

PLUGGING INTO THE DIGITAL ECONOMY

EXPLOITING BROADBAND-ENABLED DIGITAL APPLICATIONS AND SERVICES IN AUSTRALIA

EXECUTIVE SUMMARY

Creating a vibrant digital economy in Australia requires business leaders to be more strategic in how they leverage innovative information and communication technologies (ICTs). By exploiting the next wave of broadband-enabled, Internet- and Web-based digital technologies and applications, Australian businesses can enhance productivity, maintain their global competitiveness, and improve the country's social well-being. Most importantly, a strategic approach will also ensure businesses contribute to the government's efforts to make Australia one of the world's leading digital economies by 2020.

As leading suppliers of next-generation broadband networks, applications, and services, Australian service providers can be the facilitators of the shift to a digital economy. By positioning themselves as key players in this national effort, service providers can capitalize on the emerging market opportunity the digital economy offers. They can ensure their networks are the key enablers of e-business and e-commerce applications and services. They can establish a strategic position in the application development ecosystem that will deliver innovative, user-centric enterprise and consumer applications. And they can explore unique opportunities to provide simpler, faster, and easier applications and services for more users in more places over a networked cloud that offers higher performance, more reliability and security.

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INSIGHTS AT A GLANCE

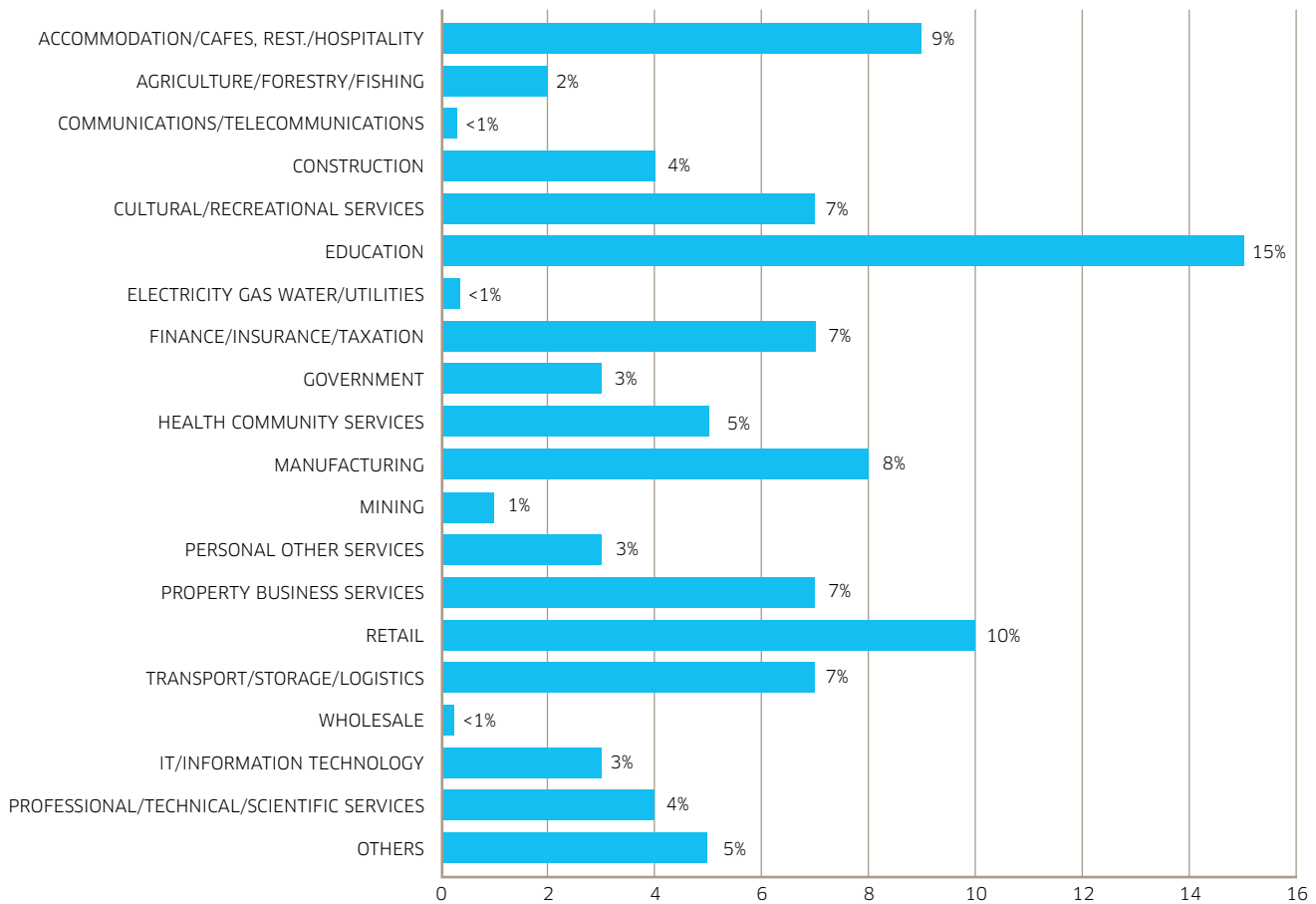
- Seventy-six percent of Australian businesses believe that the digital economy has had a positive impact on their business productivity and efficiency.
- One-quarter of businesses consider themselves “enthusiastic leaders” in the digital economy.
- The most common digital economy applications currently used by businesses are e-mail (88 percent), broadband (80 percent), and mobile e-mail (71 percent).
- Newer digital economy applications and services are still experiencing low adoption rates. Social networking applications are being used by only 36 percent of Australian businesses, teleworking applications by only 18 percent, and cloud-based software by only 16 percent.
- Ninety-three percent of Australian businesses believe that participation in the digital economy is important to their ongoing business strategy.
- Seventy-five percent believe national broadband infrastructure will significantly increase business participation in the digital economy.
- Almost 80 percent are interested in consulting with a telecommunications service provider to develop a business model for a digital future.

