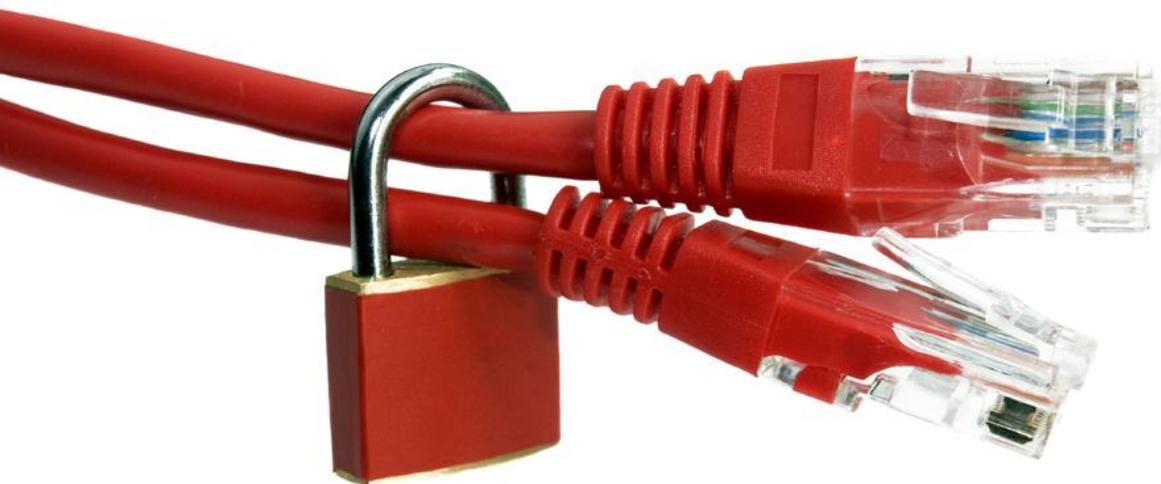


# NBN Business Readiness Survey in 2013

Macquarie Telecom



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# Executive Summary

This report provides a snapshot of business expectations of changes that will likely come with the National Broadband Network, and business readiness to maximise opportunities from these changes.

At a time of major digital disruption across the Australian economy, it is vital that businesses understand the opportunities from NBN for new geographical markets, new customers, improved customer engagement, and changes in how work is performed.

This report is based on a survey conducted by Macquarie Telecom and business interviews and is an update of a report Macquarie Telecom commissioned Access Economics to prepare in 2010. Key findings are:

- **The NBN is expected to boost telework more than previously thought** – 49% of respondents expect the NBN to change where they are able to perform work, which is much higher than the 20% of respondents in 2010 who thought that the NBN would change their employment model. Nevertheless, we note there is a gap between expectations of change and business readiness for remote working.
- **Businesses expect massive change from the NBN** – 50% of businesses expect the NBN to “change the way they do business” and a similar proportion of businesses expect the NBN to increase their ability to operate in new geographic markets (51%) or target new customers (48%). In some areas, business expectations of the NBN have decreased, although still remain relatively high. This is the case for business expectations regarding the NBN’s impact on how they communicate with suppliers and customers (57% to 51%). Some decreases are not unexpected and could reflect the continuing advance of digital innovation.
- **A gap exists between business expectations of change and readiness levels** – While 49% of businesses expect a change in where they will be able to perform work, only 29% of businesses are ready for this change. Similarly, 51% of businesses expect a change in the way they communicate with clients, suppliers, customers and partners, but only 24% of businesses are ready for this change. There are some examples where a relatively high number of businesses are ready for expected changes from the NBN, such as changes in the way they do business (an average of 49%) and for accessing more or different customers (an average of 44%). Overall, however, readiness levels are quite low.

The findings here reinforce the message from Deloitte’s 2012 white paper, *Digital Disruption: Short Fuse, Big Bang?* which found that around two-thirds of the Australian economy faces significant change in the next five years from a range of ICT developments including the NBN, proliferation of smartphones and tablets, the growth of social media and the emergence of cloud computing technologies.

With so many businesses and industries facing changes to markets and business models, it is critical that they develop strategies that prepare them for the emerging digital economy.

The case studies and quotations included in this report illustrate the different ways in which individual companies will benefit from the increased speed, reach and reliability offered by the NBN, with two Australian companies representing retail and business services. These benefits include cost savings through reduced telecommunications costs, increased market

size, an increase in potential workforce and improved communication with and outcomes for consumers.

*“The NBN will allow Webjet to provide a broader range of content than just the static content provided today, as the consumer will have a higher ability/propensity to consume. This will enhance an already market leading offering that the Webjet site delivers.”*

- *Shelley Beasley, COO, Webjet*

*“The NBN will transform the way we communicate and inspire our audience...We will be able to manage customers’ expectations better and deliver much more exciting content much more quickly.”*

- *Paul Bogner, CIO, Beaumont Tiles*

#### **Deloitte Access Economics**

# 1 Background

Macquarie Telecom engaged Deloitte Access Economics to update a previous study that undertook a qualitative assessment of business expectations for the NBN, drawing on recent international research studies and experience, Macquarie Telecom survey data and case studies of businesses likely to alter their business models under an NBN. The online survey was conducted for Macquarie Telecom in August 2010 by CNET and in 2012-13 by Macquarie Telecom.

The Australian Government has allocated up to \$37 billion towards construction of a nation-wide Fibre to the Premises (FTTP) network, with speeds of up to 1 gigabyte per second (Gb/s) to 93% of Australian homes and businesses, and 25 Mbps to the remaining 7% via fixed-wireless and satellite technologies.

Potential applications of the National Broadband Network (NBN) for government, households and businesses are still in their infancy but can be expected to develop rapidly. Indeed, the capacity, speed, reach and reliability of the NBN together have immense potential to affect how businesses operate and the products they offer. This includes both advances in current applications and processes as well as a raft of new ones, such as web hosting, teleworking and decentralisation of operations, online health and education services, business-to-business systems, smart systems, virtual and augmented reality application, transmission of data-intense content and all aspects of communications.

