

A photograph of a wooden desk with a laptop, a smartphone, a notebook, and a pen. The scene is dimly lit, with the desk surface and the objects on it being the primary focus. The text is overlaid on the image.

Telsyte Australian Digital Workplace Study 2021

SME custom report for NBN Co

This report was commissioned by NBN Co.

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Executive summary

Executive summary

1 in 3

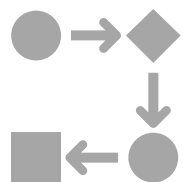
(36%) SMEs say their business might not have survived without nbn™ (59% of SMEs with 20+ employees)



76%

of SMEs have already invested in technologies with high connectivity requirements

Over **4 in 5** (83%) SMEs believe high-speed connectivity became more important since the pandemic



Less than **Half** (44%) of SMEs have a digital strategy

Improvement needed

2 in 3

(62%) SMEs are adopting technology strategically



Over **4 in 5** (84%) SMEs had their digital transformation strategy fast-tracked due to COVID-19, with **56%** fast-tracking it by more than 6 months



Executive summary (cont.)



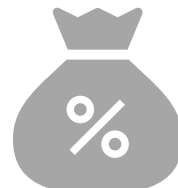
Over **2 in 5** SMEs plan to invest in workplace modernisation (53%), business intelligence (47%), data management (46%) and employee devices (44%)

Investment in **video conferencing, cloud (IaaS), and cybersecurity** had the most positive financial and non-financial KPIs.



Despite **2 in 3** (66%) SMEs using cloud, majority of usage is regular cloud storage (63%)

Cloud cost calculation, networking skills, cloud security skills and cloud system management main cloud skills in demand



2 in 5 (39%) SMEs prefer to learn about “digital” in terms of KPIs, with investment in video conferencing having the most substantial impact on financial (46%) and non-financial (53%) KPIs

Over **Half** (57%) of SMEs’ workforce are digital natives and **63%** have made investments in digitally upskilling employees



Importance of nbn™ during COVID-19

No debate: nbn™ connectivity very important for SMEs



2 in 3

(68%) high connectivity SMEs* say nbn™ is important for small businesses

Non-high connectivity: 45%
All SME: 63%
On nbn™: 69%



65%

high connectivity SMEs* say fast connectivity is critical for employee productivity

Non-high connectivity: 38%
All SME: 58%



Over **Half**

(57%) high connectivity SMEs* say nbn™ is critical for digital transformation

Non-high connectivity: 46%
All SME: 54%
On nbn™: 61%



Over **Half**

(54%) high connectivity SMEs* say nbn™ has become irreplaceable for their business

Non-high connectivity: 32%
All SME: 49%
On nbn™: 55%

*SME with high connectivity needs
#SME using services over the nbn™ network

Pandemic lifeline: nbn™ critical to SME survival during 2020



Over **Half**

(54%) say nbn™ allowed their business to continue to operate during the pandemic

Hospitality & services:	56%
Consultants:	55%
Makers & builders:	53%
Educators & carers:	49%



51%

say nbn™ allowed their business to continue communicating with customers during the pandemic

Hospitality & services:	62%
Consultants:	57%
Makers & builders:	49%
Educators & carers:	37%



Half

(49%) say nbn™ helped their business during difficult times

Hospitality & services:	59%
Consultants:	54%
Educators & carers:	45%
Makers & builders:	37%



1 in 3

(36%) say their business might not have survived without nbn™ during the pandemic

SME (20-199)*:	59%
Consultants:	45%
Hospitality & services:	43%
Makers & builders:	31%
Educators & carers:	20%

*SME (20-199) is a subset of total SMEs which include organisations with 5 to 199 employees

Strong example: nbn™ a key enabler of remote working, employee productivity



60%

high connectivity SMEs* say nbn™ is important in allowing staff to work remotely

Non-high connectivity: 34%
All SME: 54%
Office-based SME#: 67%



Over **Half**

(53%) high connectivity SMEs* say their staff prefer to conduct their work via fixed line services than over mobile connections

Non-high connectivity: 38%
All SME: 50%
Office-based SME#: 58%



49%

high connectivity SMEs* say remote working has become critical to their organisation

Non-high connectivity: 22%
All SME: 43%
Office-based SME#: 63%



Over **Half**

(54%) high connectivity SMEs* say nbn™ helps their organisation access tools that save the business time and/or money

Non-high connectivity: 43%
All SME: 52%
Office-based SME#: 60%

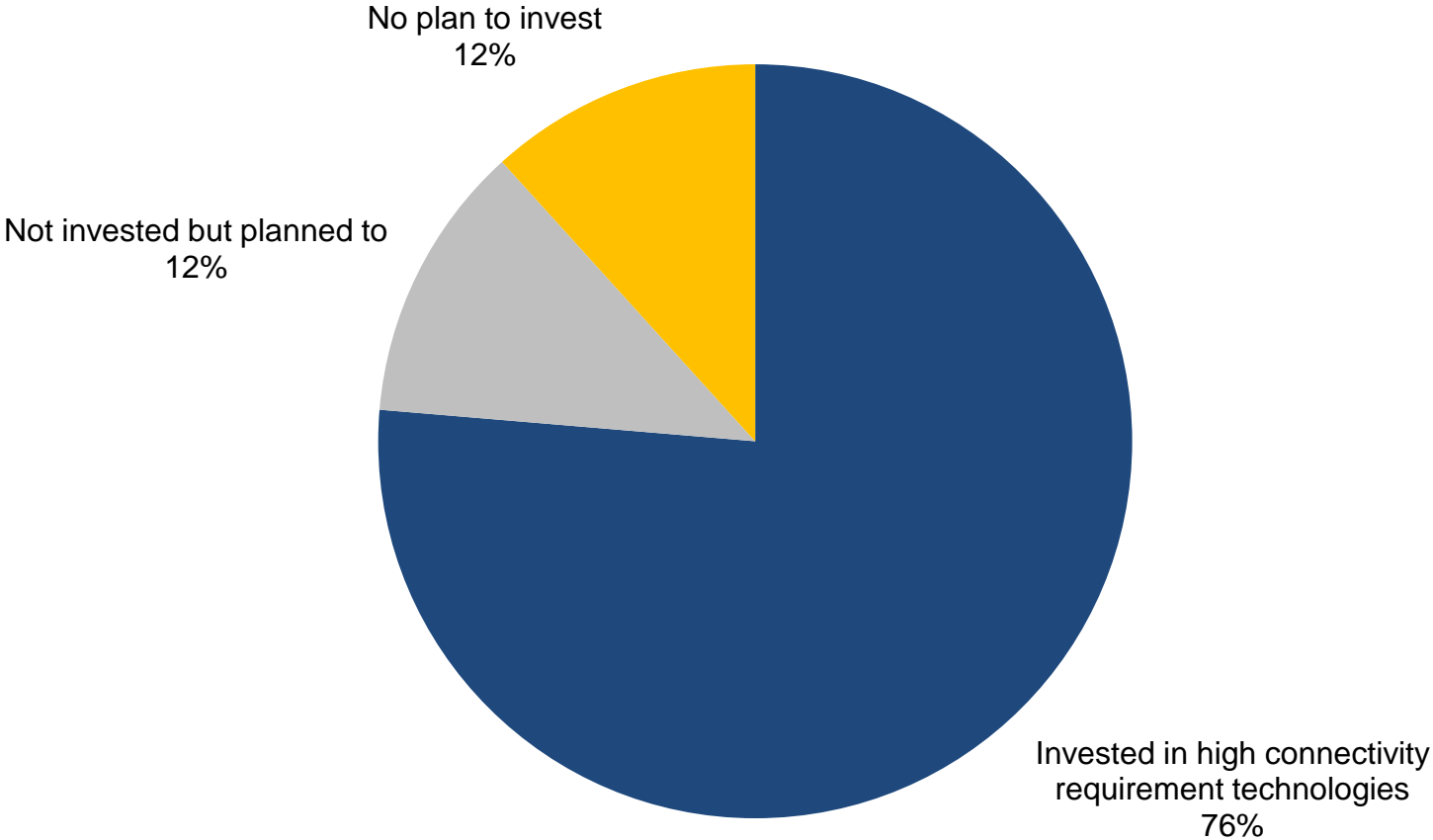
*SME with high connectivity needs

#SME in industries mostly operate within an office

Digital tools and technology investments

Three quarters of SMEs currently invested in technologies with high connectivity requirements

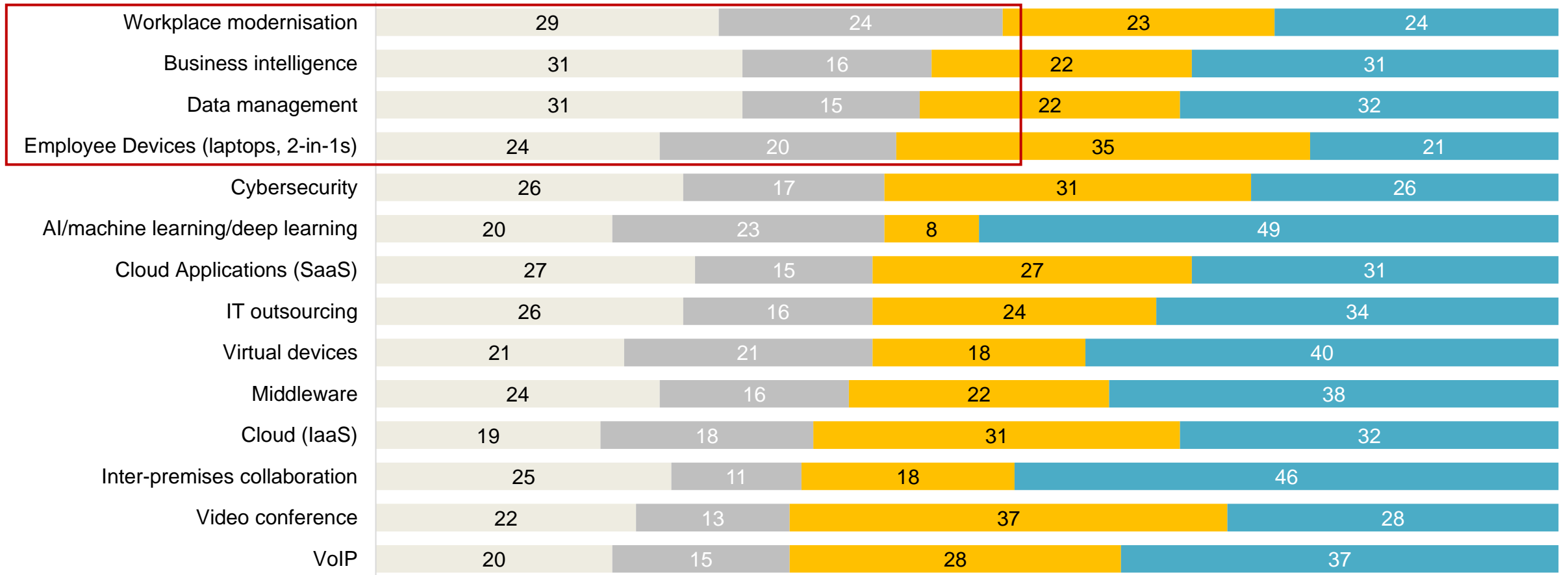
Q: Does your organisation currently invest in or plan to invest in high connectivity requirement technologies?



Workplace modernisation, business intelligence, data management top 3 future investment areas

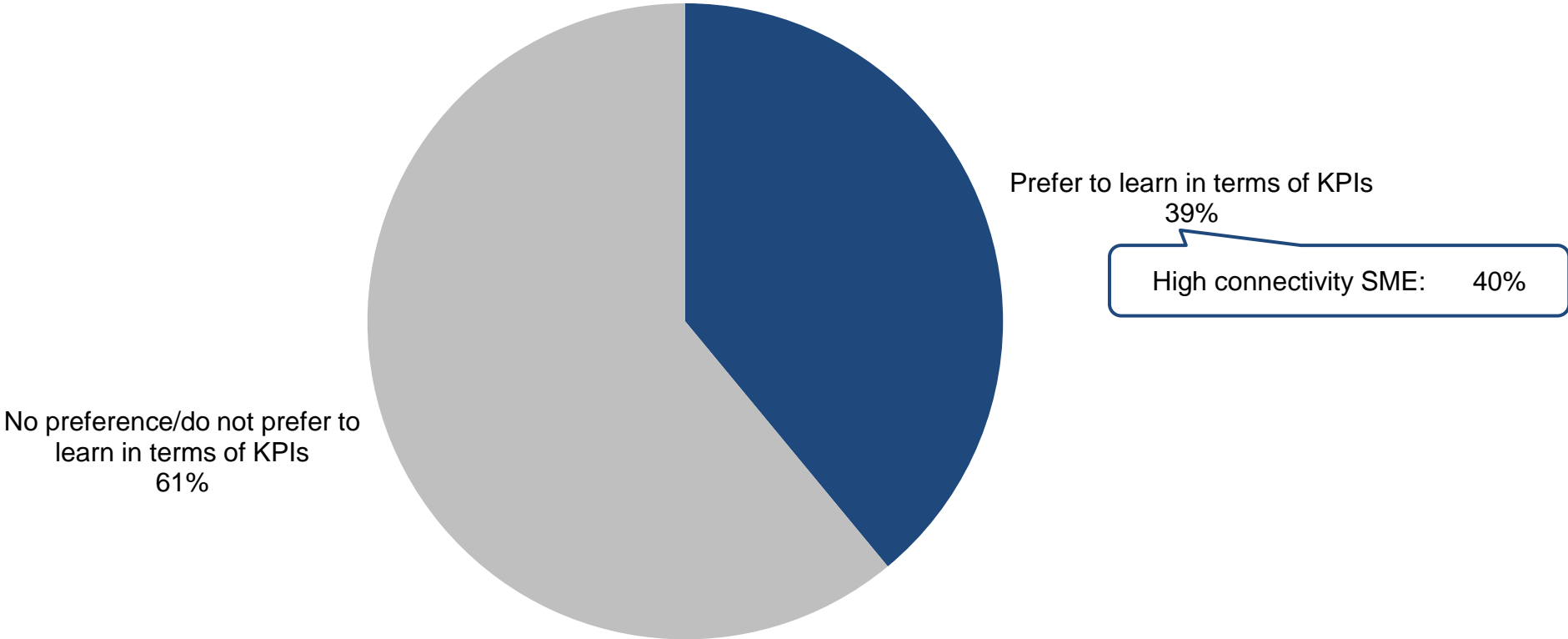
Q: Which of the following technology areas does your organisation currently invest in or plan to invest in?

■ Plan to invest in next 12 months
 ■ Plan to invest in 2022 or later
 ■ Currently invested in
 ■ No current plans to invest in





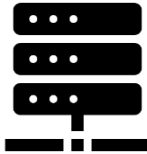




Around 2 in 5 SMEs prefer to learn about ‘digital’ in terms of KPIs – or workplace statistics such as profit & productivity

Q: Does your organisation prefer to learn about “digital” in terms of financial and non-financial KPIs? (Scale of agree 0-10)







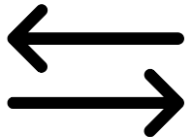


Investment in communication, cloud and data management have a bigger impact on financial KPIs

Q: How have your organisation's investments in the following areas impacted (or expected to impact) your business KPIs?
(Good to substantial impact)

 Video conference (n=168)		 Cloud (IaaS) (n=120)		 Data management (n=106)		 Employee devices (n=136)	
Financial KPIs 81%	Non-financial KPIs 75%	Financial KPIs 76%	Non-financial KPIs 67%	Financial KPIs 70%	Non-financial KPIs 58%	Financial KPIs 66%	Non-financial KPIs 68%
 VoIP (n=117)		 AI/machine learning/deep learning (n=53)		 Cloud Applications (SaaS) (n=125)			
Financial KPIs 60%	Non-financial KPIs 50%	Financial KPIs 59%	Non-financial KPIs 54%	Financial KPIs 59%	Non-financial KPIs 57%		

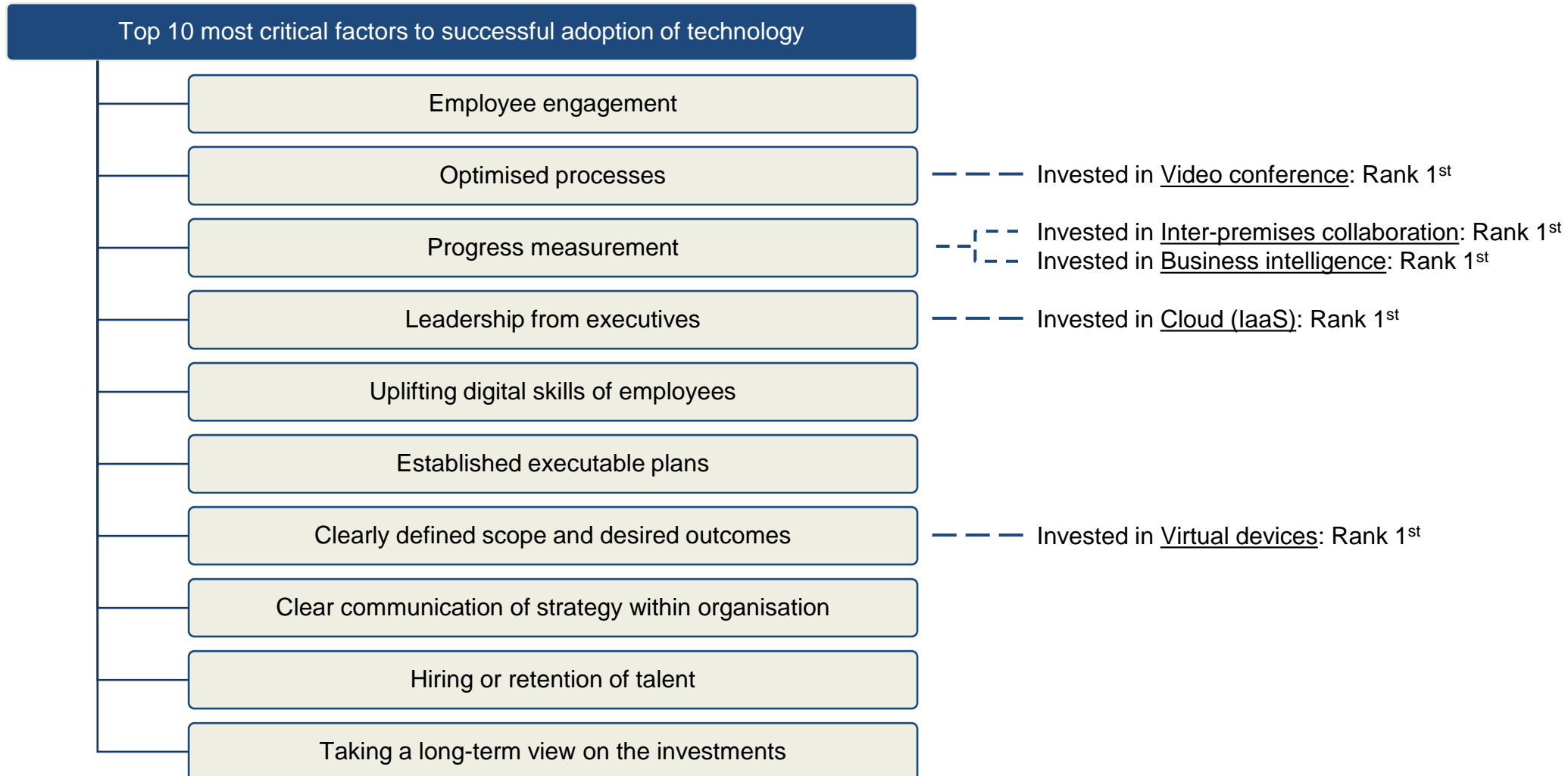
Investments in cybersecurity, workplace and business intelligence have a bigger impact on non-financial KPIs

Q: How have your organisation's investments in the following areas impacted (or expected to impact) your business KPIs?
(Good to substantial impact)

 Cybersecurity (n=129)		 Virtual devices (n=81)		 Business intelligence (n=93)		 Workplace modernisation (n=97)	
Financial KPIs 58%	Non-financial KPIs 69%	Financial KPIs 57%	Non-financial KPIs 58%	Financial KPIs 56%	Non-financial KPIs 65%	Financial KPIs 56%	Non-financial KPIs 69%
 Inter-premises collaboration (n=88)		 IT outsourcing (n=106)		 Middleware (n=97)			
Financial KPIs 54%	Non-financial KPIs 62%	Financial KPIs 54%	Non-financial KPIs 67%	Financial KPIs 52%	Non-financial KPIs 45%		

Employee engagement, process optimisation most important factors for technology adoption success