ASSESSING THE DIGITAL LANDSCAPE

Facilitating the shift to a digital economy requires a thorough understanding of how the concept is perceived by Australian businesses, how and why these businesses will use innovative digital economy applications and services, and the extent to which businesses believe the use of these applications and services will better position their organization for the future. Armed with this knowledge, service providers can better channel their network, application and service offerings.

With that in mind, Alcatel-Lucent conducted an in-depth market survey with 275 representatives of medium and large Australian businesses in 2011. Survey participants were chosen from key industry sectors, including retail, government, health, education, manufacturing, hospitality, and professional services (Figure 1).

Figure 1. Survey participants were chosen from a variety of industries



The report reveals that while Australian businesses are embracing the concept of the digital economy there is a diverse spectrum in terms of adoption, planning, preparedness and intent. Perhaps surprisingly, it reveals stronger levels of adoption by medium-sized companies, which suggests nimble, opportunistic, medium-sized businesses will achieve gains in productivity and efficiencies more rapidly than large businesses.

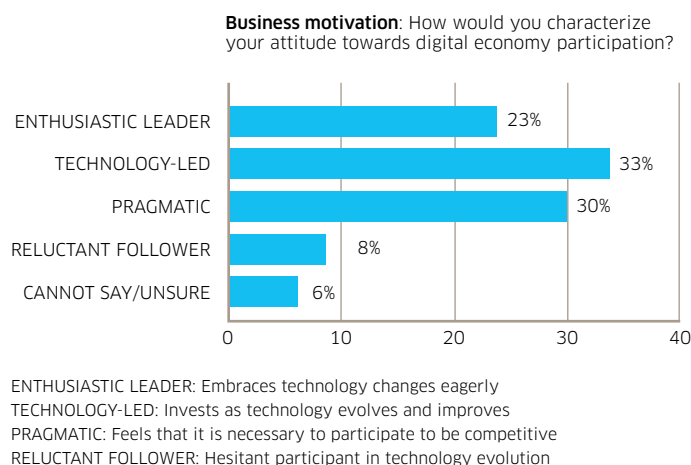
PERCEPTIONS AND ATTITUDES

The economic importance of high speed broadband is acknowledged by the majority of people in the Australian business community. Approximately four out of five business people recognize that access to high speed broadband networks will help them exploit opportunities in the digital economy at home and internationally.