While some of these developments require a communications network with the increased capacity that the NBN will provide, previous experience in ICT development (notably broadband) indicates that the NBN will act as a catalyst for an even wider range of new technologies.

In the case of the NBN, this challenge in understanding trends is heightened by the lack of past experience. No precisely equivalent network has been developed anywhere in the world, and the nature of potential applications and ways of doing business at speeds of up to 1 Gb/s are yet to be fully uncovered. As a result, it is difficult to estimate the potential benefits of the NBN, as an extensive body of literature does not exist on the estimated quantitative impacts of improved productivity and other factors flowing from the roll-out of the NBN. This reinforces the importance of qualitatively assessing business confidence and expectations of the NBN.

This report is structured as follows:

- **Section 2** reports the results of the Macquarie Telecom survey of over 160 businesses, as well as comparing them to the results of the previous survey in 2010, and provides further insight through three case studies;
- **Section 3** looks at the broader digital landscape to provide some context to the NBN. It discusses the role of digital disruption in the Australian economy, based on a 2012 report by Deloitte; and
- **Section 4** provides a summary and conclusions.

## 2 Australian business expectations

This section presents the results of the Macquarie Telecom Survey conducted in 2012-13, as well as highlighting some comparisons with the previous 2010 survey, and three case studies. Together, they show that expectations for the NBN among many Australian businesses are high, and that readiness levels vary.

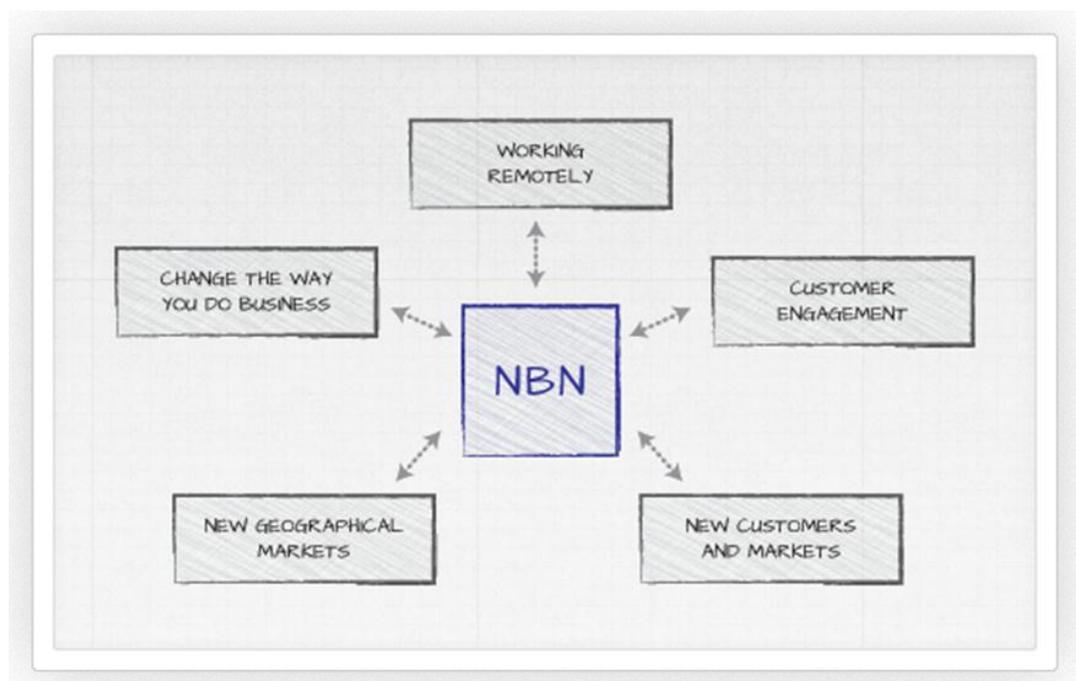
### 2.1 Macquarie Telecom survey

In 2010, Macquarie Telecom commissioned a survey by CNET Australia to elicit information about the potential ways in which the NBN would affect business.

In 2012-13, Macquarie Telecom conducted a follow-up survey, which again sought to elicit information about the potential ways in which the NBN would affect business. This second survey drew 167 responses, 25% of which were completed by senior business leaders, including CEOs, CFOs, CIOs and other senior executives involved in developing business strategy.

The survey considered five key areas potentially affected by the NBN, as illustrated in Figure 2.1 below, and surveyed businesses' expectations and readiness for these potential changes. The results of this survey, along with some comparison with the results of the 2010 survey, are discussed below.

**Figure 2.1: Australian business expectations of the NBN**



Source: Macquarie Telecom

## Expectations of the NBN

Key survey findings include:

- **The NBN is expected to boost telework more than previously thought** – 49% of respondents expect the NBN to change where they are able to perform work, which is much higher than the 20% of respondents in 2010 who thought that the NBN would change their employment model. Nevertheless, we note there is a gap between expectations of change and business readiness for remote working.
- **Businesses expect massive change from the NBN** – 50% of businesses expect the NBN to “change the way they do business” and a similar proportion of businesses expect the NBN to increase their ability to operate in new geographic markets (51%) or target new customers (48%). In some areas, business expectations of the NBN have decreased, although still remain relatively high. This is the case for business expectations regarding the NBN’s impact on how they communicate with suppliers and customers (57% to 51%). Some decreases are not unexpected and could reflect the continuing advance of a range of digital innovations, including those not specifically related to the NBN.
- **A gap exists between business expectations of change and readiness levels** – While 49% of businesses expect a change in where they will be able to perform work, only 29% of businesses are ready for this change. Similarly, 51% of businesses expect a change in the way they communicate with clients, suppliers, customers and partners, but only 24% of businesses are ready for this change. There are some examples where a relatively high number of businesses are ready for expected changes from the NBN, such as changes in the way they do business (an average of 49%) and for accessing more or different customers (an average of 44%). Overall, however, readiness levels are quite low.