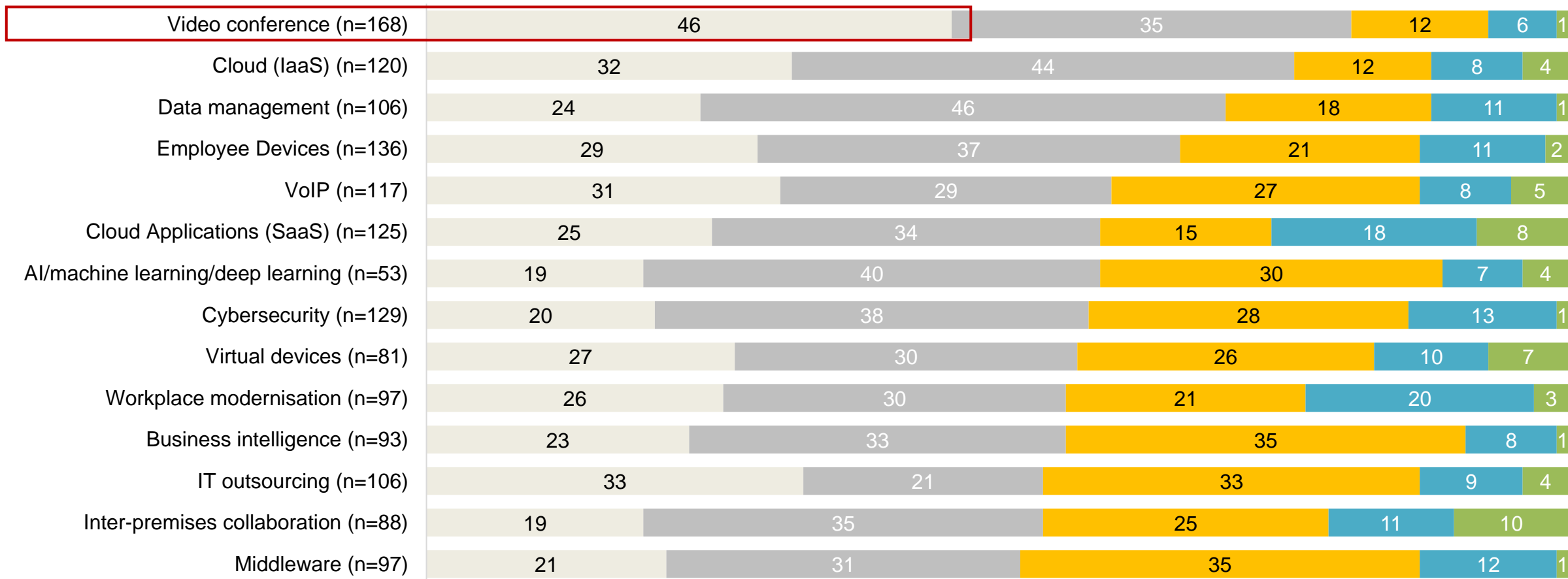
Q: What has been the most critical factors to the successful adoption of technology in your organisation? (Top 10)



Investments in video conferencing, IT outsourcing had the biggest impact on financial KPIs

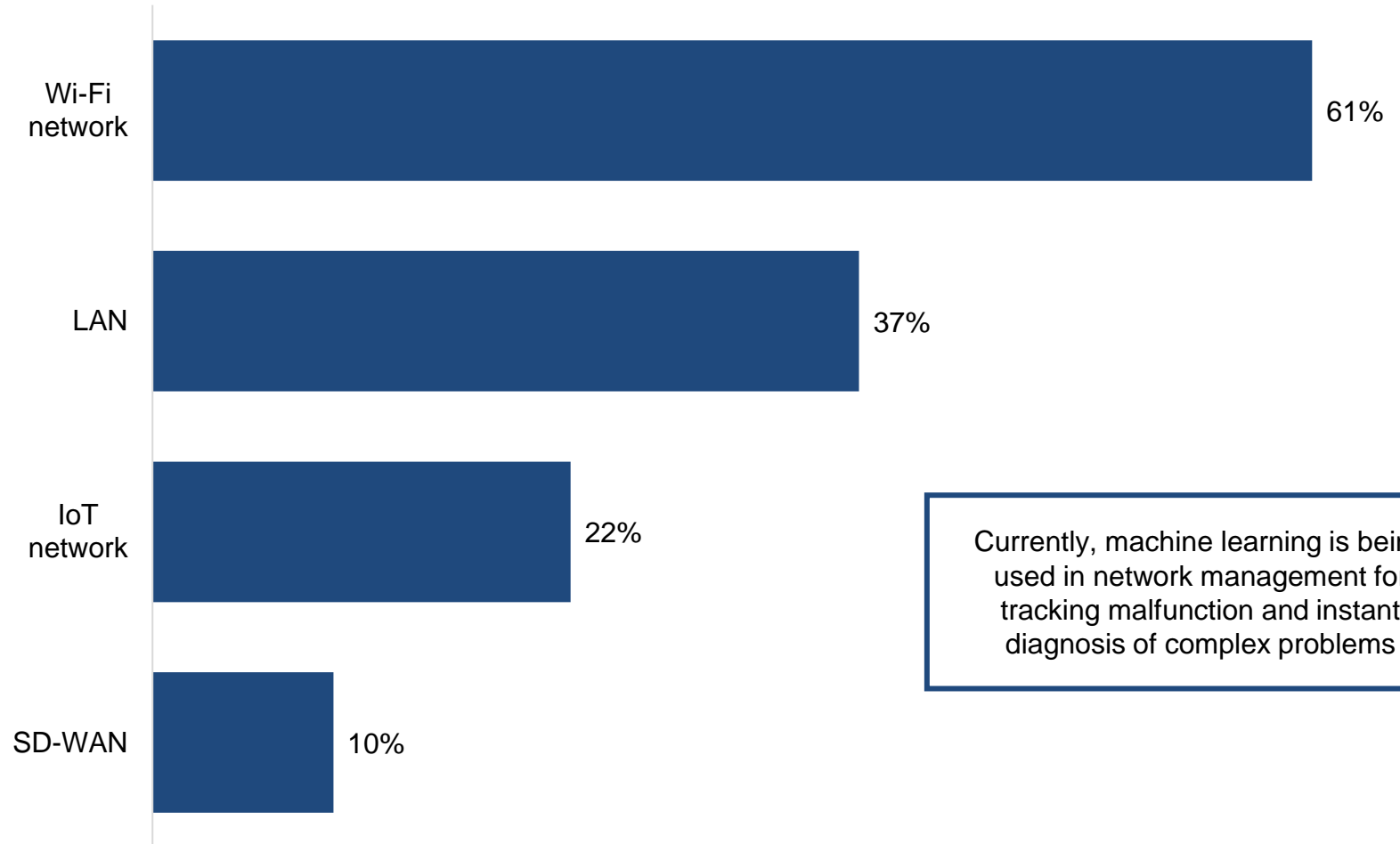
Q: How have your organisation's investments in the following areas impacted (or expected to impact) your business financial KPIs?

Very good/substantial impact
 Good impact
 Moderate impact
 Little to no impact
 Disappointing or negative impact



More than 90% will consider using machine learning and automation in their network management to reduce costs

Q: Which of the following would your organisation consider using machine learning and automation in network management to reduce costs?



96%
of high connectivity SMEs
would consider using
machine learning and
automation in network
management to reduce cost

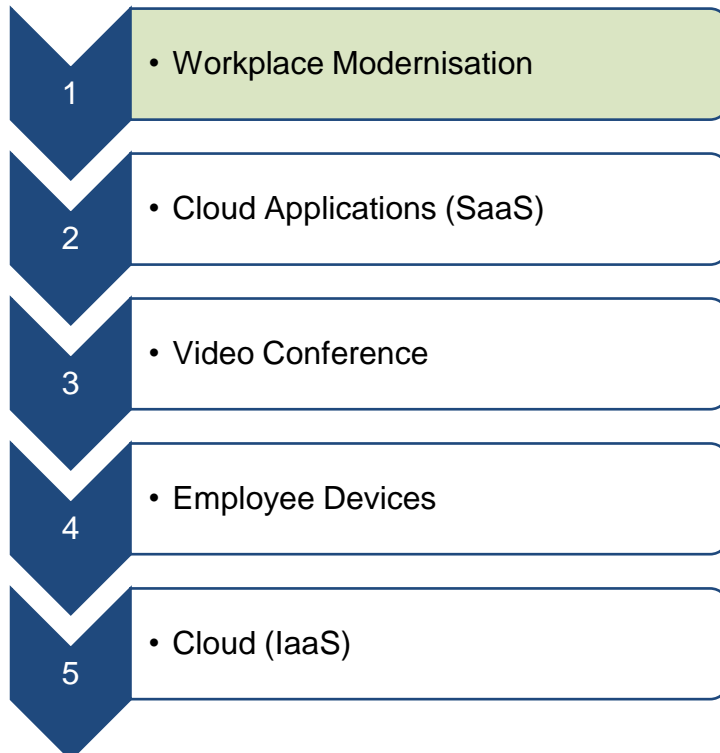


Currently, machine learning is being used in network management for tracking malfunction and instant diagnosis of complex problems

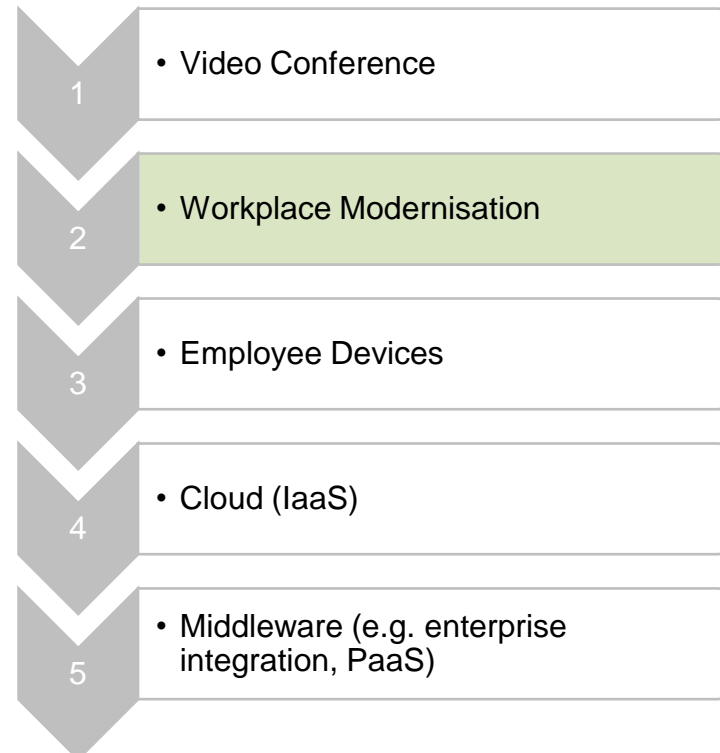
Workplace modernisation expected to continue to save the most money going forward, BI now top of mind

Q: Investment in which of the following technology areas saved your organisation the most amount of money in the following periods..? (Top 5)

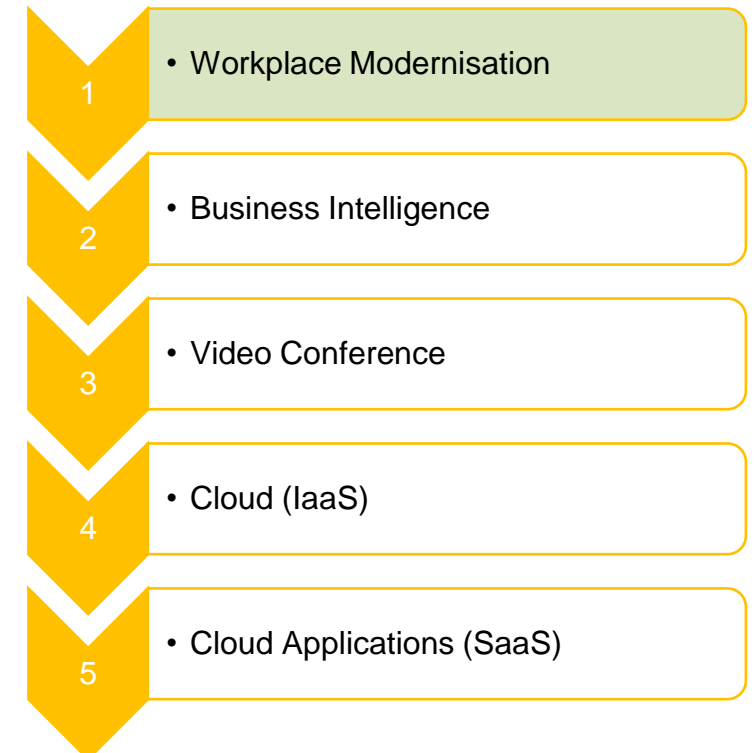
Prior to the pandemic



Since the pandemic



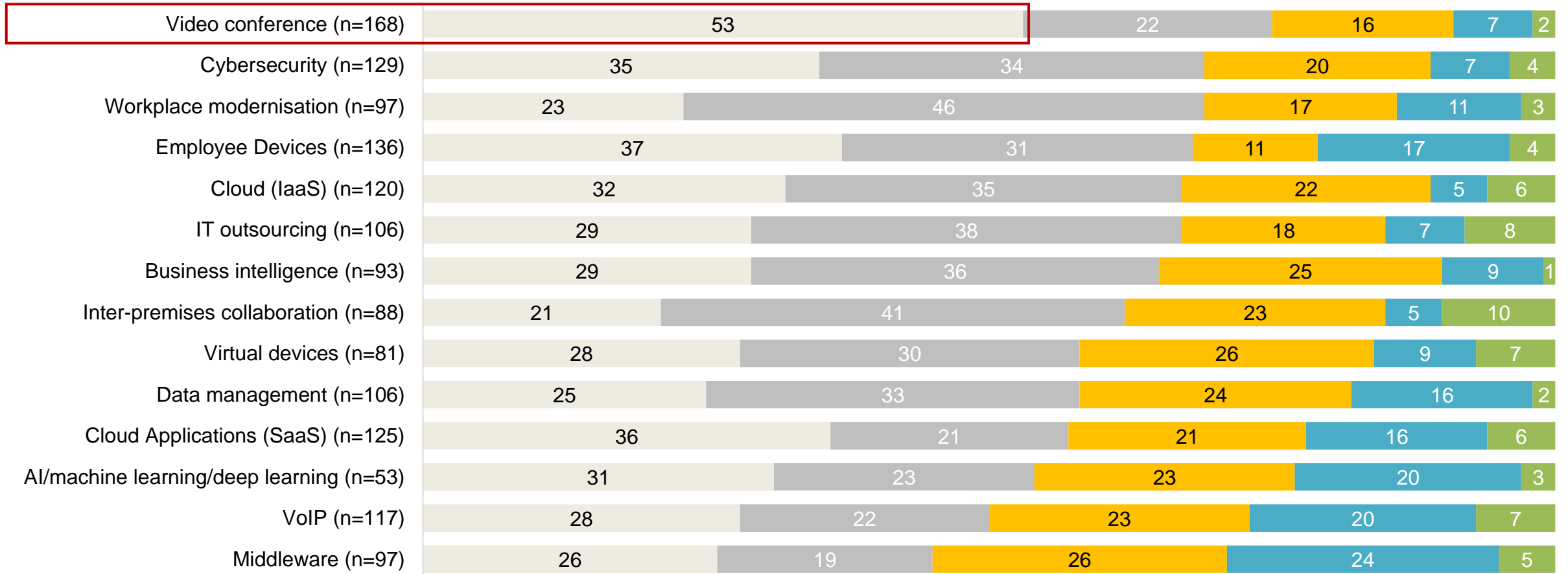
Expected to going forward



Video conferencing had the most positive impact on non-financial KPIs

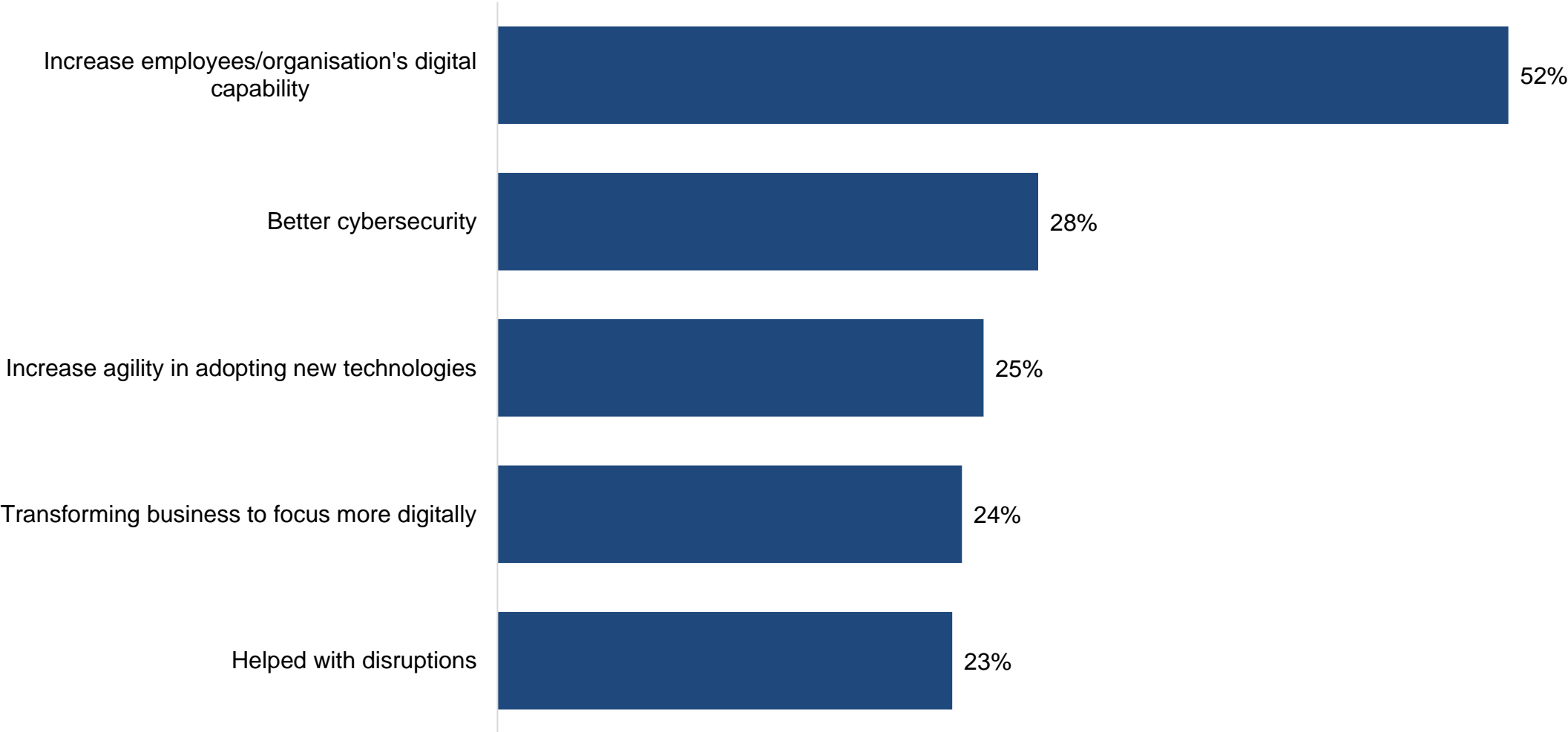
Q: How have your organisation's investments in the following areas impacted (or expected to impact) your business non-financial KPIs?