The survey revealed that nearly all businesses are already using a wide range of ICT applications, and have an extremely positive attitude towards participating in the digital economy. One-quarter of survey respondents characterized themselves as “enthusiastic leaders”. Most accept that participation is a requirement, but take a pragmatic or practical, technology-led approach, and only 10 percent can be classed as reluctant participants (Figure 1).

In addition, a vast majority of those surveyed believe that participation in the digital economy benefits their business. Two-thirds believe it has had a positive impact on productivity and growth. While 76 percent believe it has had a positive impact on their business productivity and efficiency (Figure 2).

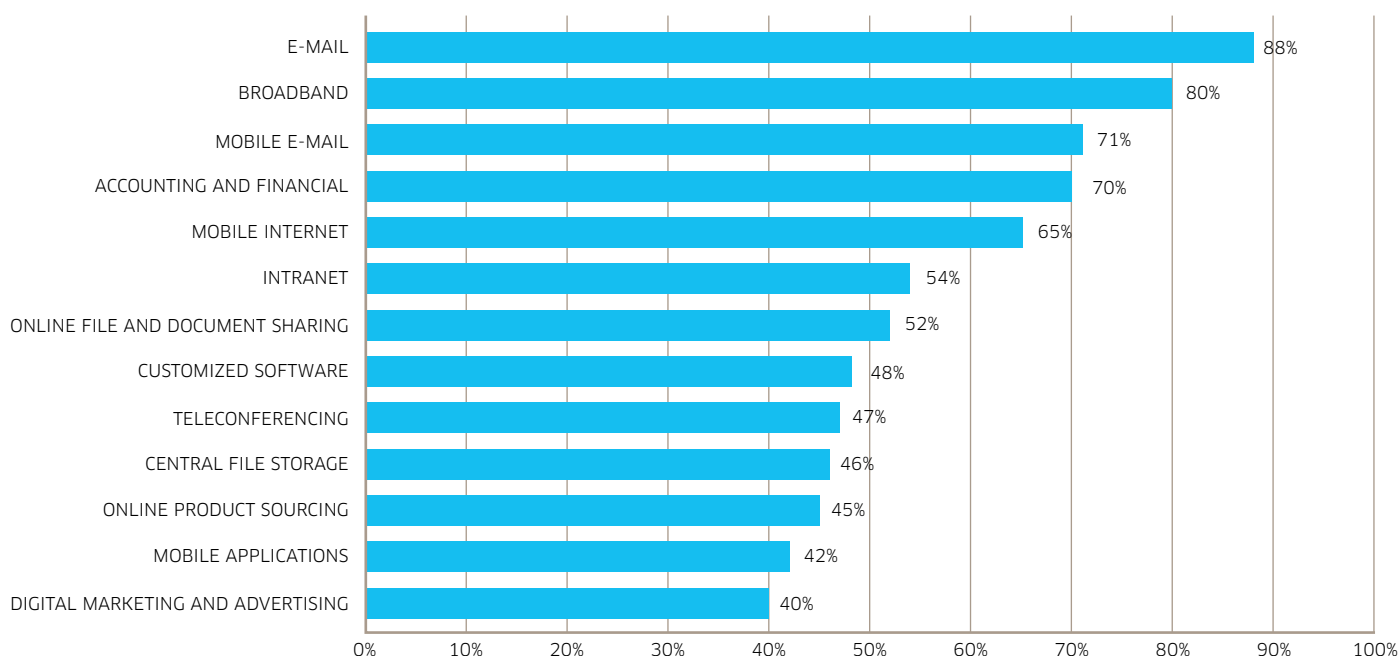
Figure 2. Perceived impact of the digital economy on productivity and efficiency of business