### 2.1.1 Working remotely

*Almost half of business leaders (49%) surveyed expect the NBN to change where work will be performed, and another quarter say it might (25%), suggesting an acceleration in telework in Australia, an area where we have traditionally lagged.*

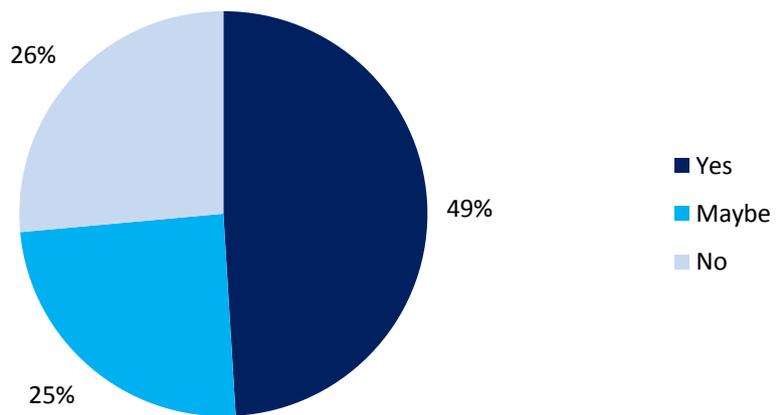
An important impact of the NBN is that it makes it easier for employees to work away from their desks, potentially at home or another location. As shown in Chart 2.1, business leaders expect this change. Almost half (49%) say the NBN is definitely or likely to change where work is able to be performed. A further 25% say maybe, while the final quarter (26%) say that it is unlikely to, definitely will not, or were unsure.

*“The NBN will allow recruiters to be able to work from anywhere; closer to clients and able to engage candidates through multiple channels. Video conferencing for candidate interviews and staff meetings as well as an ‘any device, anywhere’ platform for staff. Software as a service (SaaS) will allow strategic decisions on new applications and processes to be delivered, quickly and with less overhead”.*

*- James Carter, CIO, Rubicor Group Limited*

Telework is an important part of the change in where people work. While there is no single robust estimate of existing telework arrangements in Australia, ABS Time Use Survey data from 2006 suggest only 6% of employees had a telework arrangement, with the Australian Government's National Digital Economy Strategy aiming to enable an increase in the rate of telework to at least 12% of the workforce by 2020.

**Chart 2.1: Expectation that NBN will change where people work, 2012-13**

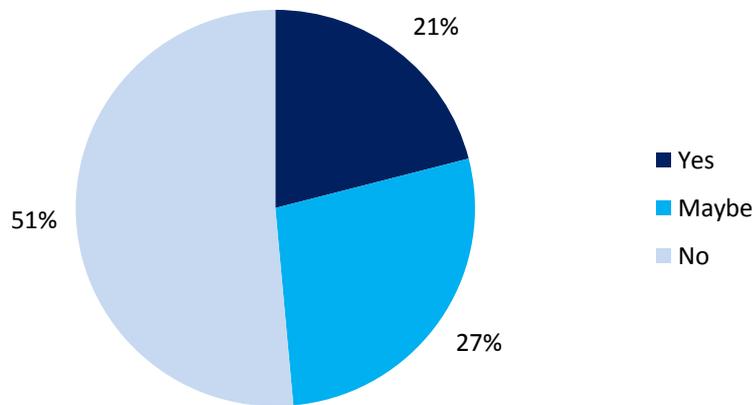


Source: Macquarie Telecom 2012-13 survey

*In 2010, only 20% of business leaders thought the NBN would change their employment model (Chart 2.2).*

As outlined in Chart 2.2, a majority of business leaders did not believe the NBN would change their employment model in 2010. The increase in expectations of change may indicate business leaders are being more open to workplace change emanating from the NBN, including telework. This is significant because previous research suggests management acceptance is very important for telework, as outlined in Deloitte Access Economics' 2012 report, *Creating jobs Through NBN-enabled Telework*.

**Chart 2.2: Expectation that NBN will change employment model, 2010**



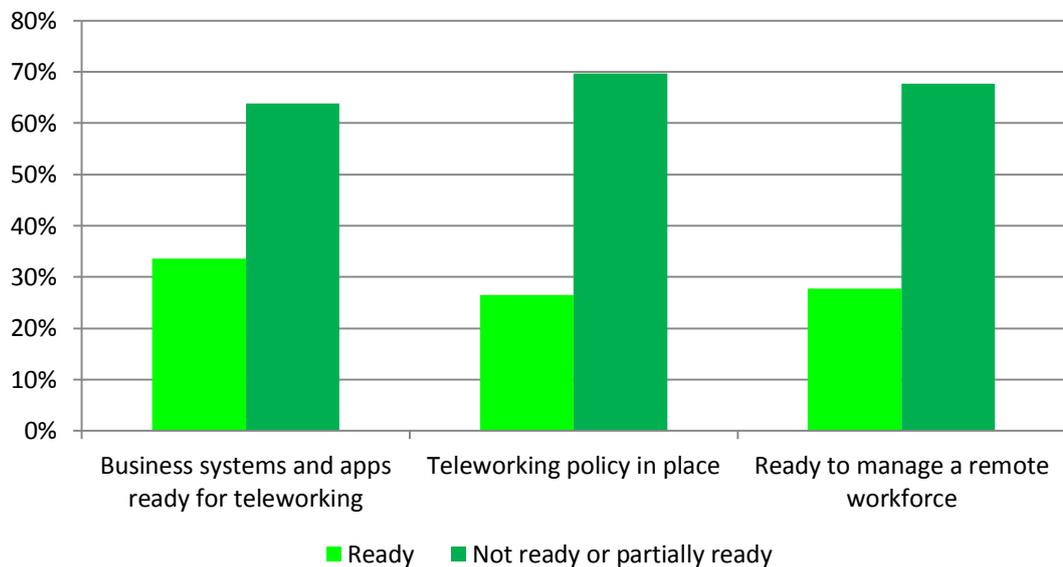
Source: Macquarie Telecom 2010 survey

In the 2010 survey, respondents noted that potential changes in employment models might include enabling staff to be distributed across a range of locations, providing business with access to more skilled staff irrespective of location, and encouraging a greater investment in a mobile workforce. While this question is not identical to the one asked in the 2012-13 survey, and so the results are not directly comparable, this increase in response is worth noting given it addresses the similar issue of changing employment models based on where businesses are able to perform work.