■ Very good/substantial impact
 ■ Good impact
 ■ Moderate impact
 ■ Little to no impact
 ■ Disappointing or negative impact



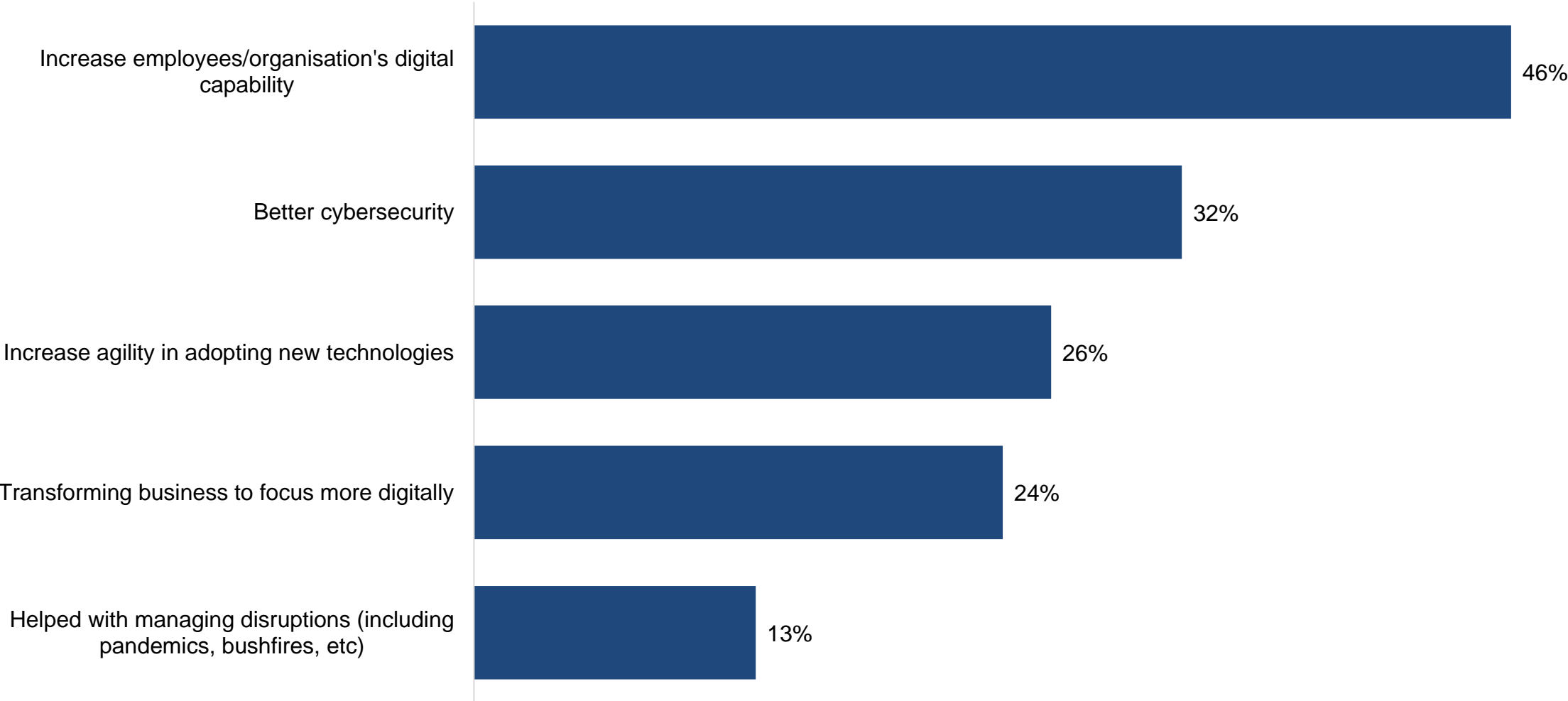
Tech investments seen as enhancing employee capability

Q: How has the investment in different technologies benefited your organisation technologically?



Almost half of SMEs see increased digital capability from future technology investments

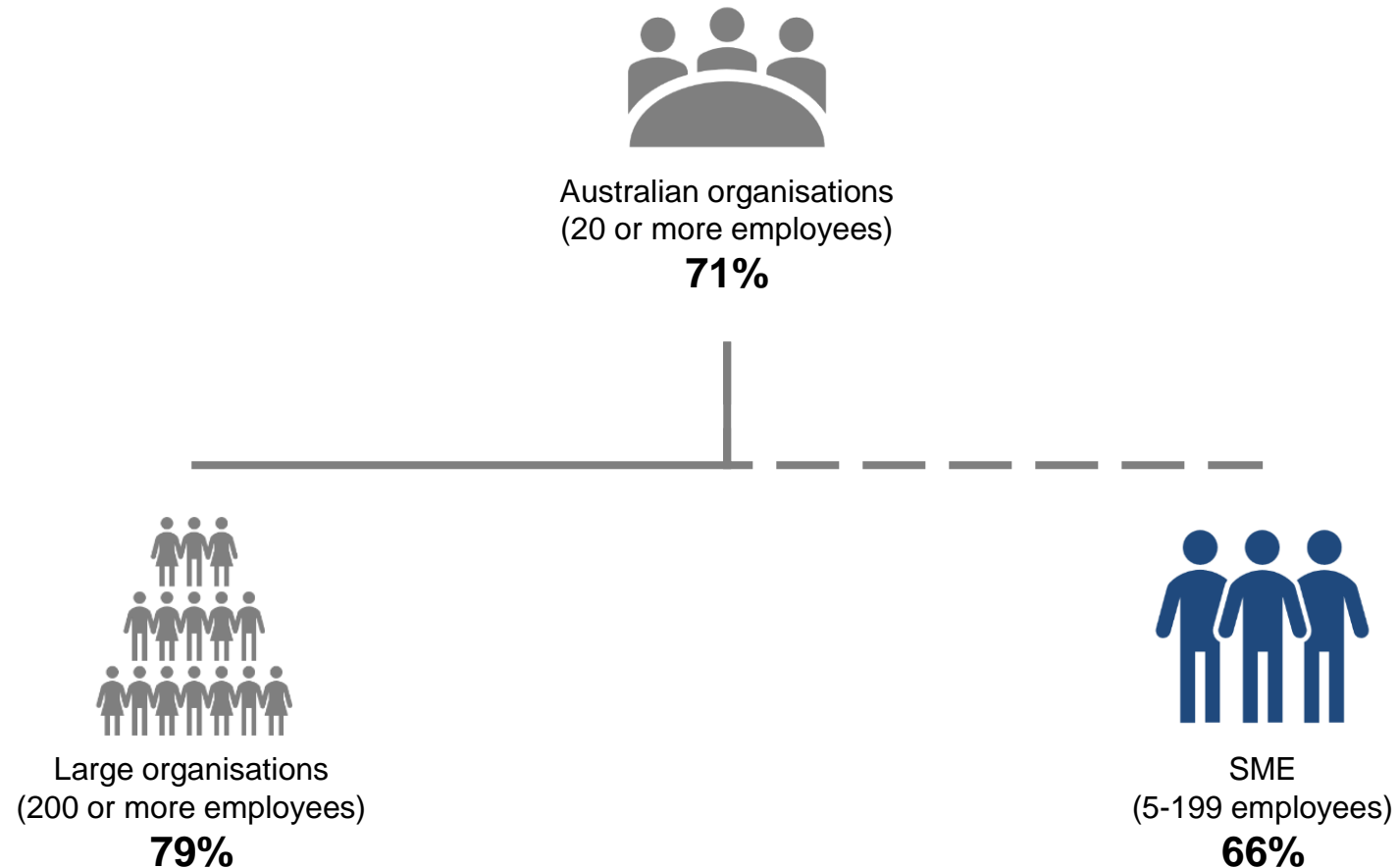
Q: What does your organisation see as benefits from **future** investments in different technologies?



Cloud computing

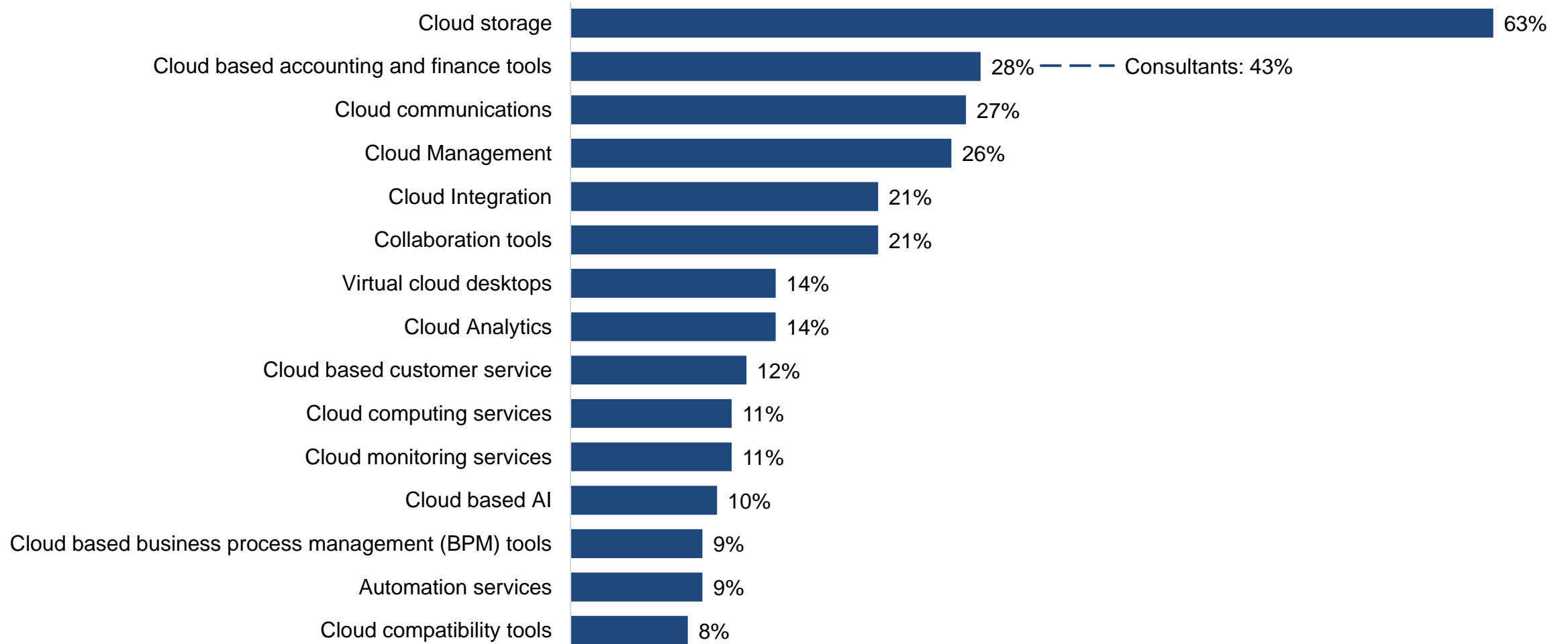
Cloud computing usage now mainstream for SMEs

Q: Is your organisation using any cloud computing applications and services? (Yes)



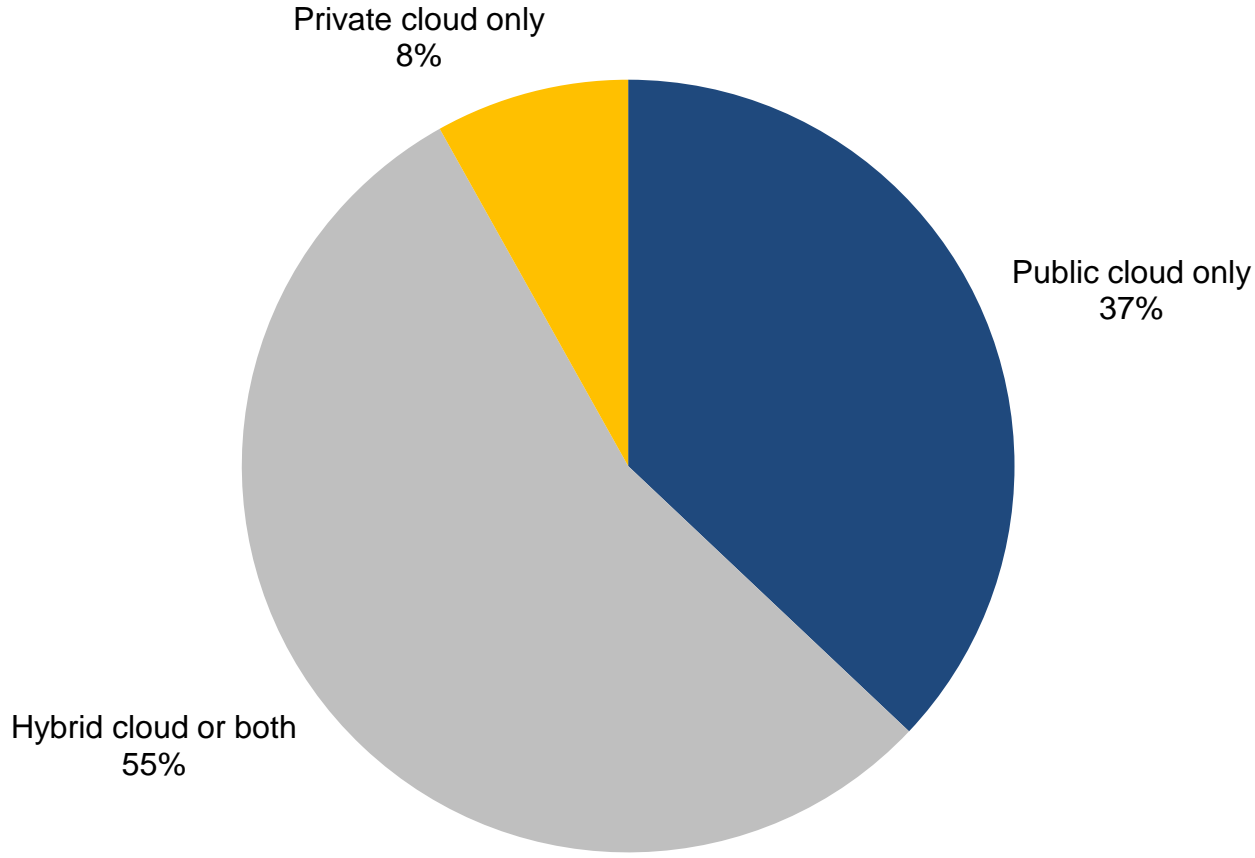
Storage most used cloud service by SMEs, but accounting also popular

Q: What cloud-based tools are currently being used in your organisation?



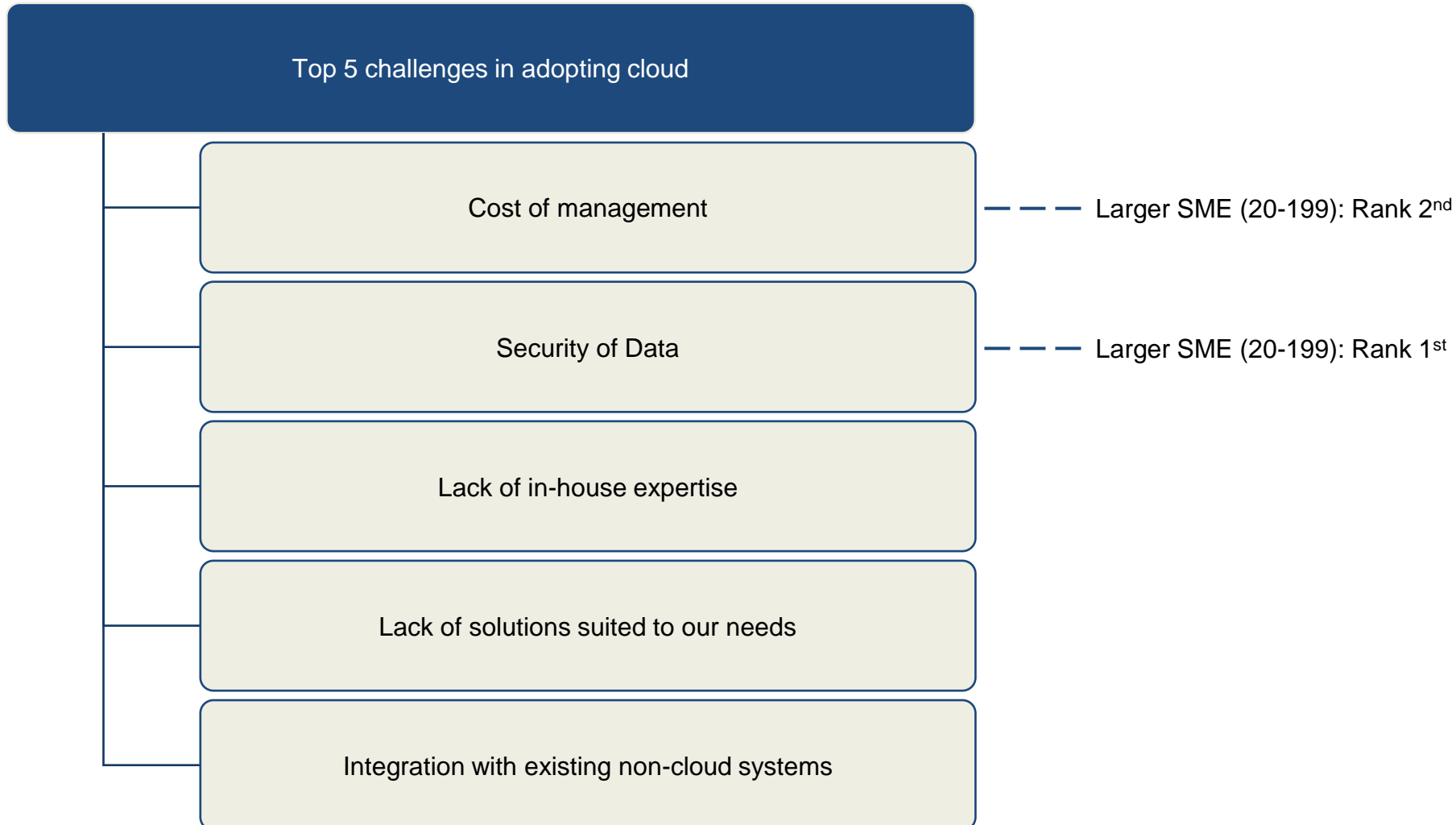
Over half of SMEs use a mix of private and public cloud

Q: What type of cloud does your organisation use?



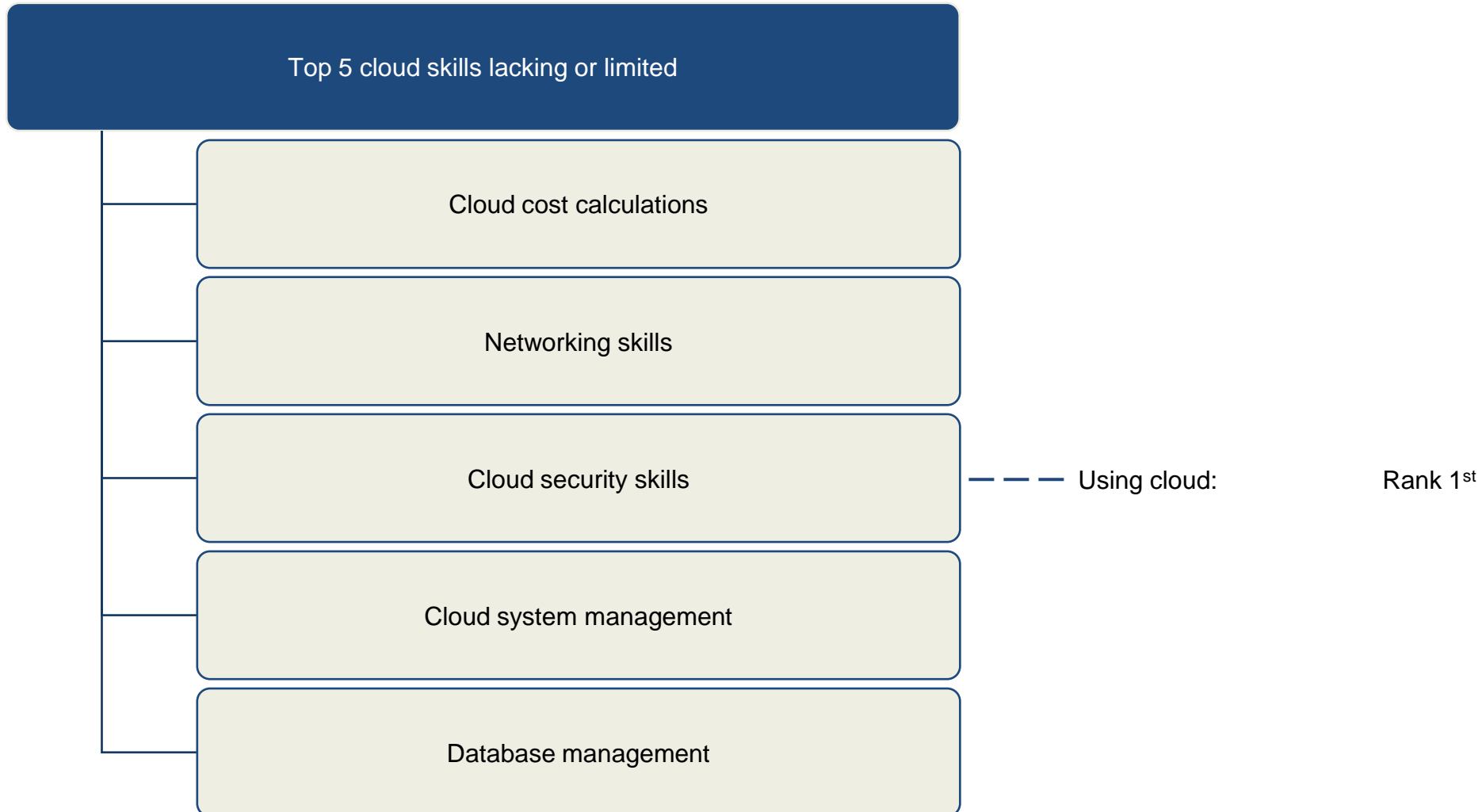
Cost, data security key barriers to cloud adoption