USAGE OF DIGITAL ECONOMY APPLICATIONS AND SERVICES

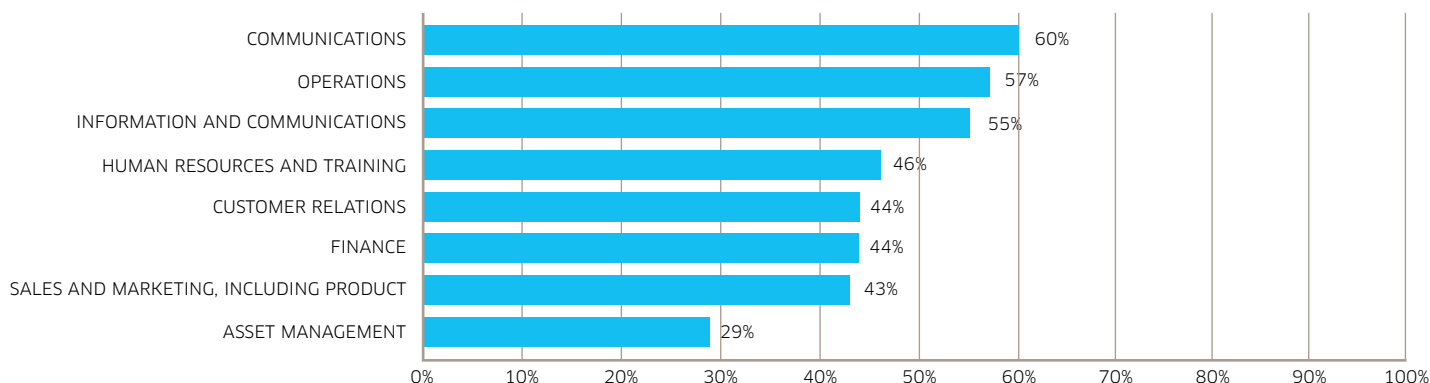
The survey also revealed that the most common digital economy applications and services currently used by businesses are for communications. Eighty-eight percent of businesses are using e-mail, 80 percent are using broadband, 71 percent are using mobile e-mail, and 62 percent are using mobile telephony (Figure 3).

Figure 3. Most common applications currently used in the digital economy



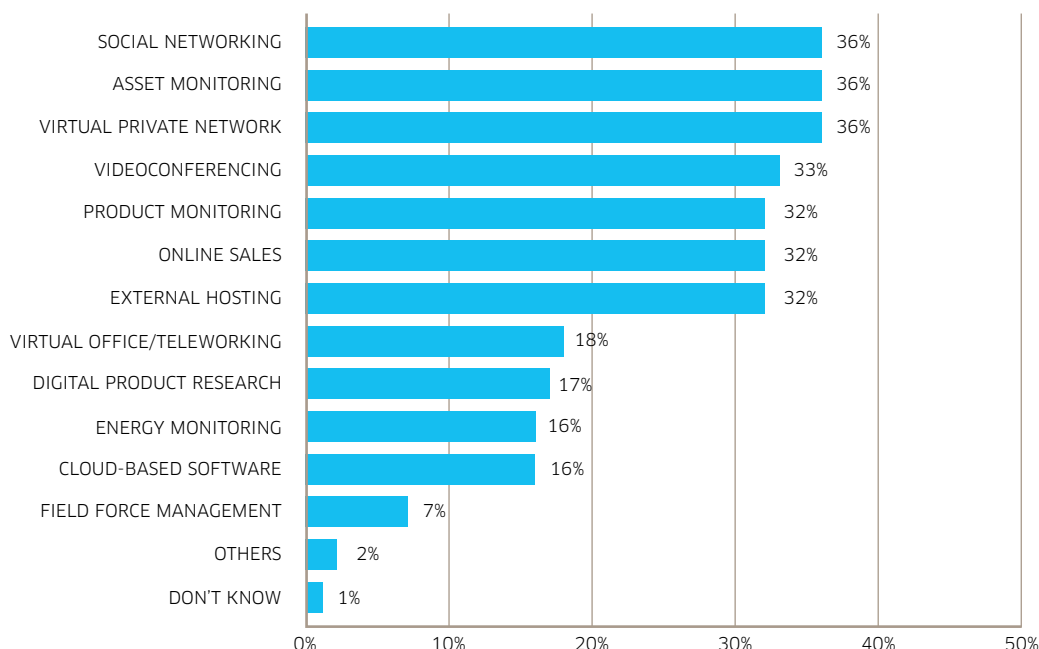
It's not surprising, therefore, that most survey respondents believe digital economy applications and services will eventually be used to meet a wide range of business requirements. Plus, communications is at the top of the list of areas that will make the greatest use of the digital economy (Figure 4). As a result, respondents believe that the key benefit of the digital economy will be an expected increase in the efficiency of communications and the sharing and distribution of information.