However, business readiness levels do not match the expectations of change. Only 34% of businesses felt that their business systems and applications were ready for teleworking; 26% currently have a teleworking policy; and 26% feel their people managers are ready to manage a remote workforce (Chart 2.3). The fact that 70% of businesses are not ready for remote working with a teleworking policy, and 68% are not ready to manage a remote workforce highlights gaps in readiness that exist.

*Most businesses are not ready for working remotely. Businesses appear to be more prepared for the potential changes to their systems and apps, but less so for the associated people, process, policy aspects that will need to be implemented.*

**Chart 2.3: Readiness for working remotely**



Source: Macquarie Telecom 2012-13 survey

### 2.1.2 Changing the way businesses operate

*50% of businesses expect that the NBN will definitely or likely change the way they do business – a very significant result. Businesses may have begun to experience and implement some changes related to the NBN, and this could explain the slight moderation of expectations of change since 2010.*

Businesses expect the NBN to have a large impact on their operations, with 50% of businesses expecting that the NBN will definitely or likely change the way they do business (Chart 2.4). However, business expectations of the NBN's change on the way they do business have decreased since 2010, down from 55%. This decrease in expectations could reflect a number of factors, as identified below.

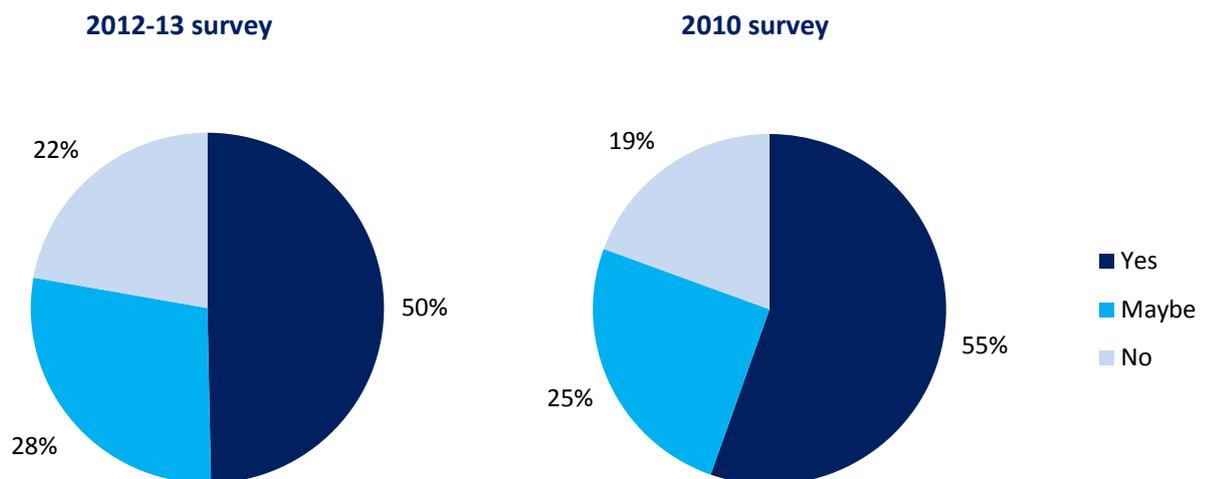
Business expectations for the NBN may have simply decreased over time. Another potential factor is changes that have occurred in the evolution of the digital economy since the 2010 survey. For example, a number of trends include:

- commencement of the initial rollout of the NBN in some parts of Australia;
- gradual improvement in wired broadband capabilities, such as the upgrade from ADSL to ADSL 2+; and
- proliferation of the use of devices across businesses and the community, including tablets, mobiles and other devices.

As a result of these trends, businesses may already be implementing changes to their business operations, products and services that are expected to result from the NBN, and be further progressed with this transformation than in 2010. This is also highlighted by the fact that, on average, business leaders report themselves as ready for the potential change to the way they do business.

While businesses may have been anticipating a significant step-change from the NBN in 2010, they may now be beginning to benefit from these changes, and so may see the NBN as part of an overall emerging digital economy. What this also highlights is that business is preparing for a multi-faceted digital economy future. The NBN is a critical part of this transformation and will extend some of the applications, services and business changes that drive business experience.

**Chart 2.4: Expectation that NBN will change the way business is done**



Source: Macquarie Telecom 2010 and 2012-13 surveys

The result here is similar to the findings of a 2012 report from Deloitte, *Digital Disruption: Short Fuse, Big Bang?*, which found that two-thirds of Australian industries face a ‘big bang’ scenario of significant changes to their revenue sources over the next five years. This trend will mean big changes across all aspects of the Australian economy. Beyond impacts on traditional goods businesses, such as manufactured products, or services that are intrinsically digital, there is also likely to be increased online delivery in a range of other areas. Some areas for expansion include real estate services, professional services, and others.

An example of a potential impact within a goods business is highlighted below, with the NBN enabling new ways of doing business for a group that manufactures wood panelling.