Q: What are the challenges your organisation sees in the adoption of cloud (private or public)? (Top 5)



Cloud skills still limited in SMEs, especially security

Q: Which of the following cloud skills are lacking or limited in your organisation? (Top 5)

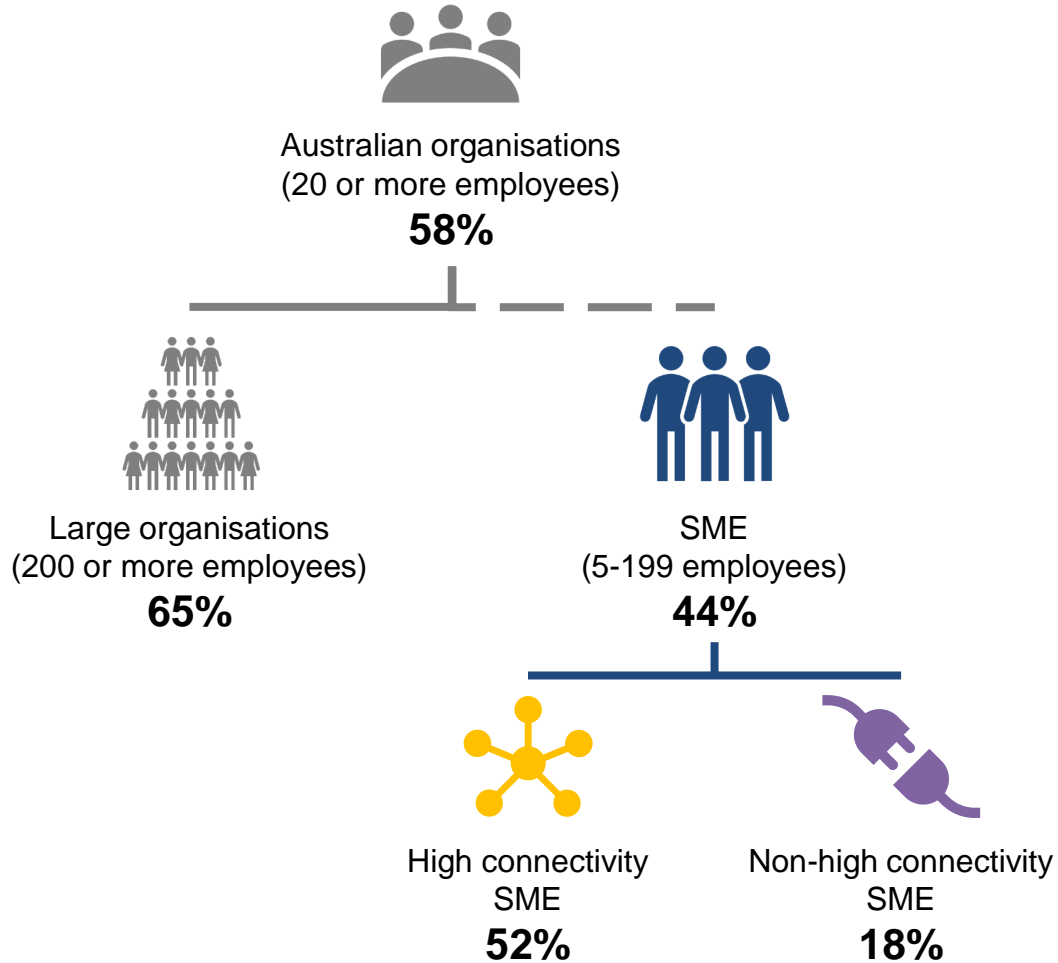


A photograph of a wooden desk in a dimly lit room. In the foreground, a silver laptop is open, showing its keyboard. To the right of the laptop is a white ceramic mug filled with dark coffee. Further right is a small, open notebook with a pen resting on it. A smartphone is visible in the bottom right corner. The background shows a window with blinds and a brick wall. The overall mood is quiet and focused.

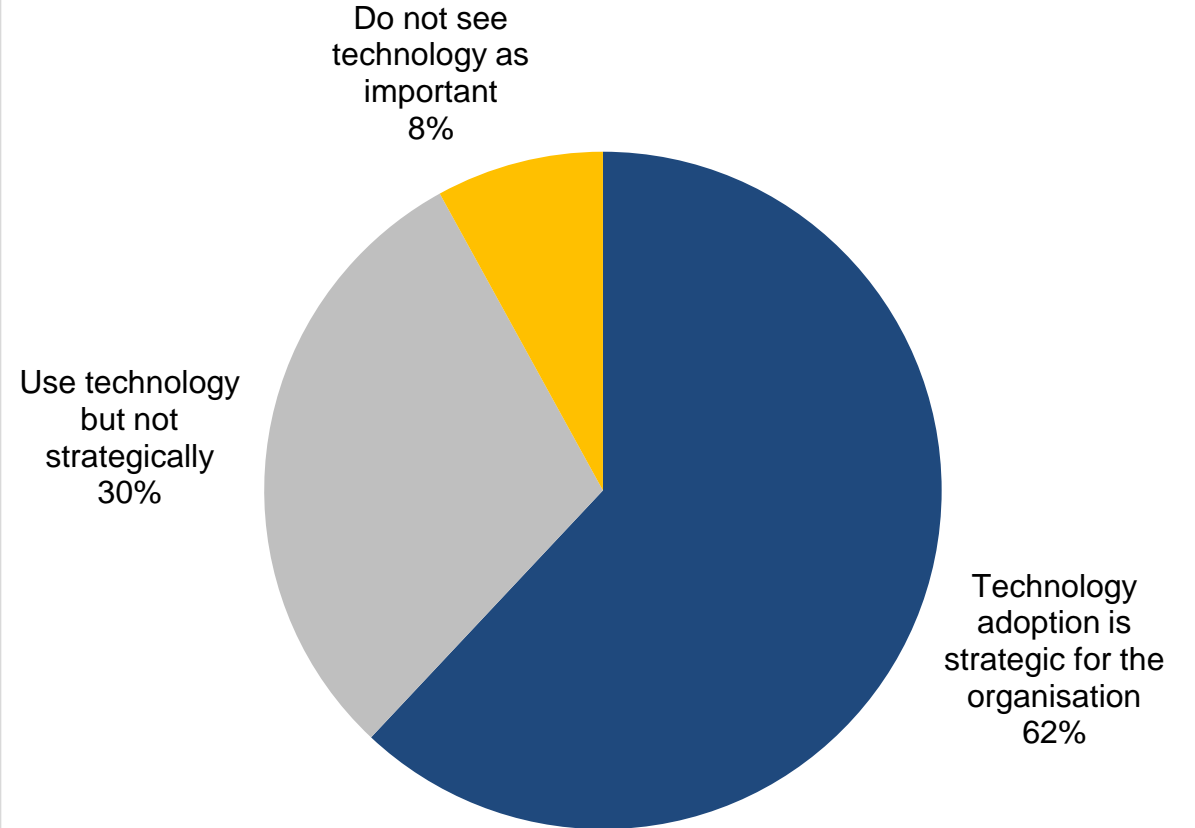
Digital strategy, connectivity during the pandemic and beyond

A lot to gain: Less than half of SMEs have a digital strategy

Q: Does your organisation have a digital strategy? (Yes)

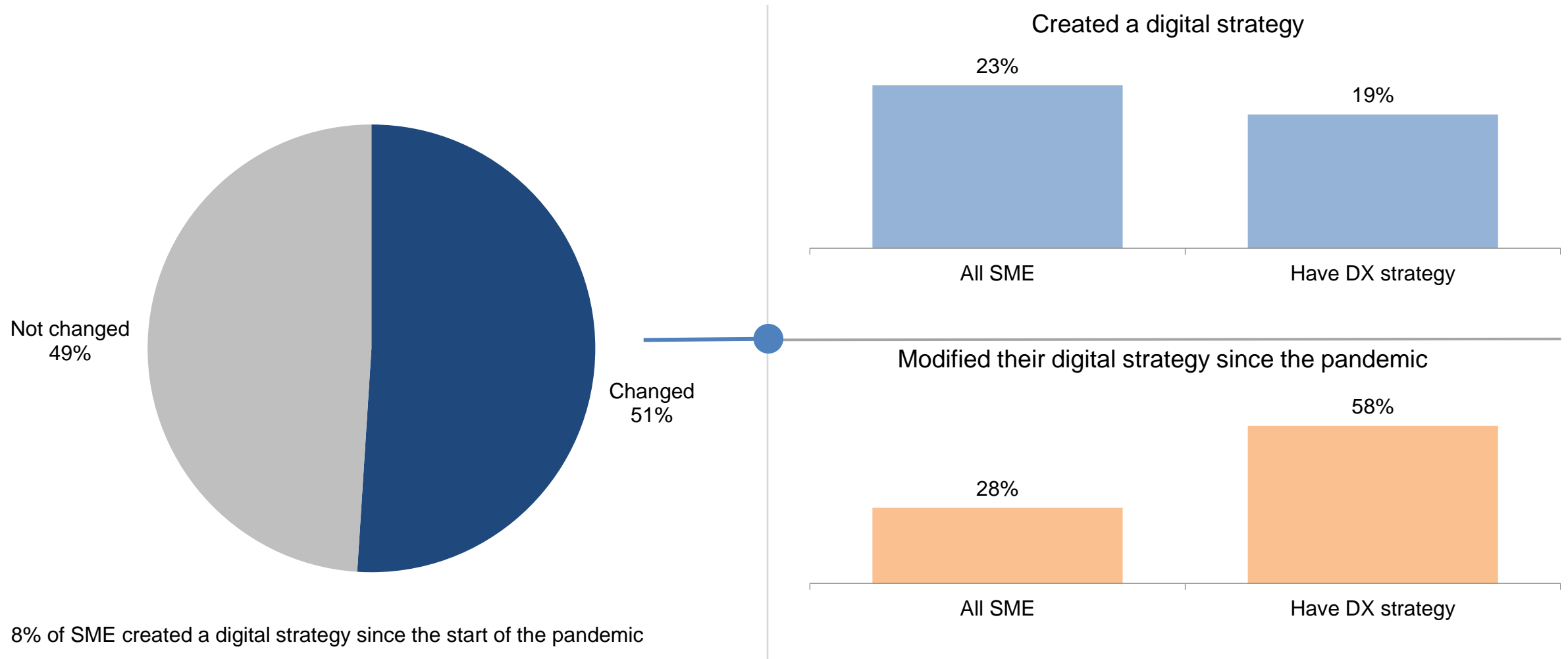


Q: What is your organisation's level of technology adoption approach?



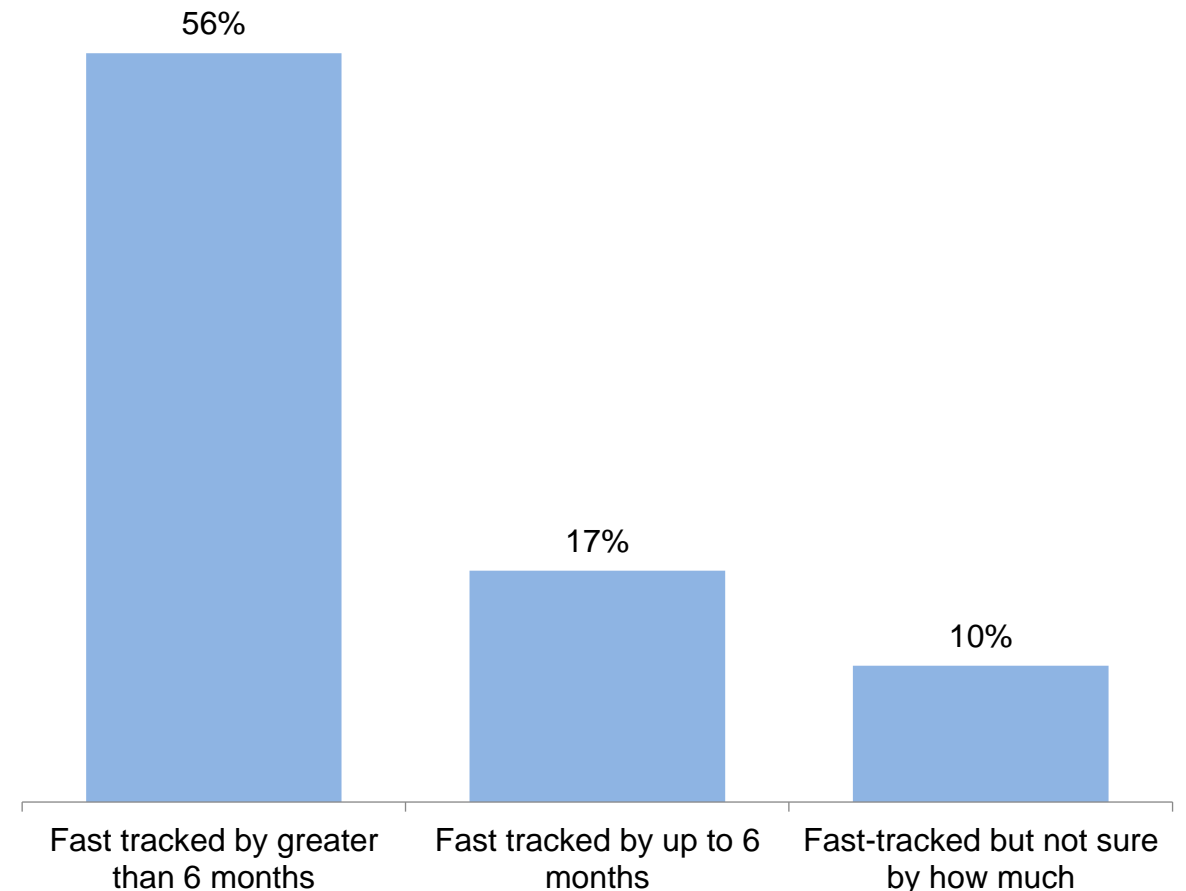
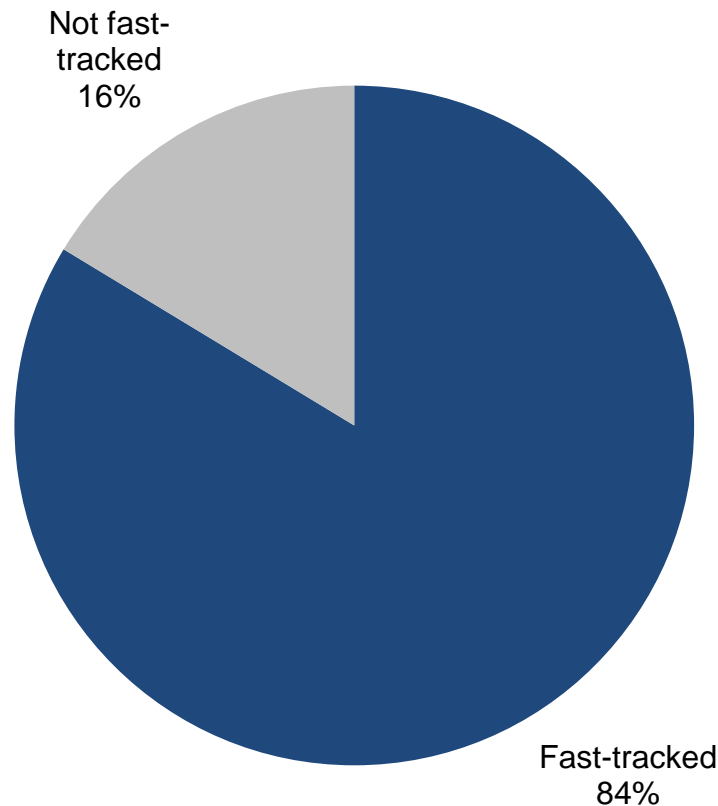
More than half of those with a digital strategy modified it since the start of the pandemic

Q: Has your organisation's digital strategy changed since the start of the pandemic?



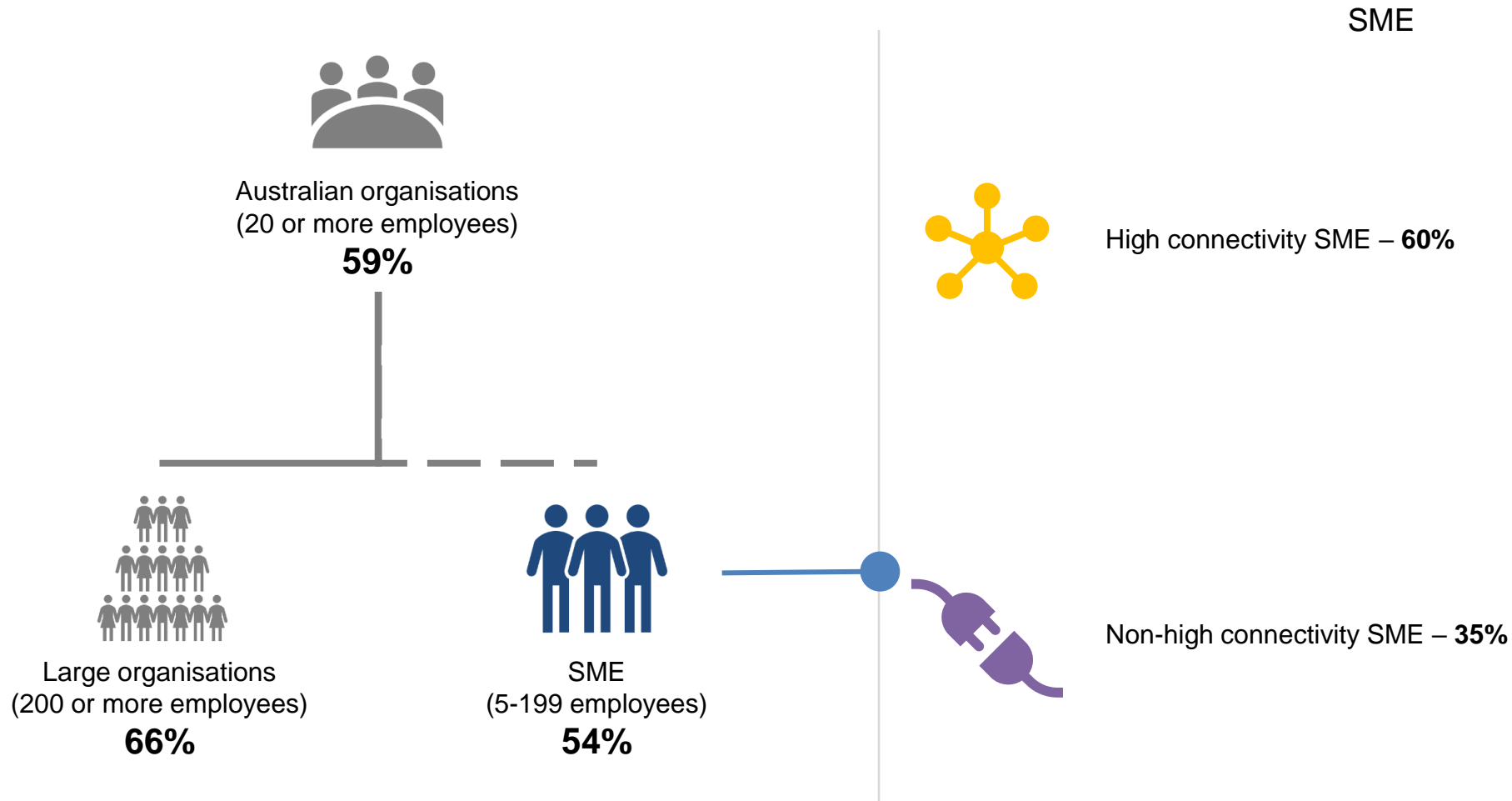
More than half of SMEs have had their digital transformation strategy fast-tracked by more than 6 months due to the pandemic

Q: Have the disruptions of 2020 accelerated your organisation's digital transformation strategy?



