer' suggest that price remains a significant deterrent for some businesses from adopting IT targeted specifically for them.

6. FUTURE DIRECTIONS

This piece of research further expands on the key issues to emerge from last year's report and highlights some of the trends that will play a crucial role in the future direction of the IT industry in this state.

We expect it will stimulate considerable debate particularly about issues such as telecommuting and IT infrastructure and their impact on everyday business practices.

The State Chamber, in partnership with Unisys, will be fostering this process by hosting an Industry Leaders Forum in May this year. The forum will bring together important stakeholders, including Government, key business leaders and members of the IT industry to discuss some of the issues raised in this report.

We are also interested in your reaction to the proposals put forward in this paper and welcome your feedback via email to policy@thechamber.com.au

17 This survey was released in July 2004. The calculation is made by multiplying the percentage of businesses who use a residential product (39%) by those that chose to use it because of cost (53%).

18 Pacific Internet's study found that broadband penetration was significantly higher in metropolitan SME's (62%) than in non-metropolitan regions (24%), and lack of availability was the most common reason (46%) for non-metropolitan businesses not adopting broadband.

19 Australia's National Broadband Strategy, 2004.

20 Information Technology Outlook, OECD, 2004.

21 Australian Organisations Must Prepare Their IT Infrastructure for the Future, IDC, September 27th 2004.

Getting a grip on I.T.

Case Study One

Telecommunicating success in the outback

Telecommuting wasn't an option for Australian Outback Medical Services – the survival of this unique business depended on it.

Frustrated by the high turnover or unavailability of trained medical staff in outback Bourke, two local doctors, Ross Lamplugh and Hamish Meldrum, hit on the idea of organising quality locums for remote areas.

That idea expanded into providing Visiting Medical Officer recruitment and management to hospitals and other organisations in rural and remote locations throughout Australia. That, in turn, grew into another business of practice management, providing administration facilities and support for general practitioners and allied health professionals.

Today, Australian Outback Medical Services – and its two offshoots, Australian Outback Locums and Australian Practice Management – has quadrupled its business in just three years.

And while the Corporate headquarters has, technically, been moved from Bourke to Tasmania, in reality the business is run via telecommuting by a five-person management team. Two are based on the NSW Central Coast, one director is in New Zealand, another in Tasmania and the corporate accountant is in Hobart.

Peter Bayley, AMOS General Manager of Corporate Services, says the secret to successful telecommuting is regular communication and personalised service.

"The Management team communicates by regular teleconferencing (three times a week) plus a formal teleconference fortnightly. We also use website, e-mail and telephone all the time.

We really didn't have a choice when the business grew – when we decided how we wanted to do it, we just had to make it work. Telecommuting was the answer, but business needs to be aware of critical rules.

"Proper communication and face-to-face meetings are they keys. For example, we make our e-mails very formal, rather than conversational. That way there's no room for misinterpretation. We find casual communications can lead to problems and a misunderstood e-mail breeds like a rabbit. We keep it formal and simple.

"All senior staff telecommute. Nothing sophisticated – just laptops, broadband and MS Office. We are all about communicating.

"You also have to spend time in the field as well. Because communication is so critical to the outcomes, we need to get to know our stakeholders, like councils, community groups and the health professionals.

"The management team gets together at least once every three months and we regularly visit those areas in which we provide services," Mr Bayley added.

Case Study Two

More time with the kids by telecommuting

Working on the cutting edge of technology, staff at Unisys enjoy both formal and informal telecommuting arrangements with their employer.

Typical of these is Jane Sherlock, the company's Human Resources Director of Global Outsourcing and Infrastructure Services for Asia Pacific and HR Director of Australia-New Zealand – and the mother of two young children.

She spends about 65 percent of her time in face-to-face meetings that require her attendance at the corporate offices, but she usually manages to work from home at least one day a week.

"I am usually able to organise my meetings on a "back to back" basis on three to four days of the working week," Jane says.

"The remainder of my week is probably a roughly even split between phone calls (mostly with other senior executives and especially the CEO) and emails (a large amount of these from/to our Head office in the US or travelling executives, who frequently want an answer to some issue).

"This means that I usually clear my emails late at night as well as during the day. However, I am usually able to work

from home on Fridays and I can sometimes get away for particular activities with my children at other times.

"It is rare that I have to go into the office on weekends, but on average I would spend three to five hours on emails or calls on Saturdays and Sundays."

"The key issues are communication and getting the work done," Jane says.

"I have personally been given more responsibilities and I am leading the integration of two major business units. This would not have happened if I were not achieving my key deliverables."

Jane adds that apart from giving her extra time with her children, working from home saves travel time which gives her an opportunity to work through her own personal workload without interruptions.

"I achieve more at home than in the office, particularly if I do not have lot of phone meetings," she said.



About the State Chamber of Commerce

The State Chamber of Commerce (NSW) was established in 1825 and represents over 300 Chambers throughout NSW and over 70,000 members. It is the primary State-based business association in Australia.

The aim of the State Chamber is to promote the economic wellbeing of Sydney and NSW by growing, sustaining and representing the interests of our members and the wider business community.

For more information on the State Chamber of Commerce (NSW) go to www.thechamber.com.au or call 1300 137 153.



About Unisys

Unisys Asia Pacific helps clients eliminate business and IT complexity by providing specialised services delivered by trusted consultants. Drawing on a history of industry innovation and expertise, Unisys Asia Pacific delivers services and solutions through subsidiaries in Australia, New Zealand, China, Hong Kong, Korea, Malaysia, The Philippines, Singapore, Taiwan and Thailand and through distributors or resellers in other countries in the region.

Unisys helps business run better by:

- Consulting on future potential and risk
- Outsourcing operations, processes, IT
- Managing IT networks and support services
- Integrating the best IT solutions
- Providing cost-effective server options

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