*“The NBN will offer greater speeds to country areas and allow us to open up our products and business to new customers using new ways of doing business. We can remove our reliance on hardware and under-utilised IT staff and host our applications in the cloud for a seamless service at a very competitive price with access anywhere.”*

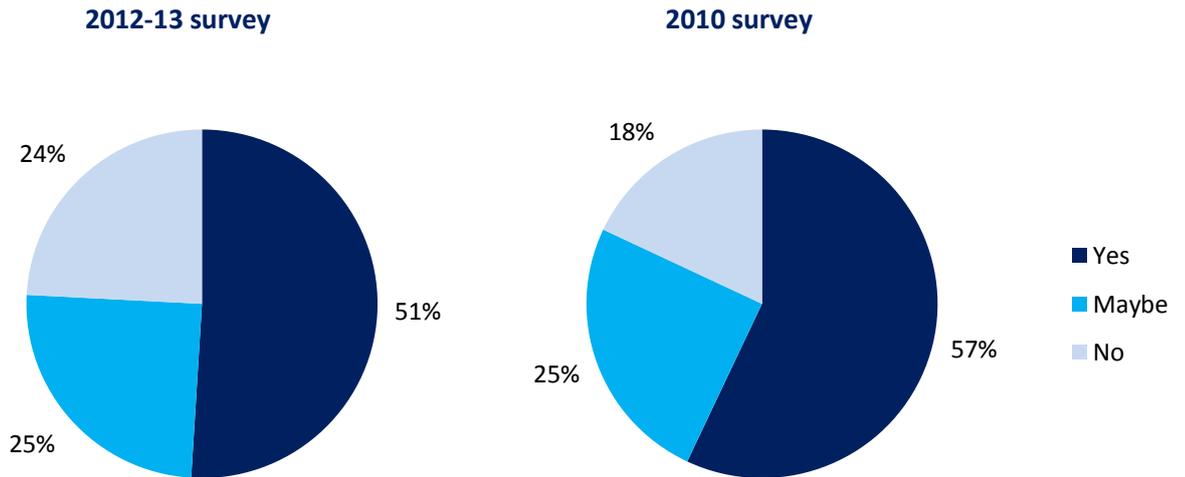
- Peter Riethmuller, CFO, Australian Wood Panels Group Pty Ltd

### 2.1.3 Customer and client engagement

The impact of this potential initial implementation of digital economy trends by some businesses may also be a factor in the lowering of business expectation that the NBN will change the way they communicate with suppliers and customers.

*Over half of businesses (51%) expect a change in customer and client engagement (Chart 2.5). This is down from 2010 (57%) and may be the result of businesses beginning to implement changes as part of their digital transformation.*

**Chart 2.5: Expectation that NBN will change how customers & clients are engaged**



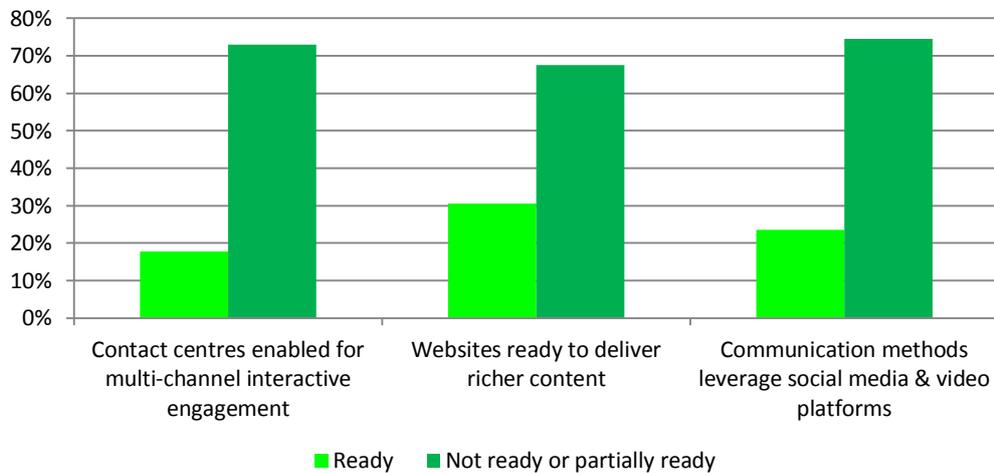
Source: Macquarie Telecom 2010 and 2012-13 surveys

The fact that more than half of businesses expect changes to their communication with suppliers and customers as a result of the NBN illustrates the large impact still expected. Potential impacts on customer and client engagement are expected in areas such as the ability to engage with more remote customers and improve the quality of service and level of access that customers can receive, in addition to enabling more efficient service delivery.

*Readiness levels for communications changes are surprisingly low given the expectations of change, including for multi-channel interaction, rich content websites and social media and video communications.*

On average, businesses have the lowest levels of readiness for potential changes to their engagement with suppliers and customers, with 68% of businesses feeling that their websites are not ready or only partially ready to deliver more interactive or richer content and 74% noting their communication methods do not or only partially leverage social media and video platforms (Chart 2.6).

**Chart 2.6: Readiness to change communication with customers, clients, suppliers & partners**



Source: Macquarie Telecom 2012-13 surveys

#### 2.1.4 New geographic markets

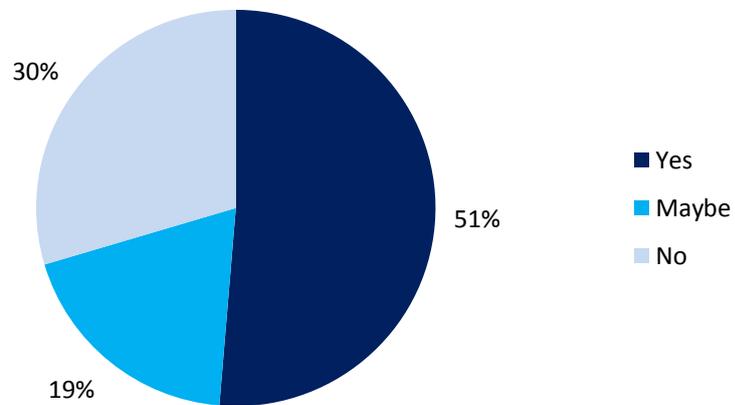
*51% of businesses expect the NBN will definitely or likely change where they are able to conduct business.*

The readiness level of businesses for the expected changes enabled by the NBN varies quite extensively. The areas of potential impact from the NBN that businesses appear to be most prepared for are those that have a geographic impact. This was illustrated above, with businesses’ highest average readiness relating to where they can perform work.