Similarly, more than half have re-evaluated their digital capabilities due to the COVID-19 pandemic

Q: How much does your organisation agree that the disruption in 2020 have given your organisation the opportunity to evaluate your digital capability? (Those agreed)

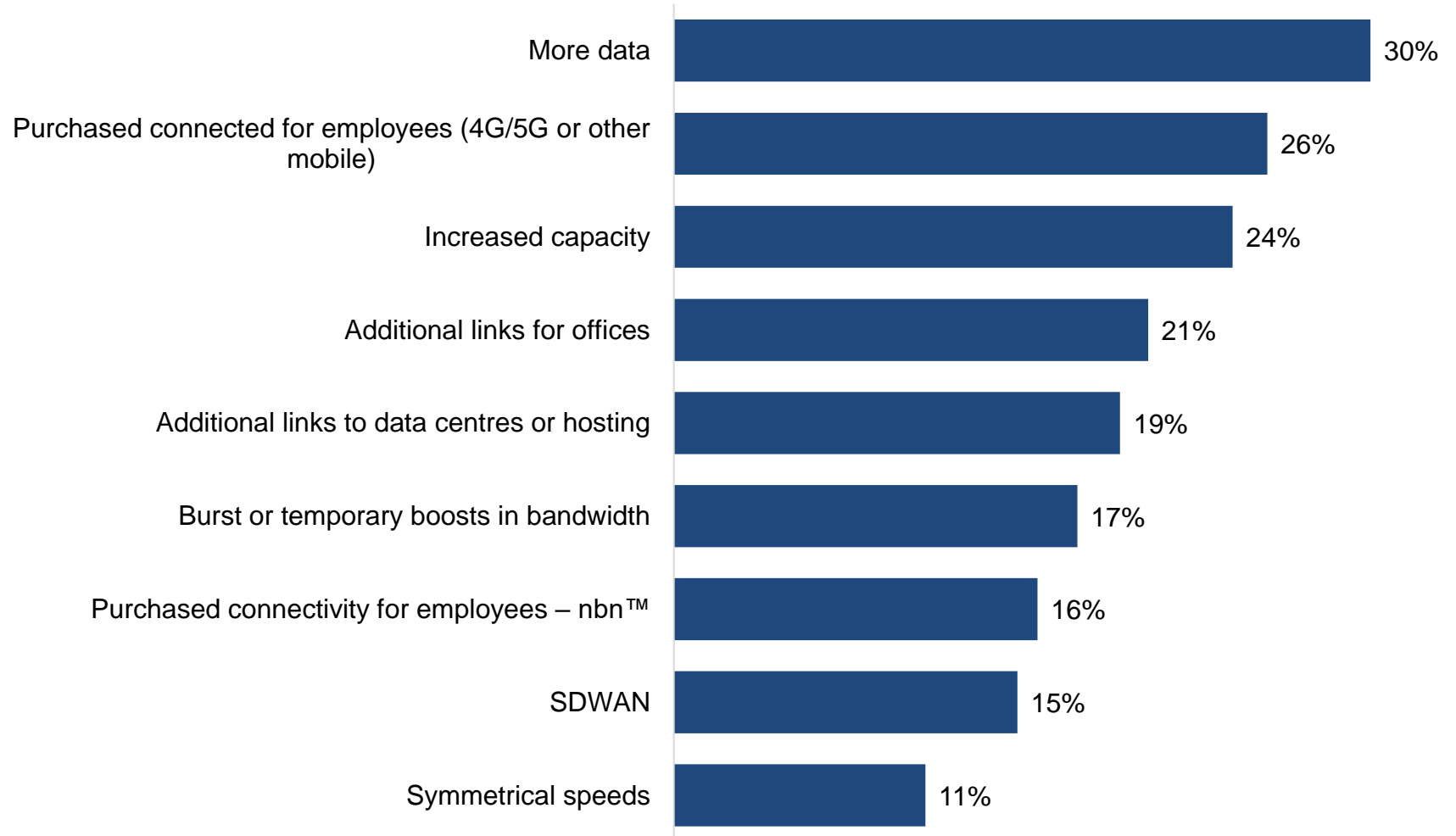


Almost three quarters of SMEs invested in connectivity due to the pandemic – mainly more data, mobile connectivity and capacity

Q: Which of the following connectivity areas has your organisation invested in as a result of the pandemic?

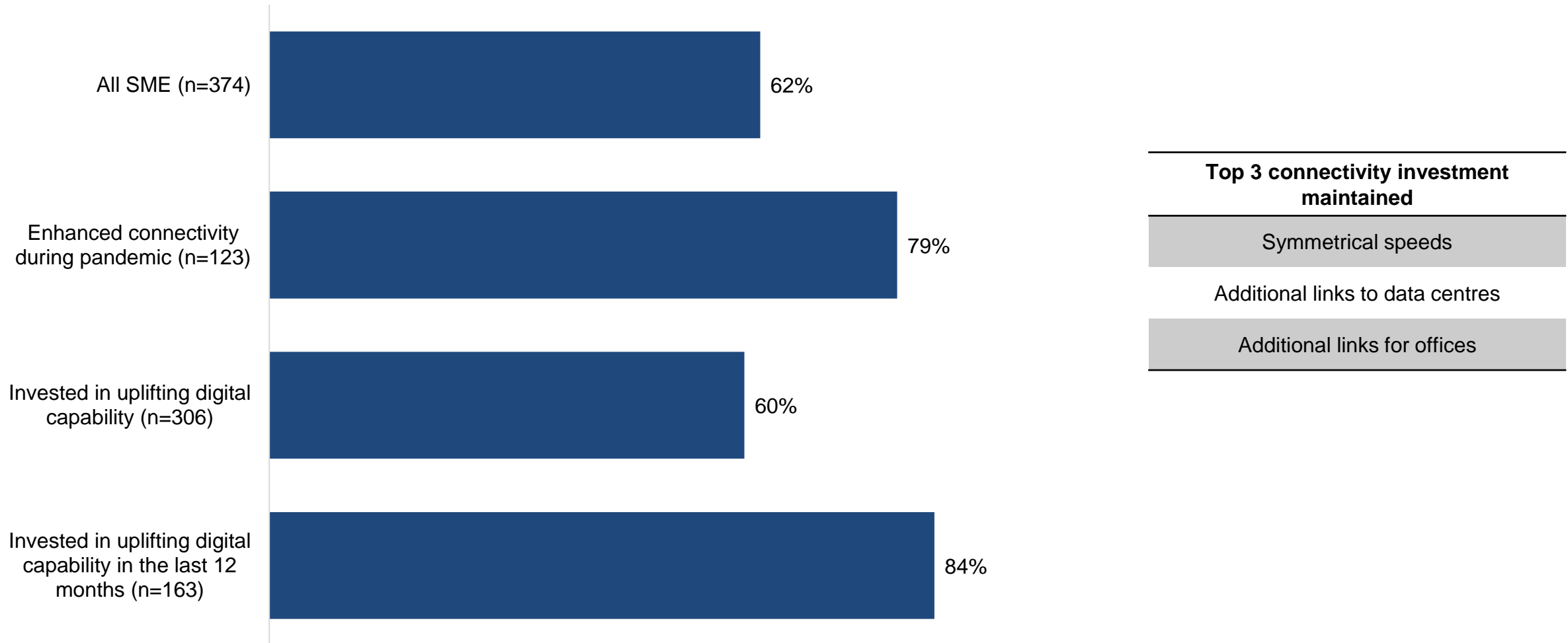
32%
of SMEs enhanced their connectivity during the pandemic

72%
of SMEs invested in connectivity as a result of the pandemic



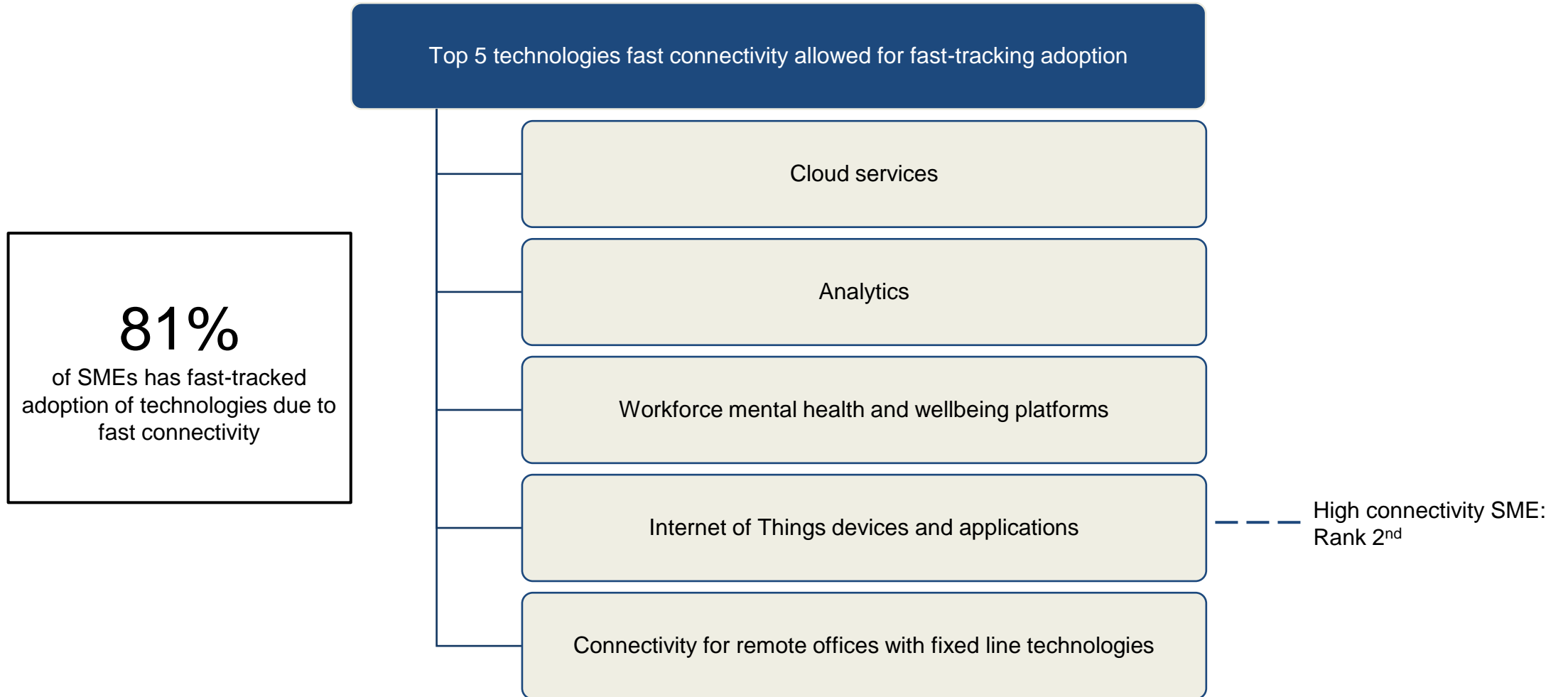
More than three quarters of those with enhanced connectivity during COVID-19 have maintained it since

Q: Has your organisation maintained all its enhanced connectivity investments since the pandemic? (Yes)



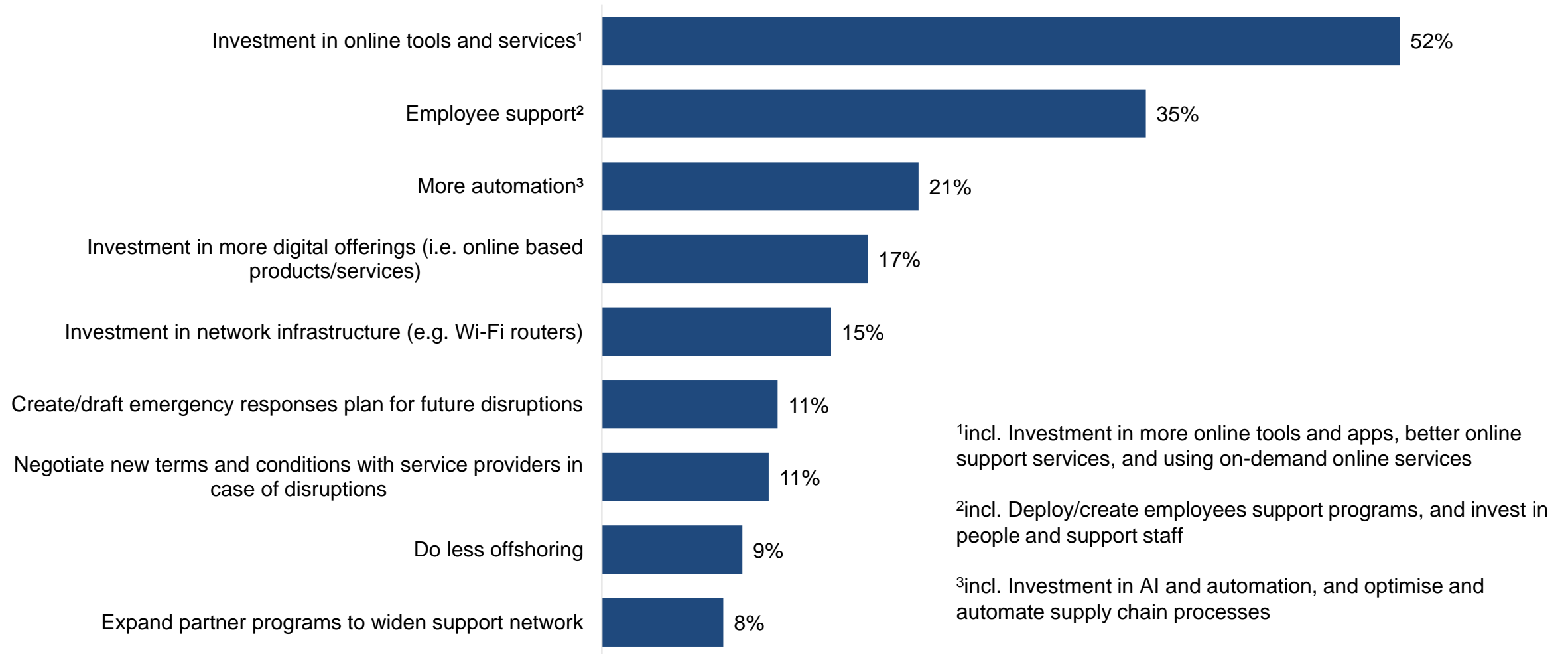
Cloud services fast tracked thanks to higher speed connectivity

Q: Which of the following technologies has fast connectivity allowed your organisation to fast-track the adoption?



Investments in online tools and services seen as the best way for SMEs to mitigate future disruptions

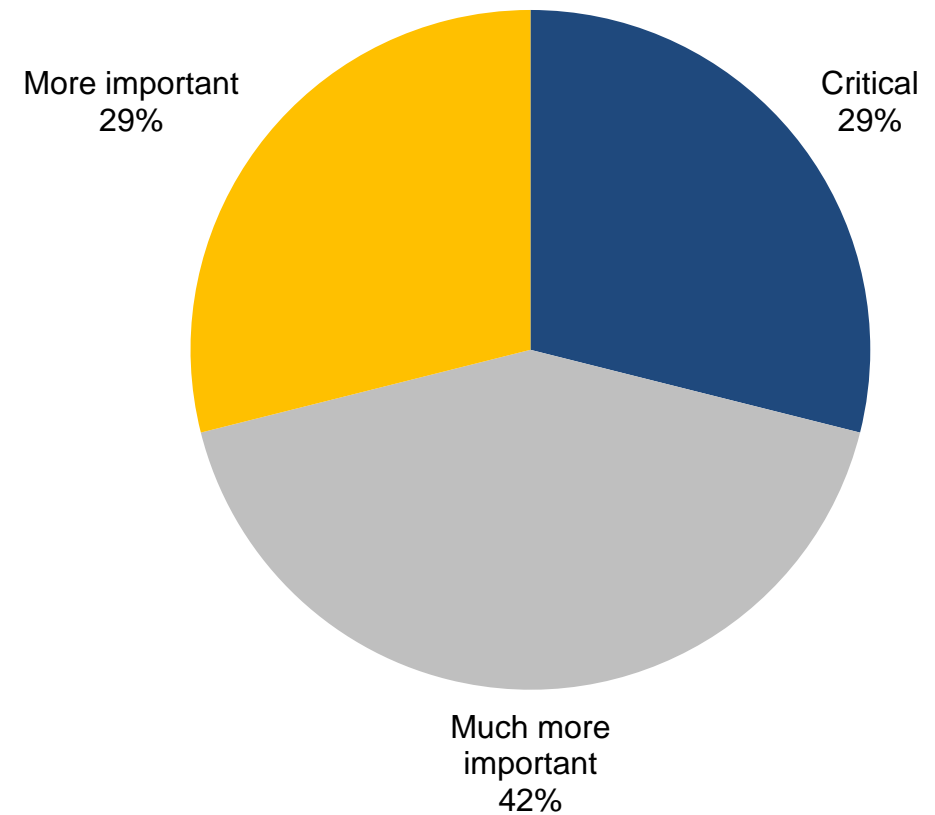
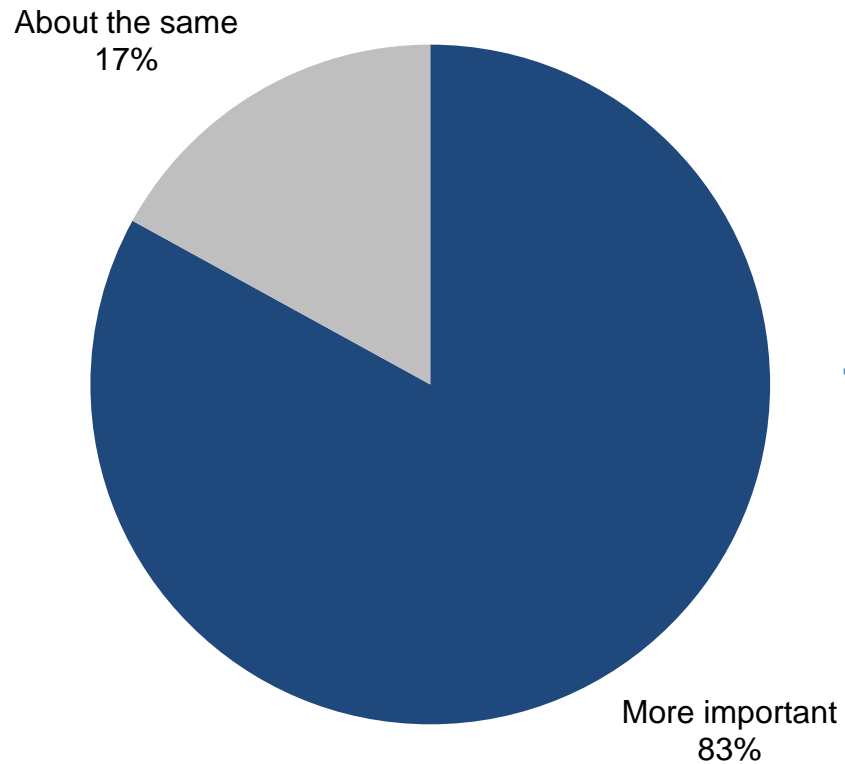
Q: Which of the following does your organisation plan to do or is already doing to mitigate future disruptions?



Connectivity challenges

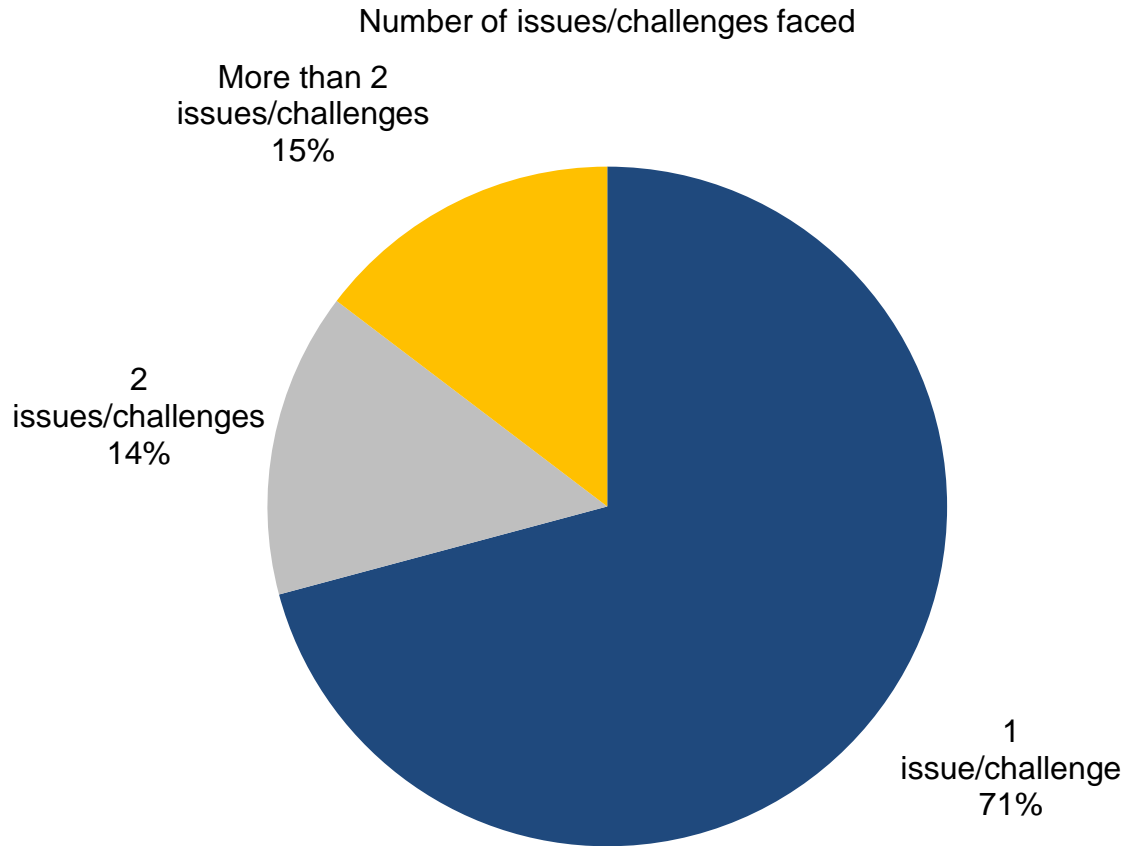
80% of SMEs consider high-speed connectivity more important since COVID-19

Q: How much more important has the internet and high-speed connectivity become to your business since the COVID-19 pandemic began?