Figure 4. Areas of business that will make greatest use of the digital economy



Given this perspective, it's understandable that newer digital economy applications and services are still experiencing low adoption rates. Social networking applications are being used by only 36 percent of Australian businesses, teleworking applications by only 18 percent, and cloud-based software by only 16 percent (Figure 5).

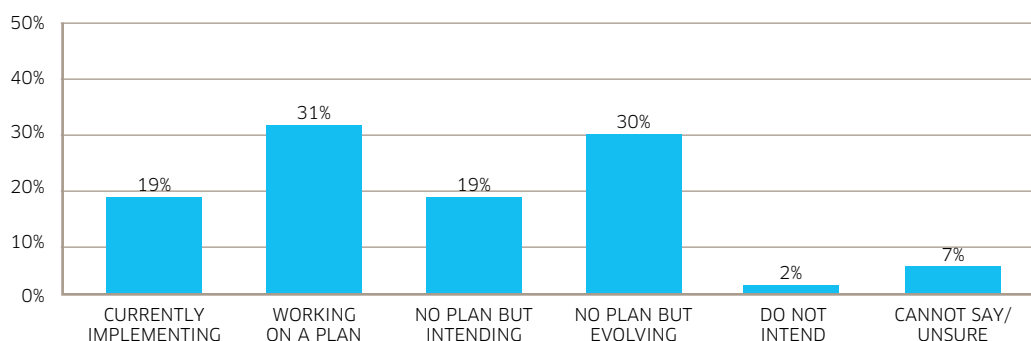
Figure 5. Least common applications currently used in the digital economy



FUTURE PARTICIPATION IN THE DIGITAL ECONOMY

Despite this fact, 93 percent of survey respondents believe that future participation in the digital economy is important to their ongoing business strategy. Yet, only one-fifth say that their business is currently implementing a plan that will prepare them to reap the full benefits of the digital economy. One-third say they are “working” on a plan, and half have no current plans (Figure 6).

Figure 6. Planning for the digital economy



Respondents identified a number of factors that could boost the ability of their business to increase their participation in the digital economy. Improving technical skills was the most commonly cited, and faster and more affordable broadband was also noted. But a lack of understanding and leadership at the executive level was identified as a challenge. And four out of five respondents believe that planning for the digital economy should be on the agenda at the executive management and director level.

POSITIONING OPPORTUNITIES FOR SERVICE PROVIDERS

In addition to better planning at the executive level, survey respondents believe that broadband is the critical enabler to stimulate the products, services, and innovations that will maximize the benefits of the digital economy for their business. Australia’s broadband infrastructure — both fixed and wireless — is seen as the key asset that will allow the country to set a global benchmark for innovation, application enablement and service adoption. In addition, 75 percent of businesses believe national broadband infrastructure will significantly increase business participation in the digital economy.

Reliability, quality of service, speed and affordability are considered the most valuable features of broadband to Australian companies. As a result, there is an obvious opportunity for service providers who can offer broadband services with these attributes.

Service providers are perceived as leaders in broadband infrastructure and experts in future digital services who can provide critical insights into the business opportunities offered by the emerging digital economy. With the right offerings, service providers can facilitate the efforts of businesses in Australia to exploit the next wave of broadband-enabled, Internet- and Web-based digital technologies and applications. And the survey revealed that almost 80 percent of businesses are interested in consulting with a telecommunications service provider to develop a business model for a digital future. Most importantly, the interest is greatest among companies who are already embracing the digital economy and planning for that future.

MARKET KNOWLEDGE SHARPENS YOUR BUSINESS EDGE

Market and Consumer Insight (MCI) investigates links between consumer behavior, market and technological trends to help Alcatel-Lucent and its clients, communication service providers, make more informed and impactful business decisions.

MCI experts dig deeper and reach farther to provide information that helps communication service providers formulate new thinking, including:

- Global and regional, urban and rural, insights
- Research on consumer, market and technological trends

For more information related to planning, strategizing and executing adeptly to support Australian businesses efforts to benefit from the digital economy, please contact the Alcatel-Lucent Market and Consumer Insight team at mcinsight@alcatel-lucent.com.