This is followed by another geography-based impact – a change in where businesses are able to conduct business. This impact will occur as the increased geographic coverage of the NBN provides greater speed and access to remote areas, facilitating access to new geographic markets.

This trend could mean that different impacts occur across businesses in different locations. For example, some regionally-based businesses may experience increased opportunities to access more customers in new geographic areas. However, to take advantage of this opportunity they will need more than technology changes; they will also need to develop business strategies that extend the customer base beyond existing operations. This need for strategic as well as technological change is emphasised by the fact that, when asked if the NBN changes where their customers are located, 76% of business leaders answered no, partially or not sure (Chart 2.8).

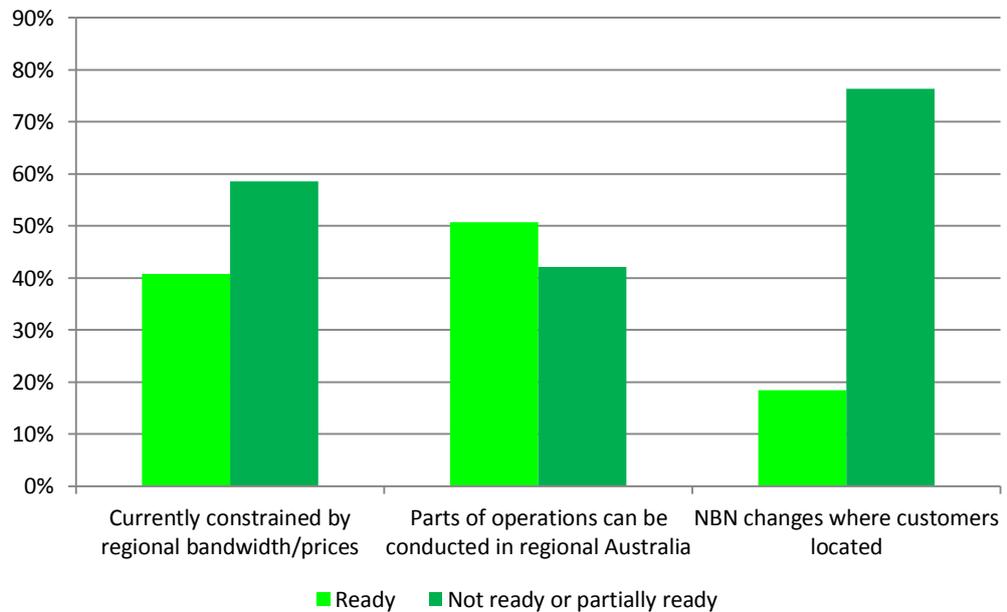
**Chart 2.7: Expectation that NBN will change where business can be conducted**



Source: Macquarie Telecom 2012-13 survey

However, businesses may be more ready for some other changes in where they do business, with 51% of businesses noting that parts of their operations could be conducted in regional Australia and 41% noting that they currently feel constrained by regional bandwidth and/or prices (Chart 2.8), suggesting that the NBN might affect where business is conducted, at least regionally.

**Chart 2.8: Readiness or potential impact of NBN on new geographic markets**



Source: Macquarie Telecom 2012-13 survey

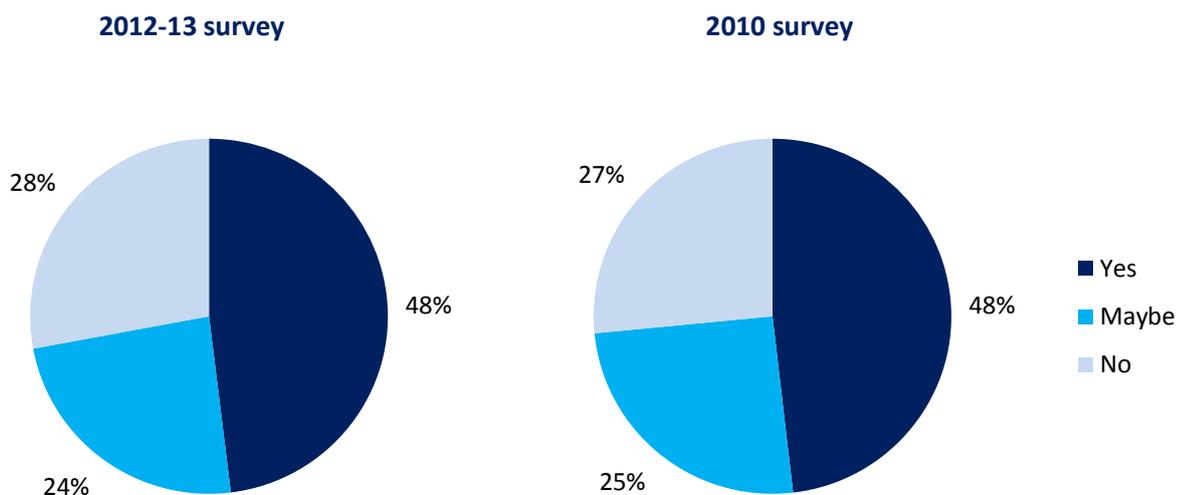
## 2.1.5 New customers and markets

*In both the 2010 and 2013 surveys, 48% of businesses expect that the NBN will enable them to conduct business with more or different customers (Chart 2.9). In addition, 24% of businesses expect that the NBN may enable them to do so.*

Businesses appear more ready to implement new strategies regarding new customers and markets, as compared with their readiness for some other potential impacts of the NBN. This may reflect the fact that businesses have a clearer vision of the potential innovative products, service offerings and new client and market strategies that could be implemented under the NBN as they begin to witness the impacts on their business.

The NBN will change the way current technologies operate in terms of speed, data capacity and reach and will also catalyse the development of new technologies. As the possibilities develop over time, businesses can be expected to better understand the ways in which they might benefit from the NBN using new applications and services.