Delivery of services, attracting new clients top challenges faced by SMEs during COVID-19

Q: What challenges have your organisation faced during the pandemic?



Top 5 issues/challenges faced by SMEs

Lack of ability to attract new clients

Lack of ability to deliver services to client

Lack of ability for staff to work remotely

Supply chain disruptions

IT system's inability to cope with demand

Top 5 issues/challenges faced by SMEs with more than 1 issue/challenges

Lack of ability to deliver service to client

Lack of ability to attract new clients

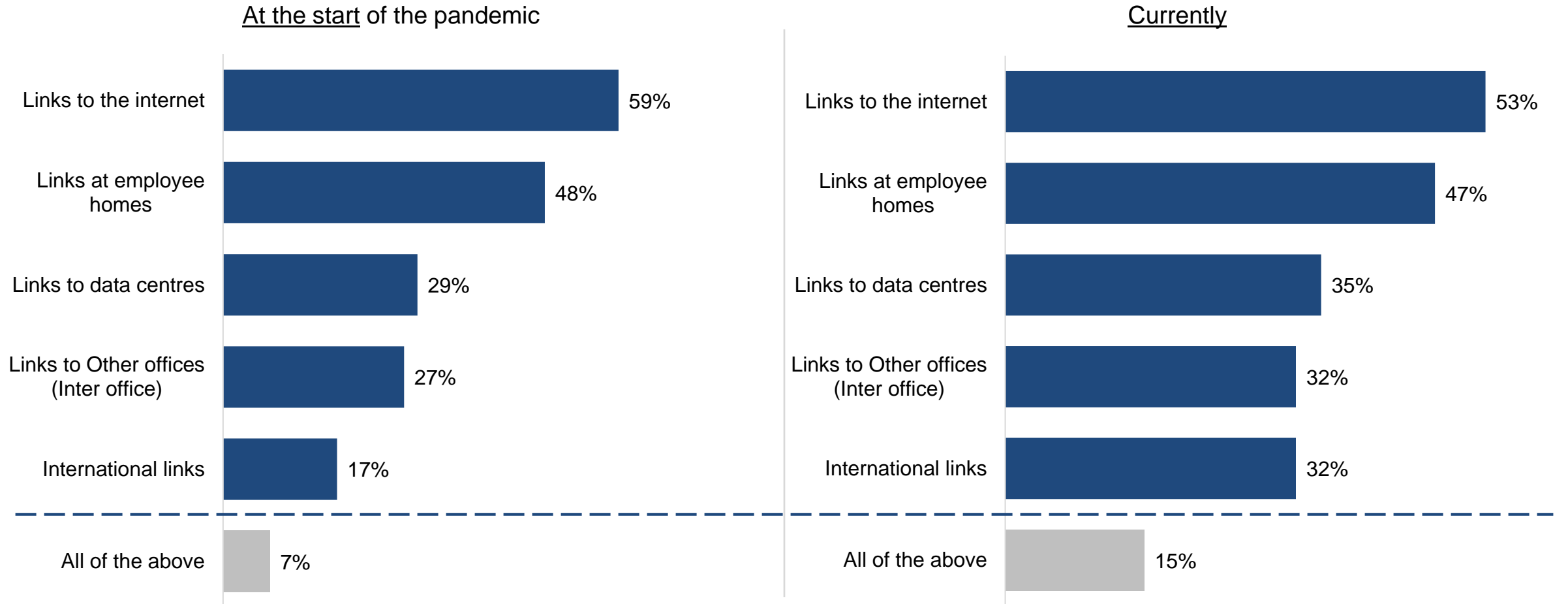
Cybersecurity challenges

IT system inability to cope with demand

Lack of ability for staff to work remotely

More areas of connectivity under pressure now compared to the start of the pandemic

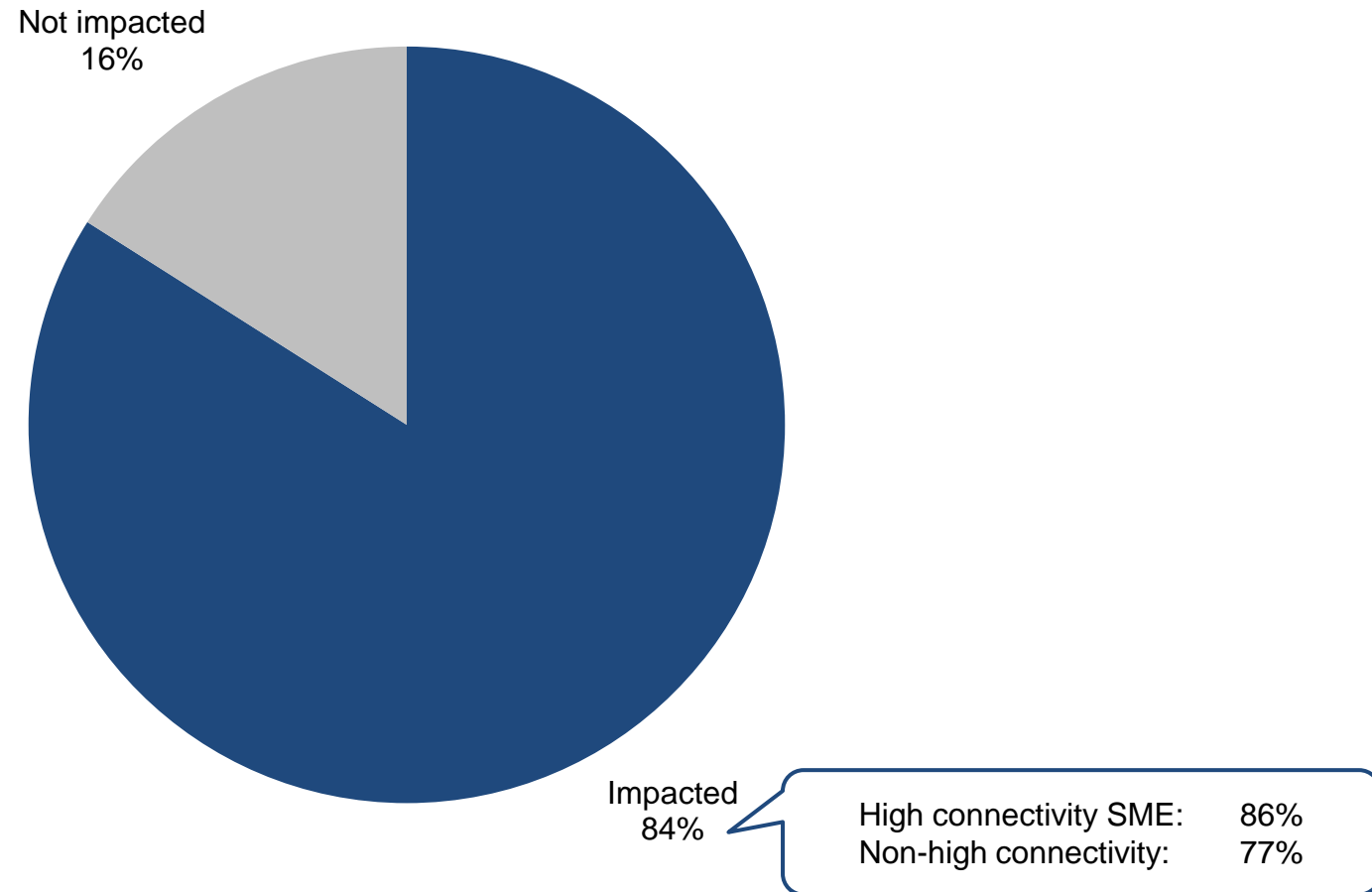
Q: Which of the following areas in your organisation's connectivity is under strain...?



*Individual options selected include those selected 'all of the above'

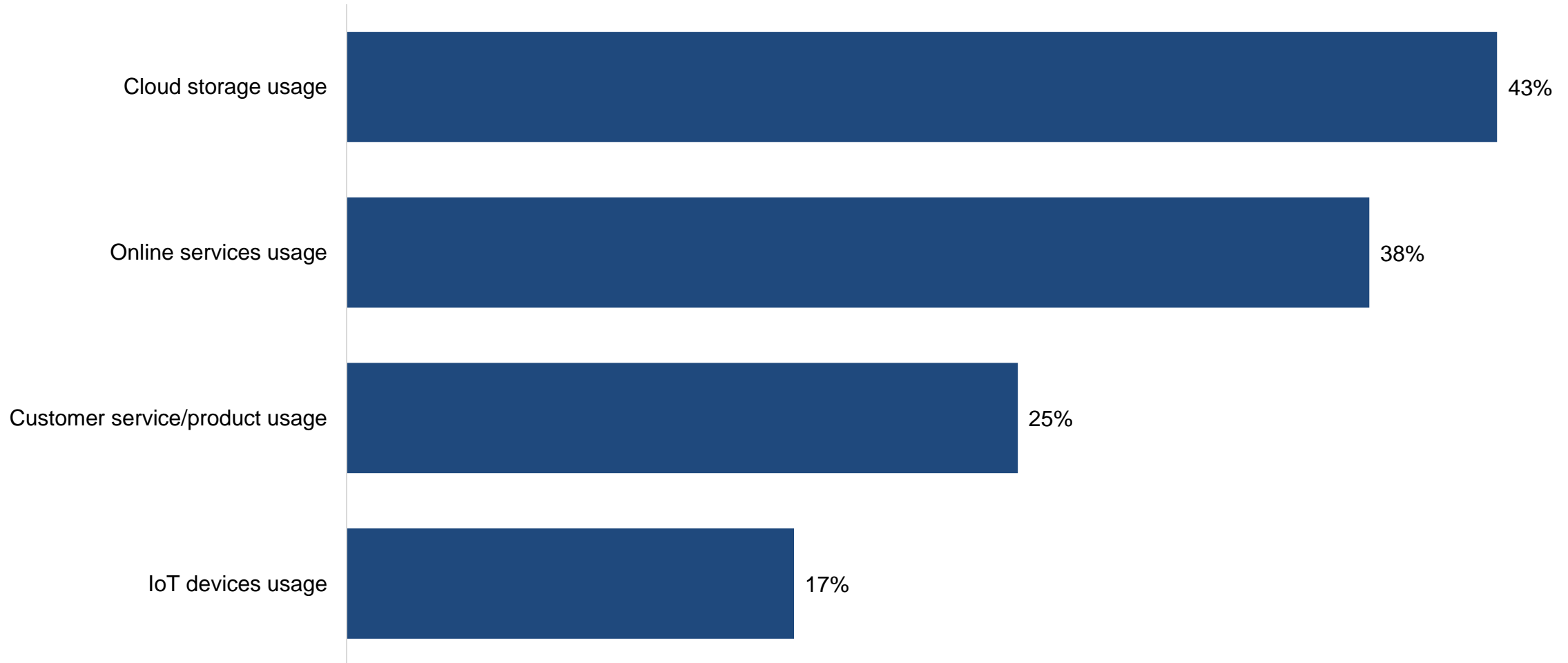
Growth in data generation impacting most SMEs' connectivity

Q: Has growth in data generation in the last 12 months impacted your organisation's connectivity?



Growth in cloud storage impacted SMEs' connectivity in 2020

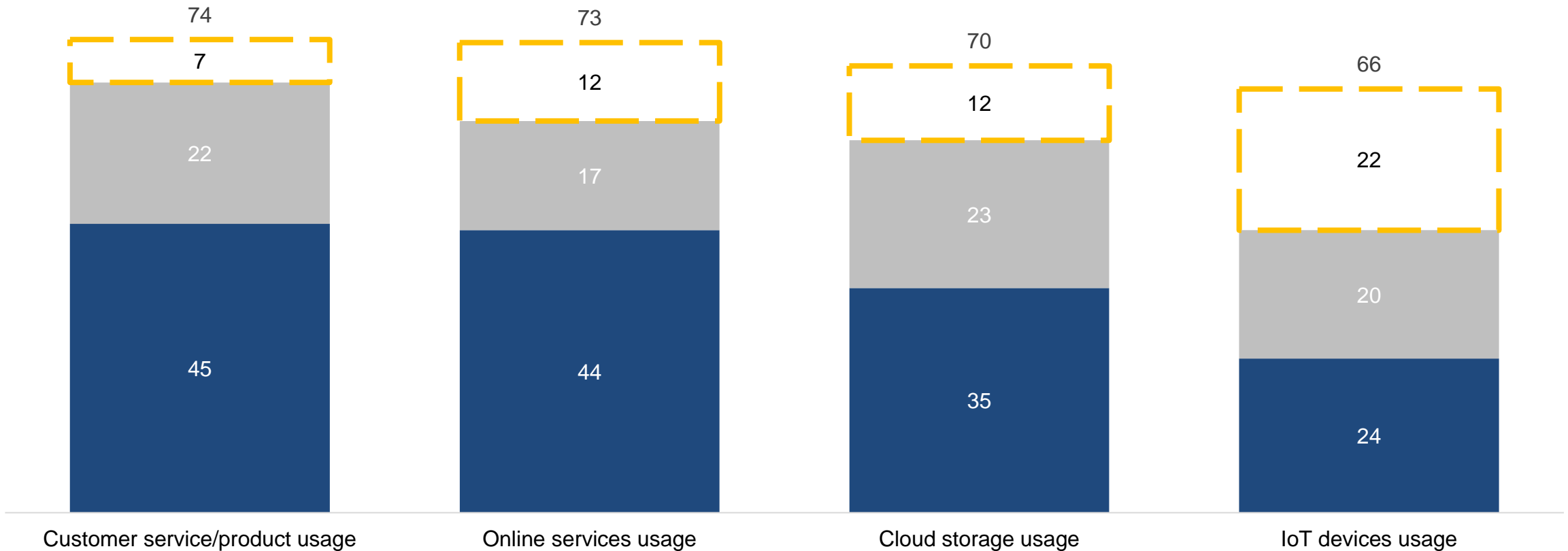
Q: Growth in data generation from which of the following areas in the last 12 months have impacted your organisation's connectivity?



Almost half of SMEs use data generated from customer service or product usage for data analytics

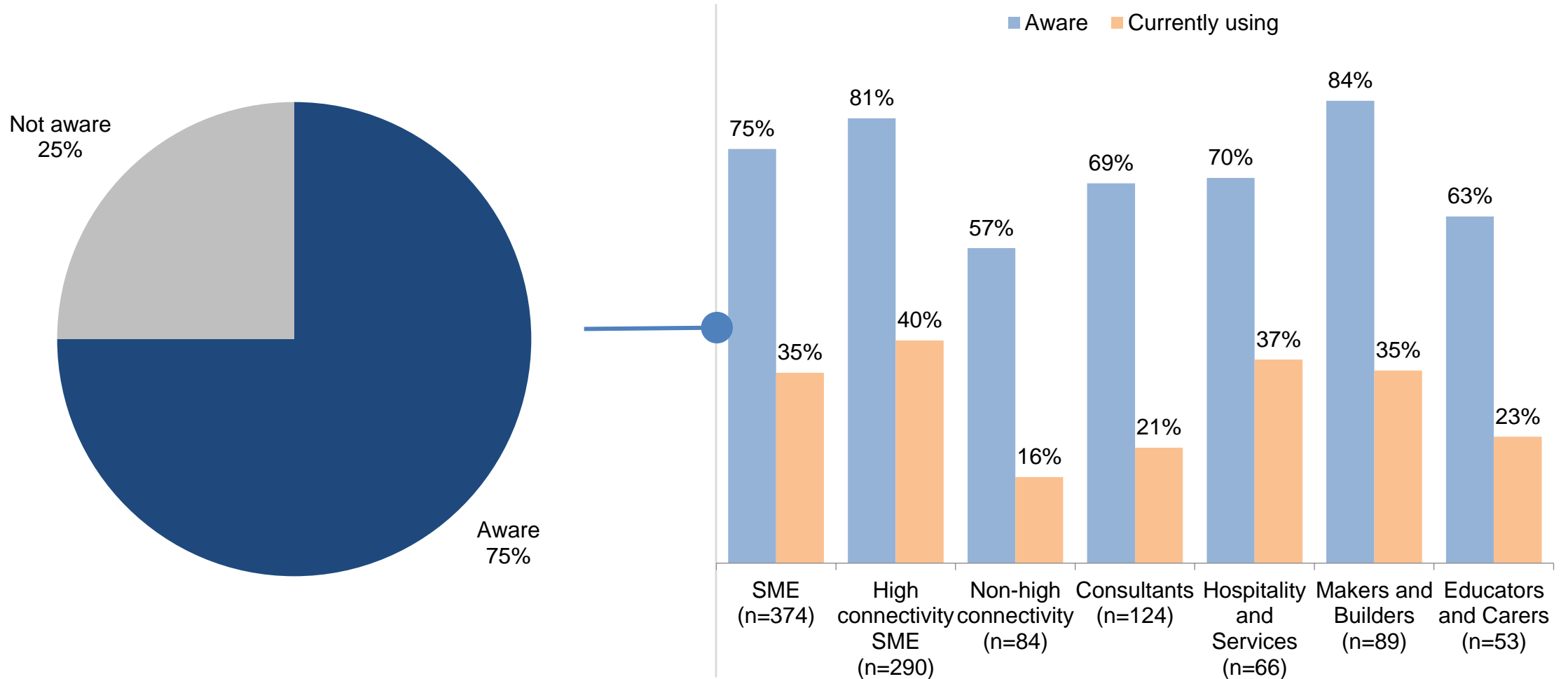
Q: Data generated from which of the followings does your organisation use for data analytics and training AI (machine learning)?

■ For data analytic ■ For training AI ■ Telsyte's estimate of additional SME using data generation for data analytics and training AI by 2024



Three quarters are aware of business-grade fixed broadband services

Q: Prior to the survey, was your organisation aware of business-grade fixed broadband services (e.g. business fibre)?

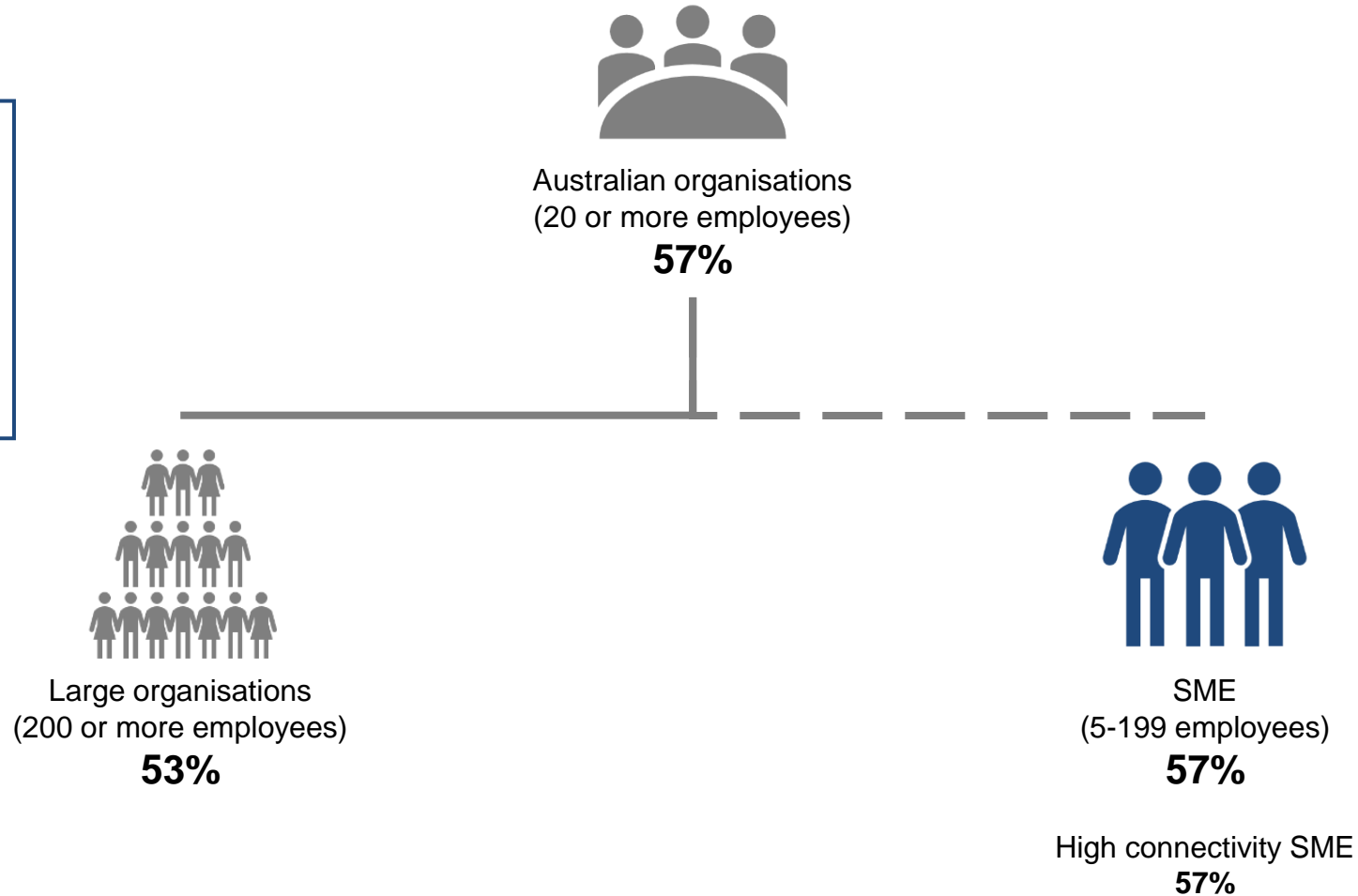


Digital literacy

Opportunity: majority of SME workforce digital natives, which is higher than large corporations

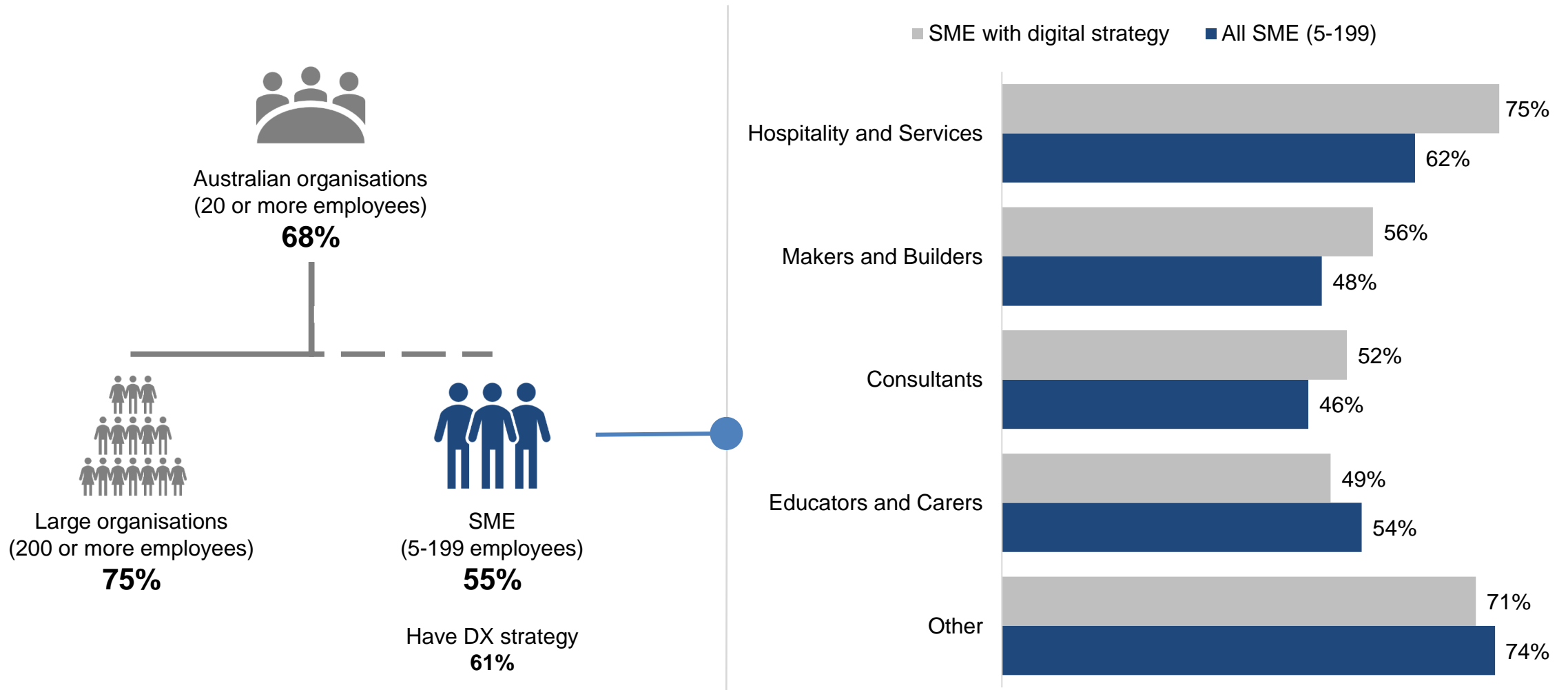
Q: Approximately what percentage of your organisation's workforce are digital native?

Digital natives are those born into the digital age, characterised by the abundance of modern personal computers, smartphones, Internet, search and social networking tools



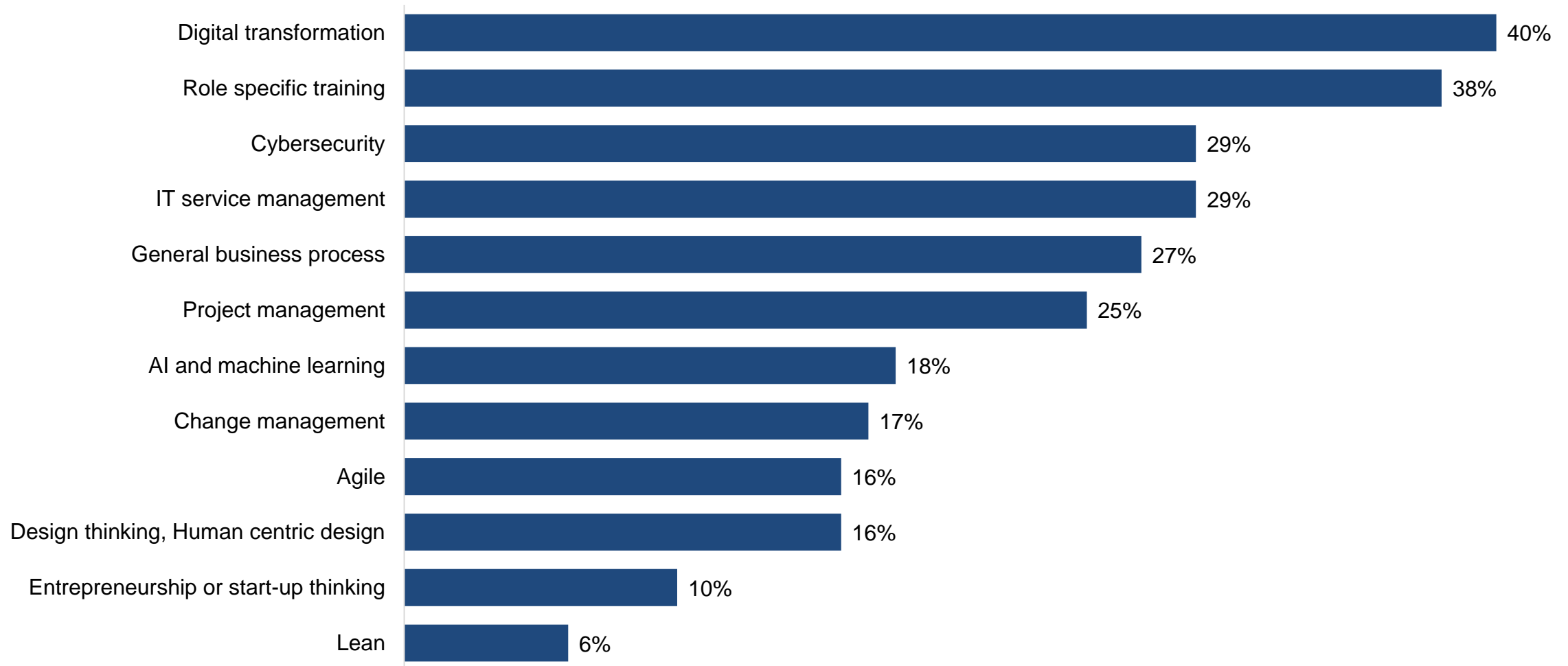
Training gaps: Only 6 in 10 SMEs with digital transformation strategies provide training

Q: Does your organisation provide training to employees to help them through the digital transformation process? (Yes)



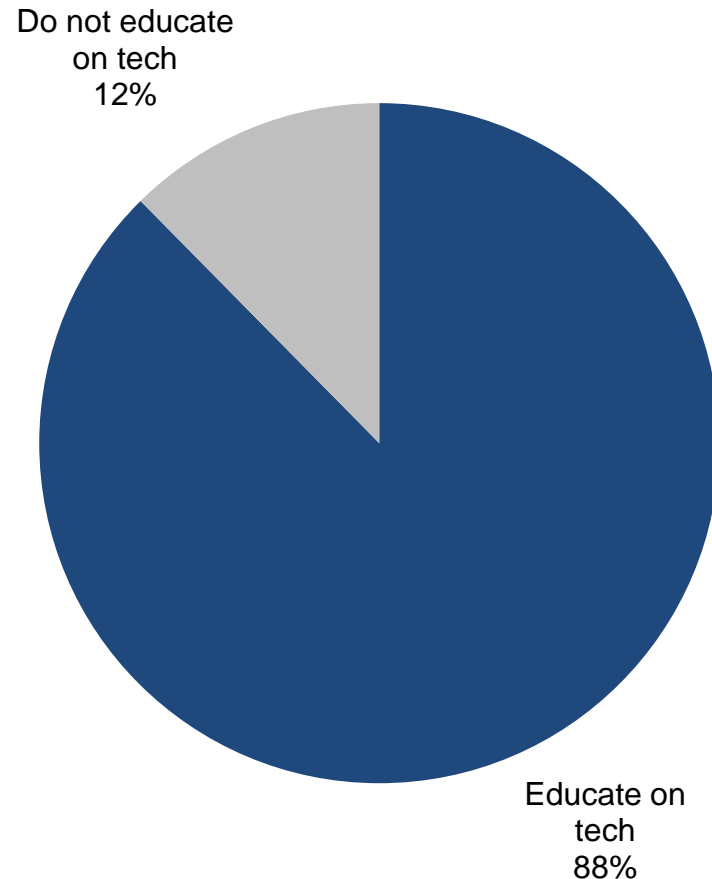
Digital transformation, role specific training most likely to be provided to employees

Q: In which of the following areas does your organisation provide digital training?

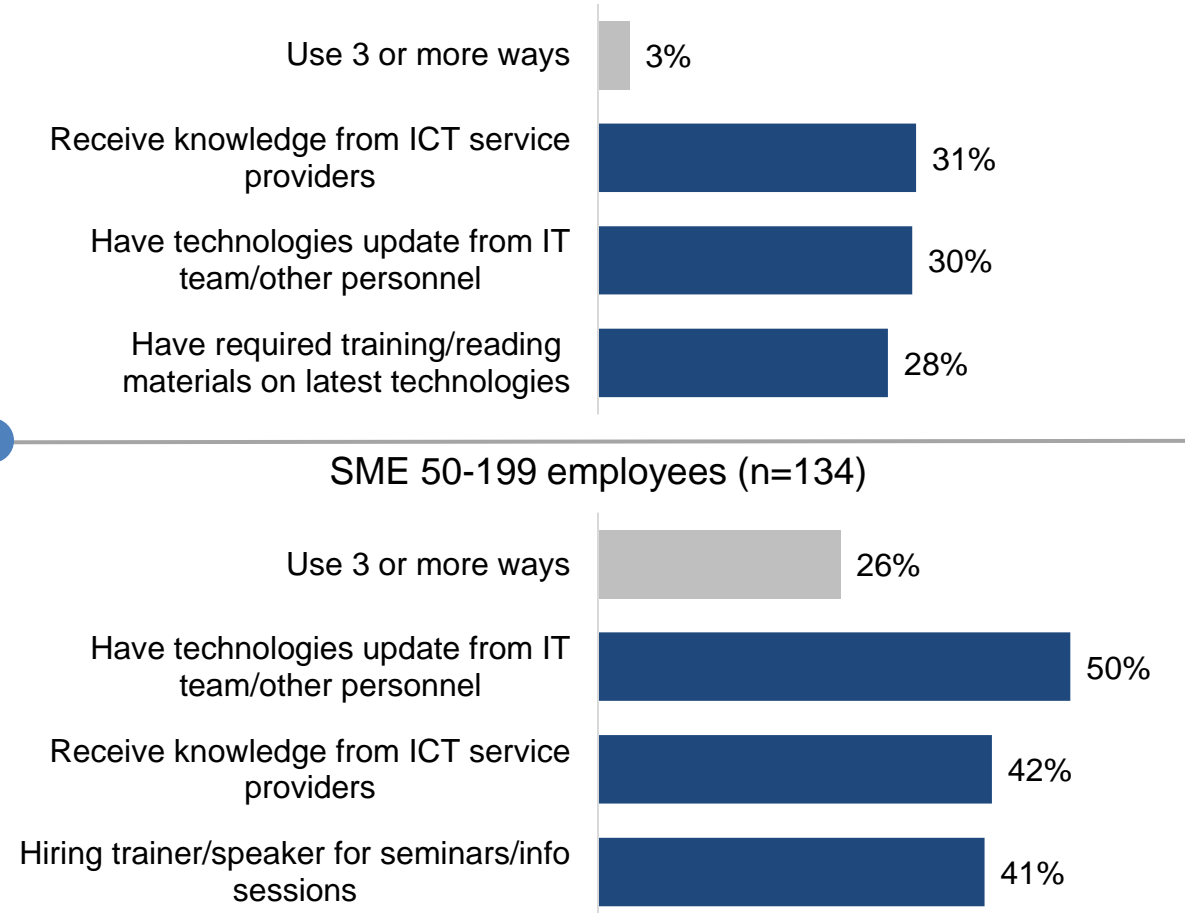


SMEs heavily rely on the IT team and ICT service providers to educate decision makers on technologies

Q: How do decision makers in your organisation educate themselves on the technologies that would help the business? (Top 3)

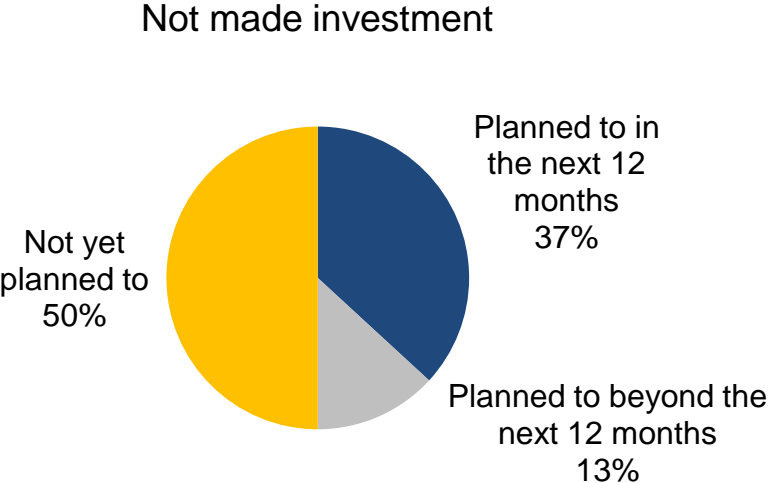
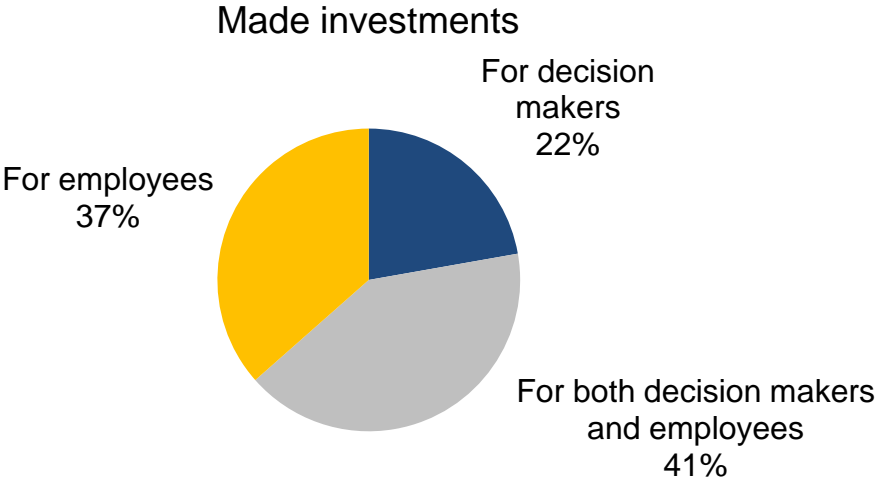
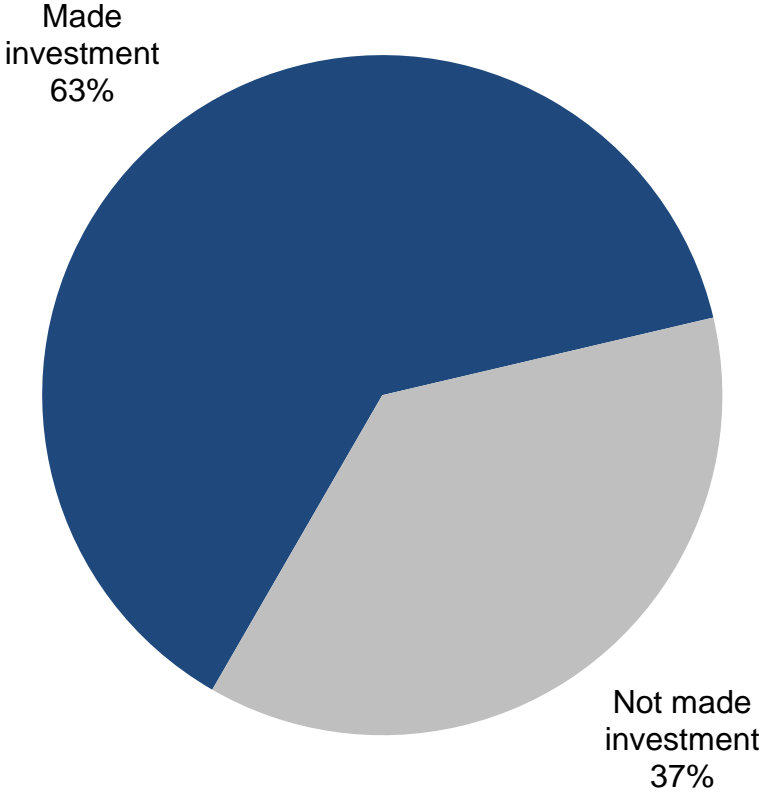


SME 5-49 employees (n=204)



2 in 3 SMEs looking to digitally upskill their employees

Q: Has your organisation made investments to digitally upskill the employees or decision makers?



Methodology, respondent profile, definitions and contact

Methodology



50-minute
online survey conducted
in **December 2020**

with a paid research only panel (not used for marketing) that adheres to industry best practice and ISO standards



374 ICT decision makers across Australian organisations with **5 to 199 employees**

Respondent were required to have strong understanding of the IT and technology in this organisation and/ or involved with digital strategies.



The sample is representative of the top 268,842 operating SMEs in Australia according to the ABS and the study is accordingly weighted by industry and business size counts.