**Chart 2.9: Expectation that NBN will enable business to access more/different customers**



Source: Macquarie Telecom 2010 and 2012-13 survey

### Summary of survey findings

In summary, the survey responses indicate that businesses still expect big changes from the NBN and, in some cases, are beginning to implement or prepare for these changes. Key impacts are expected on the ability of businesses to perform work in different locations, offer flexible working arrangements, change where they conduct business, or utilise new and more diverse ways of communicating with consumers and suppliers.

The survey also suggests that a gap exists between expectations and readiness levels for the NBN. There are some examples where businesses have relatively high levels of readiness, such as in the way they do businesses and for accessing more or different customers. However, overall readiness levels are quite low, particularly for the expected

increase in teleworking and for changes in communicating with customers and suppliers. This is likely to change over time as new applications and the NBN are rolled out.

## 2.2 Case studies

Macquarie Telecom compiled case studies of three Australian companies representing retail, business services and tourism, each of which expected to obtain benefits from the NBN albeit in quite different ways. While the survey results provide an assessment of the broad attitudes of businesses to the NBN, the case studies provide insight into the specific ways in which companies will vary their business models under the NBN.

### 2.2.1 Beaumont Tiles

*“The NBN will transform the way we communicate and inspire our audience...We will be able to manage customers’ expectations better and deliver much more exciting content much more quickly.”*

- Paul Bogner, CIO, Beaumont Tiles

Beaumont Tiles is the trading name for ceramic tile retailer RJ Beaumont and Co Pty Ltd, which distributes ceramic tiles and bathroom ware throughout Australia, with a network of 86 outlets. The group was established in 1960 and the family-owned business has grown to become Australia’s largest tile group, with a turnover of almost AU\$150 million in 2011.

Beaumont Tiles services retail, trade, home builders, and commercial specifiers. The business expects the NBN to help drive engagement with these customers and clients, through the opportunity to use in-store visualization technology.

As the digital economy evolves, breaking down some of the traditional physical barriers of other competitors and increasing consumer demand for online stores, retail businesses need to create ‘consumer experiences’ that provide other attractions to supplement the physical shopping experience, including entertainment-focused or ‘augmented reality’ retail environments. When customers walk into a retail store, their shopping experience determines whether they will make a purchase in-store or use the store as a showroom. Retail stores today need smart applications to give the customer a new in-store experience.

For retailers, 3D technology is a dynamic and cost-effective way to test new designs, understand shopper behaviour and introduce new products or promotions. Beaumont Tiles believes that NBN fast broadband is essential to bring in-store 3D visualisation to the consumer in the outlet. Through the introduction of this technology, facilitated by the NBN, the consumer will be able to interface with a high-definition 3D touchscreen to view the bathroom products from the catalogue in their own room configuration to inspire and assist in the decision-making process. This ability to improve its connections with customers will potentially enable Beaumont Tiles to attract more customers and encourage a greater number of them to purchase in-store.

### 2.2.2 Unity4

*“In the future we’ll be able to use voice over IP, or internet telephony. Even though technically we as a company can do it now, the internet infrastructure of the country*

*doesn't allow us to do it at a high enough quality for our clients. So the NBN really gives us the ability to start using a more flexible telephony solution, it'll bring down the cost, it'll be a lot more reliable, and it will start to allow us to do things that we probably can't even imagine doing now."*

- Dan Turner, CEO, Unity4

Unity4 provides advanced contact centre capability to customers located both at home or in an office. Its technology uses cloud computing solutions and seeks to provide world-class contact centre technology to customers without large capital or operating expenditure, along with high quality interaction management from call takers.

Unity4 is a large privately held organisation with operating companies in Australia and the United Kingdom. The business has 350 employees and is functionally split into two divisions, Contact Centre Outsourcing and Contact Centre Technology. It operates a business model based on a workforce that exclusively works from home and is distributed across the country.

Unity4 expects that the NBN will provide it with access to consistent internet connections across their home-based and distributed workforce nationally. This will enable Unity4 workers to use video, Voice Over Internet Protocol (VoIP) and screen capture technologies to enhance the call centre services they provide, enabling an enhanced service provision to customers, as well as increased access to a new market of potential customers in remote areas that were previously unable to access services given limited internet speeds.

The ability to use this technology consistently across the country will also reduce the company's core telecommunications costs and increase its potential workforce.

### 2.2.3 Webjet

*"The NBN will allow Webjet to provide a broader range of content than just the static content provided today, as the consumer will have a higher ability/propensity to consume. This will enhance an already market leading offering that the Webjet site delivers."*

- Shelley Beasley, COO, Webjet

Webjet is Australasia's largest online travel agency. Through online travel tools and technologies, Webjet enables customers to search and book domestic and international travel flight deals, travel insurance, car hire and hotel accommodation worldwide.

Webjet sites are designed to be simple to navigate, engaging and informative, giving customers confidence when managing their own travel arrangements. Webjet also offers a 24/7 customer support service to cater to customers' needs.

Webjet believes that NBN fast broadband will transform online travel, allowing Webjet to expand the online experience that it currently offers to connect consumers to the latest videos, travel reviews and experts, attracting to its site a more diverse audience than it captures today with static content.

## **Summary of case studies**

These case studies illustrate the different ways in which individual companies will benefit from the increased speed, reach and reliability provided by the NBN. This includes cost savings through reduced telecommunications costs, increased market size, an increased potential workforce and improved customer interactions and outcomes.

## 3 NBN and digital disruption

The National Broadband Network is a critical driver of 'digital disruption' whereby new technologies and innovations are changing business models and the Australian economy.

Businesses need to develop and improve their strategies to maximise the potential of the NBN and digital innovations or they risk being disrupted by digital innovation. This was the key message of Deloitte's 2012 report, 'Digital Disruption: Short Fuse, Big Bang?'