Survey had a confidence interval of **+/-5.17** with a confidence level of **95%**



Additionally, Telsyte conducts **ongoing desk and secondary research** to monitor developments across vendors and geographies



The study is a customised report based on Telsyte's Australian Digital Workplace Study 2021 with custom data is collected **independent** of any vendor or client organisation

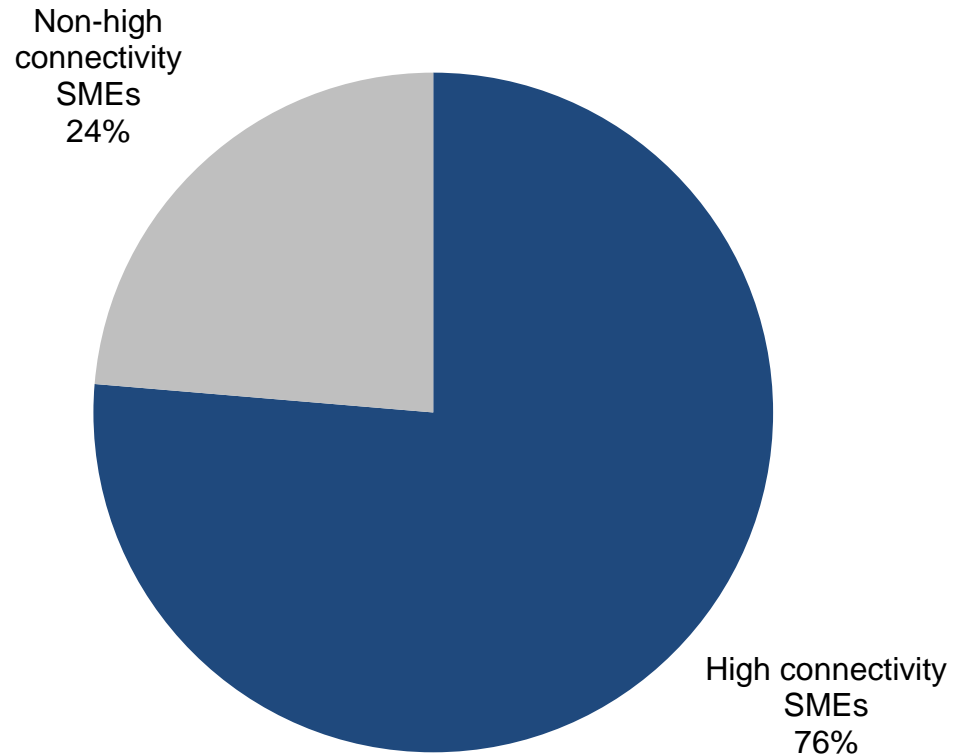
Methodology – ABS business counts

Count of Australian businesses by industry (ABS)

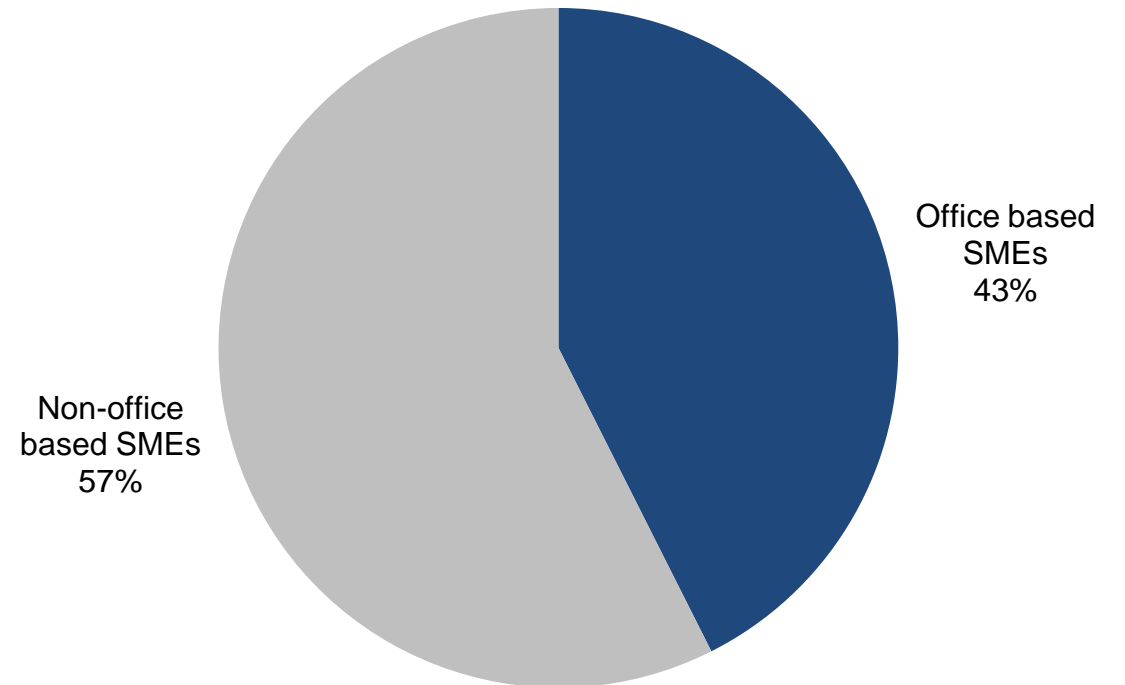
Industry	5-19 employees	20-199 employees	200+ employees	Total	% of total
Agriculture, Forestry and Fishing	11,930	2,312	91	14,333	5%
Mining	810	413	151	1,374	1%
Manufacturing	16,178	6,513	487	23,178	8%
Electricity, Gas, Water and Waste Services	886	314	73	1,273	0%
Construction	27,944	5,594	204	33,742	12%
Wholesale Trade	12,565	4,168	315	17,048	6%
Retail Trade	24,125	5,582	336	30,043	11%
Accommodation and Food Services	25,535	7,802	363	33,700	12%
Transport, Postal and Warehousing	6,844	2,221	240	9,305	3%
Information Media and Telecommunications	1,766	699	91	2,556	1%
Financial and Insurance Services	5,095	1,123	186	6,404	2%
Rental, Hiring and Real Estate Services	8,830	1,674	83	10,587	4%
Professional, Scientific and Technical Services	22,634	5,801	318	28,753	11%
Administrative and Support Services	9,872	4,168	582	14,622	5%
Public Administration and Safety	965	478	43	1,486	1%
Education and Training	4,473	1,876	189	6,538	2%
Health Care and Social Assistance	16,891	3,756	360	21,007	8%
Arts and Recreation Services	2,629	934	102	3,665	1%
Other Services	12,087	1,355	45	13,487	5%
Total	212,059	56,783	4,259	273,101	100%

Australian office based and high connectivity SME estimates

High connectivity SMEs
(Based on survey results of those invested in high connectivity requirement technologies)



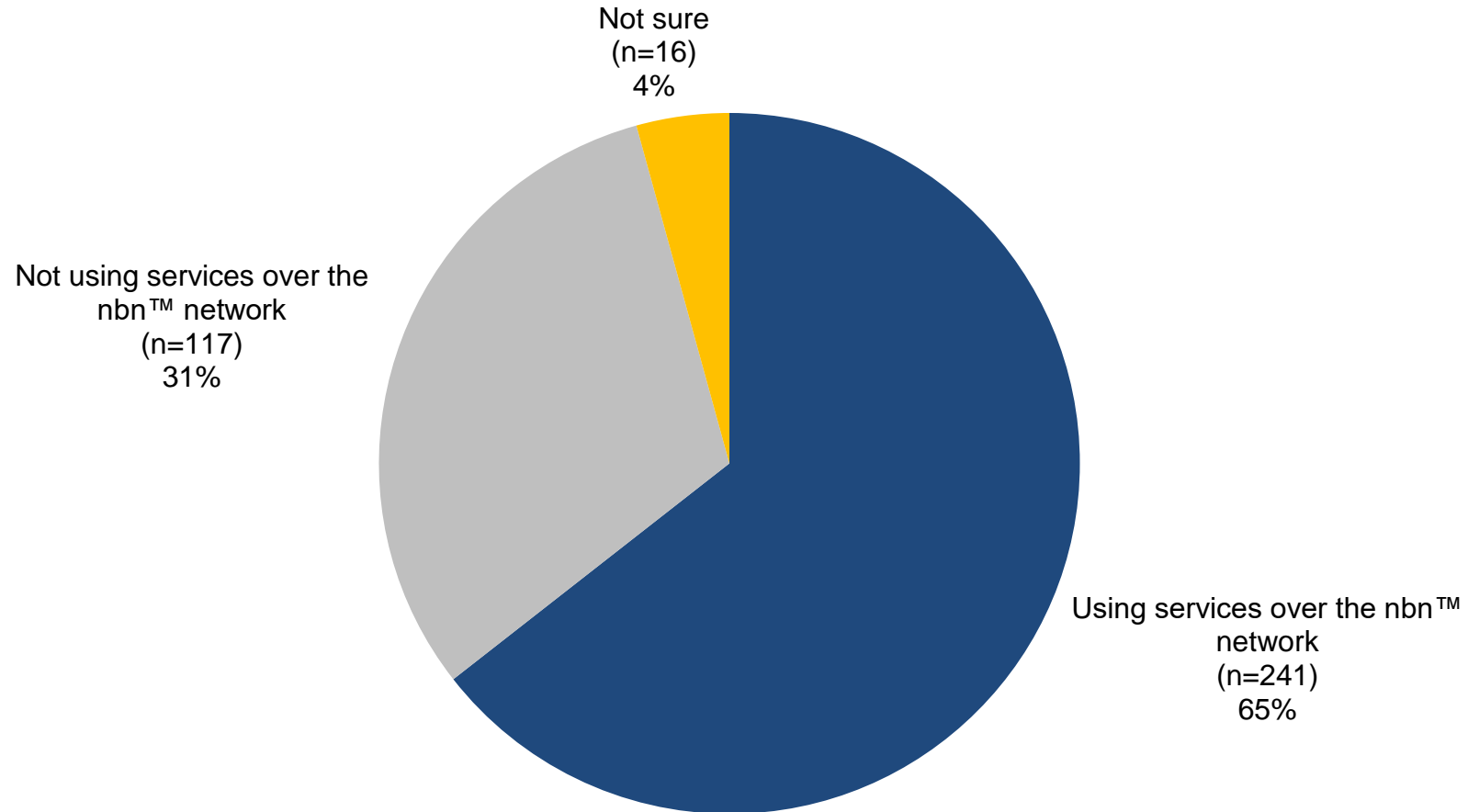
Office-based SMEs
(Based on survey results of industries that mostly operate within an office)



- Only **16%** are neither high connectivity or office-based SMEs

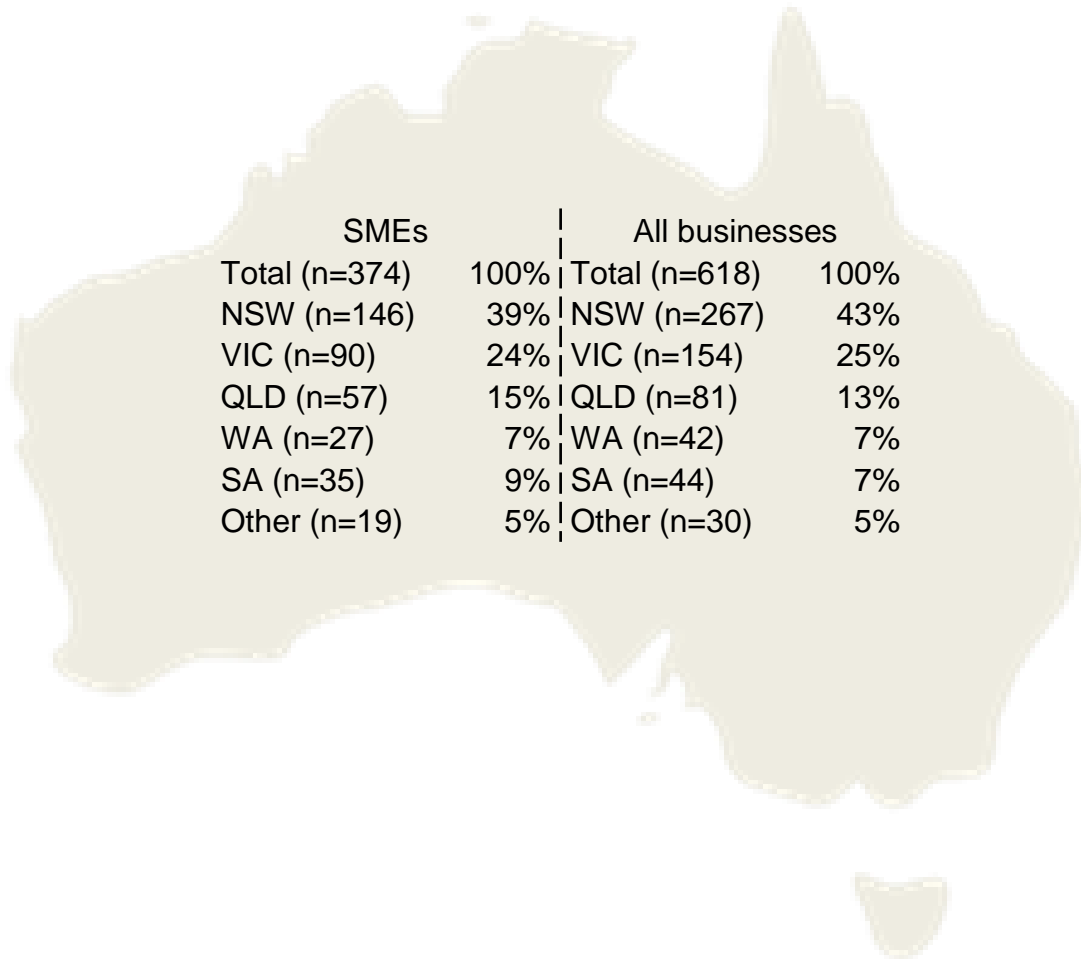
Respondent profile

By Internet services over the nbn™ network

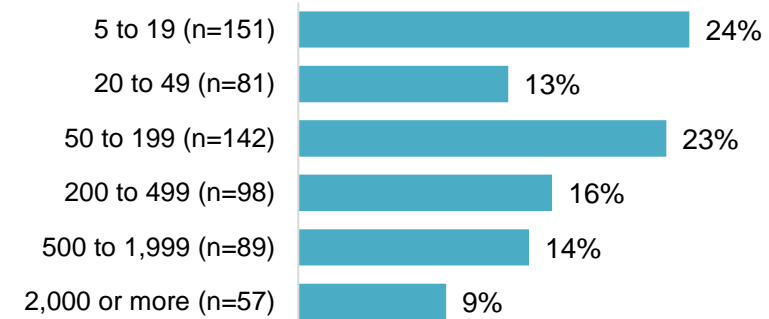


Respondent profile

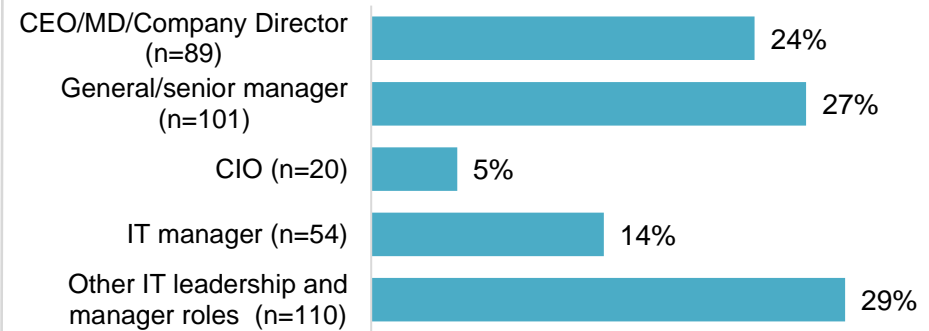
By head office location



By number of employees (all businesses)



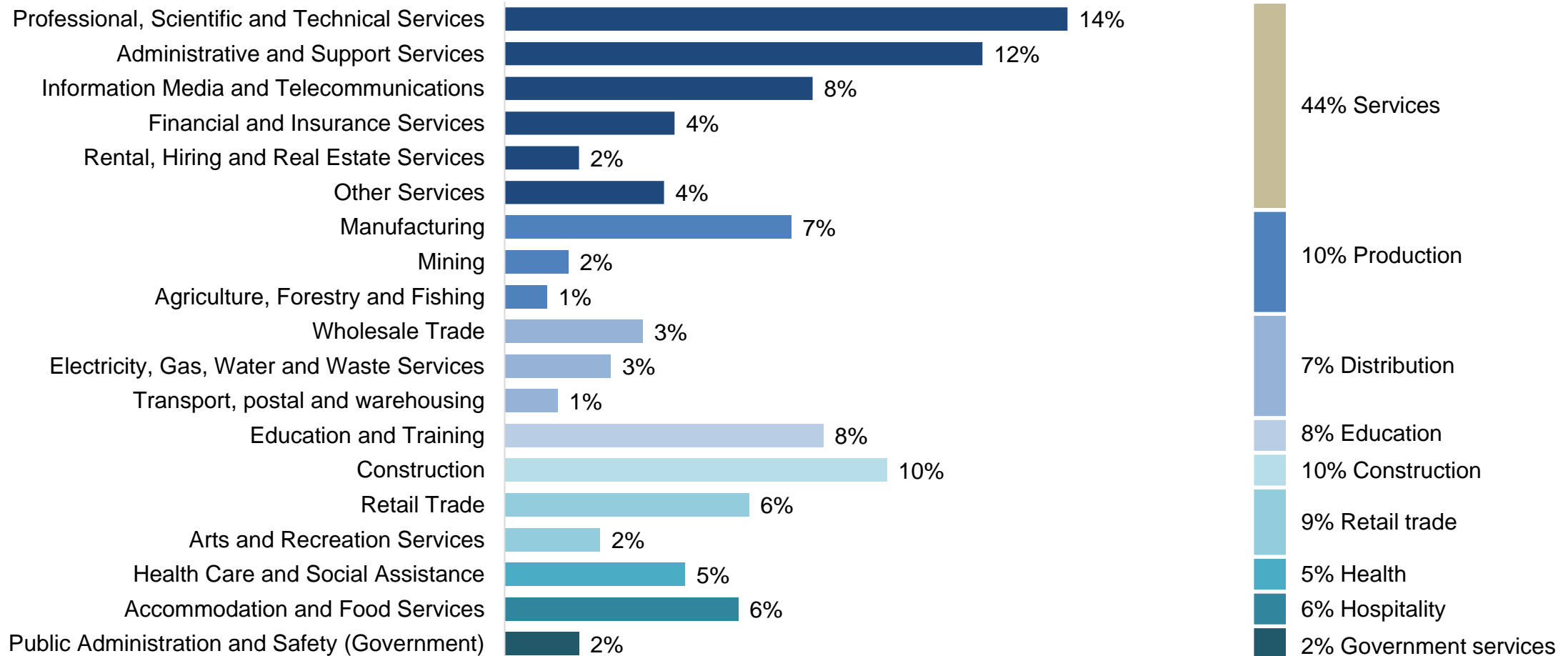
By role or title of respondent (SMEs)



Note: Charts show unweighted data

Respondent profile by industry

By industry sector (SMEs)



Definitions used in this study

- **SME:**
Small to medium enterprises, those with between 5 to 199 employees.
- **High connectivity SMEs:**
SMEs that have invested in technologies with high connectivity requirements (including cybersecurity, data management, VoIP, Inter-premises collaboration, video conference, cloud (IaaS), cloud applications (SaaS), business intelligence, AI, middleware, virtual devices).
- **Office-based SMEs:**
SMEs in industries that mostly operate within an office (including administrative and support services, education and training, financial and insurance services, information media and telecommunications, professional, scientific and technical services, rental, hiring and real estate services, retail trade, wholesale trade).
- **Large:**
Organisations with 200 or more employees.
- **AI:**
Artificial intelligence is intelligence displayed by machines, which typically means that the AI can learn or solve problems it was not specifically programmed to solve.
- **Cloud services:**
Cloud services is a broad category that encompasses many IT service provided over an internet connection, including storage and collaboration.
- **Cybersecurity:**
The protection against the criminal or unauthorized use of electronic data, including the measurements done.
- **Digital transformation:**
The adoption and integration of technology into all areas of a business to transform the way services/products are delivered to clients. It requires the changing of client experiences, business models, processes and corporate culture. Digital organisations focus on leveraging market trends, experimentation, responsiveness to clients, and continuous value creation. Some of the technologies involves in some digital transformation are cloud computing, Internet of Things (IoT), data and analytics, and artificial intelligence (AI).

Definitions used in this study

- **Digital strategy:**

The adoption and integration of technologies into your organisation. It could change the client experiences, business models, processes or corporate culture.

- **Deep learning (also known as stacked neural networks):**

A subset of machine learning where instead of the parameters must be manually input to perform a certain task, the system/program requires only the examples of the outcome of the task, from which it derives its own parameters/method to perform a task. It is capable of learning and making intelligent decisions on its own but requires larger data sets for training compare to general Machine Learning.

- **Digital Fatigue:**

Digital fatigue refers to the lack of motivation, exhaustion, distrust and burnout when interacting with things Digital related.

- **Financial KPIs:**

Financial KPIs refers to KPIs relating to cost, revenue, profit margin, product or service sales, and tax.

- **Non-Financial KPIs :**

Non-Financial KPIs refers to KPIs relating to non-revenue or cost related KPIs, such as customer satisfaction, relationship, employee satisfaction, productivity, manageability, error rate, quality of products, and brand reputation.

- **Machine learning:**

A machine or software can 'learn' or incorporate new data or inputs to improve its function.



Contact

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About Telsyte

Telsyte is Australia's leading emerging technology analyst firm. Telsyte analysts deliver market research, insights and advisory into enterprise and consumer technologies. Telsyte is an independent business unit of DXC.technology.

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