Digital disruption is not just about adopting new technologies. It is about re-thinking who a business's customers might be, how to engage them, where work is performed, how business is done, and which markets a business serves. In sum, it is about how digital innovations are changing business strategy. In this section, we provide an overview of digital disruption.

### 3.1 Digital disruption

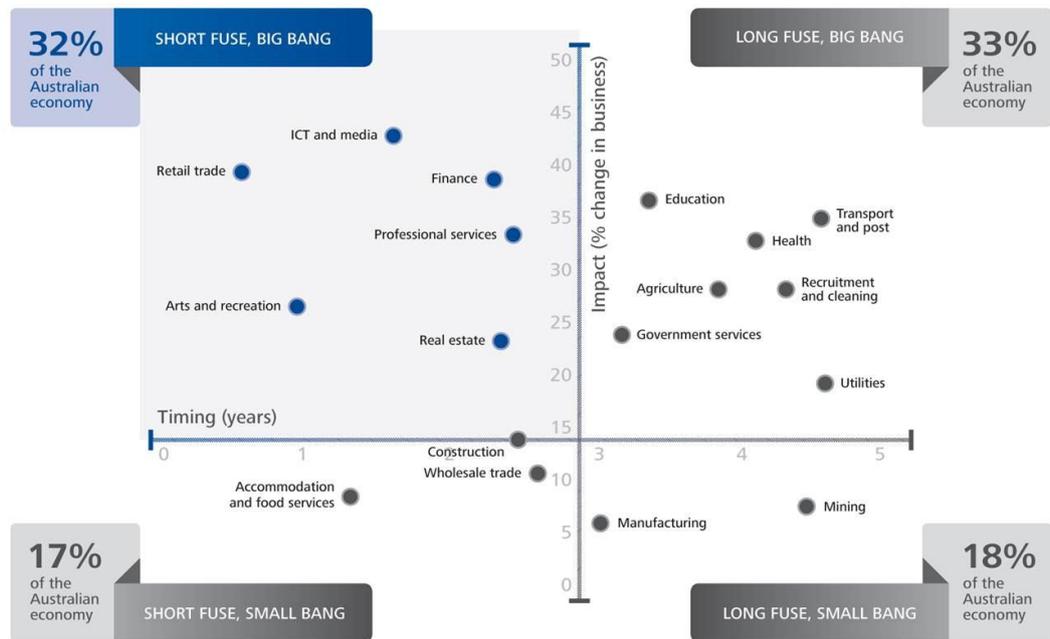
Digital disruption reduces barriers to entry, blurs category boundaries, and opens doors for a new generation of entrepreneurs and innovators. In turn, incumbent market leaders will face substantial pressures.

For some, digital disruption will be explosive and immediate – a force that rocks the foundations of their business. For others less vulnerable to digital trends, the changes will be slower and more subtle. For yet others, digital innovation will be the cornerstone for future value creation.

The NBN is an important source of digital disruption. By increasing broadband speeds and reliability, the NBN has the potential to increase the use of high-bandwidth applications. These include rich-content websites, video conferencing, cloud computing, data analytics, machine-to-machine technologies, and more. It may also add to recent growth in social media, and use of mobile devices such as smartphones and tablets.

In 2012, for its white paper 'Digital disruption: Short fuse, big bang?' as part of Deloitte's ongoing *Building the Lucky Country* series, Deloitte Access Economics analysed 13 factors that affect the size and timing of digital disruption across 18 industries as defined by the Australian Bureau of Statistics. (See Deloitte (2012) for more details.) We defined digital disruption as how much additional change a business will experience in the years to come, and how a business can realise its potential across a spectrum of digital opportunities by building on the way it currently uses digital technologies and organises business processes.

Figure 3.1 Deloitte’s Digital Disruption Map



As shown on the map, we expect around a third of the Australian economy to face a ‘short fuse, big bang’ scenario. The industries we expect to face both significant and imminent digital disruption include finance, retail trade, arts and recreation, professional services, and information, media and telecommunications.

‘Long fuse, big bang’ industries that expect significant disruption but over a longer timeframe, include those where government and large business play a greater role, and where regulation can be expected to slow the pace of change. Education and transport are good examples.

The ‘short fuse, smaller bang’ quadrant includes sectors such as wholesale trade, which have already experienced considerable change from technology and globalisation. The ‘long fuse, smaller bang’ group include those industries that have lower levels of total digital potential and that can expect to see the least additional disruption compared to the changes that have come through in recent years, such as manufacturing and mining.

Digital disruption means different things for different businesses. For some it will require a major re-think of business strategy in the short term. Others will have to develop a longer-term plan to maximise the potential from new innovations. Each business needs to consider the different ways it will be affected and how to respond.

## 4 Conclusions

This report of the most recent NBN business readiness survey suggests that many businesses have already identified ways in which the NBN will change their business. Businesses expect big impacts from the NBN on their ability to perform work in different locations, offer flexible working arrangements, access new geographic markets, and utilise new and more diverse ways of communicating with consumers and suppliers.

However, businesses' expectations of the NBN have decreased in some areas and this may be due to a number of factors including other digital economy trends over recent years. This is not unexpected.

The survey suggests a gap exists between expectations and readiness levels for the NBN. There are some examples where businesses have relatively high levels of readiness, such as in the way they do businesses and for accessing more or different customers. However, overall readiness levels are quite low, particularly for the expected increase in teleworking and for changes in communicating with customers and suppliers.

As the NBN is rolled out and the possibilities for applying the NBN develop over time and spread throughout the economy, businesses can be expected to better understand the ways in which they might benefit from the NBN using new applications and services to target new customers and products.

Recognising the potential of new technologies for business strategy is important in an era of digital disruption, when innovations are changing what it is profitable to produce in the economy and how to produce it.

Those at the forefront of technology-driven product development – such as the companies interviewed for the case studies – are able to see more specifically how the NBN will change their business, through impacts including cost savings, increased access to new markets, an increased potential workforce, and improved customer interactions and outcomes.

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