

# **IS YOUR SME ABOARD THE TECHNOLOGY ROCKET?**

**Chartered Accountants Australia and NZ  
Queenstown Conference**

**13 September 2014**

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**MAKING COMPLEX ISSUES SIMPLE**

## A BIT ABOUT ME

- Background as a business lobbyist
- 1999-2010: TUANZ (Telecommunications Users Assn)
- 2010-present: consultant in Digital Economy
- Recent work focused on health IT
- Recently abandoned Auckland for regional NZ

# AGENDA

- A Telecommunications Basket Case – a Flashback Into History
- Revival
- Pockets of Issues Await Resolution
- The Connectivity Debate is Over – Lets Talk About Using the Internet
- Leaders and Laggards
- Thoughts about Privacy

## REFERENCES

- “Boosting Productivity in the Services Sector” – NZ Productivity Commission, May 2014
- “The Value of Internet Services to NZ Businesses” – Sapere Research Group, March 2014
- “Survival of the Fastest” – Telecommunications Users Assn of NZ Inc, February 2003

# **A TELECOMMUNICATIONS BASKET CASE – A FLASHBACK INTO HISTORY**

## FLASHBACK TO 1999/2000

- NZ near the bottom of the OECD league table by nearly every telecommunications measure
- Telecom had an unassailable market position in fixed lines due to reliance on generic competition law
- Bell South/Vodafone struggled for traction in the emerging cellphone market

# TELCO WARS 1999-2010

- Battles:
  - Number portability
  - Industry-specific regulations
  - Regulator
  - Local loop unbundling
  - Self-regulatory regime
  - Customer Complaints Code
  - Operational separation (Telecom Wholesale)
  - Sharing of cell towers
  - Structural separation (Telecom/Chorus)
  - Mobile phone termination charges
- Spoils – the foundation for a world-class Internet

**REVIVAL!**



## POST-WAR, HOW ARE WE DOING?

- Broadband is an everyday product
- Ultra-fast broadband (fibre), and the Rural Broadband initiative, together are making a step change in NZ's connectivity
- "...as the rollout...continues NZ will have amongst the best network infrastructure in the developed world." — Sapere Research
- Impressive progress against a moving target



**TELSTRA:** Considering offshoring 600 positions

**VODAFONE AUSTRALIA:** Subscribers down again

**2G:** Telstra plans to close legacy network in 2016

**NBN CO**  
HFC supplier talks  
suggest confidence in  
Telstra deal

# COMMUNICATIONS DAY

24 JULY 2014

Daily telecom news & analysis since 1994

ISSUE 4704

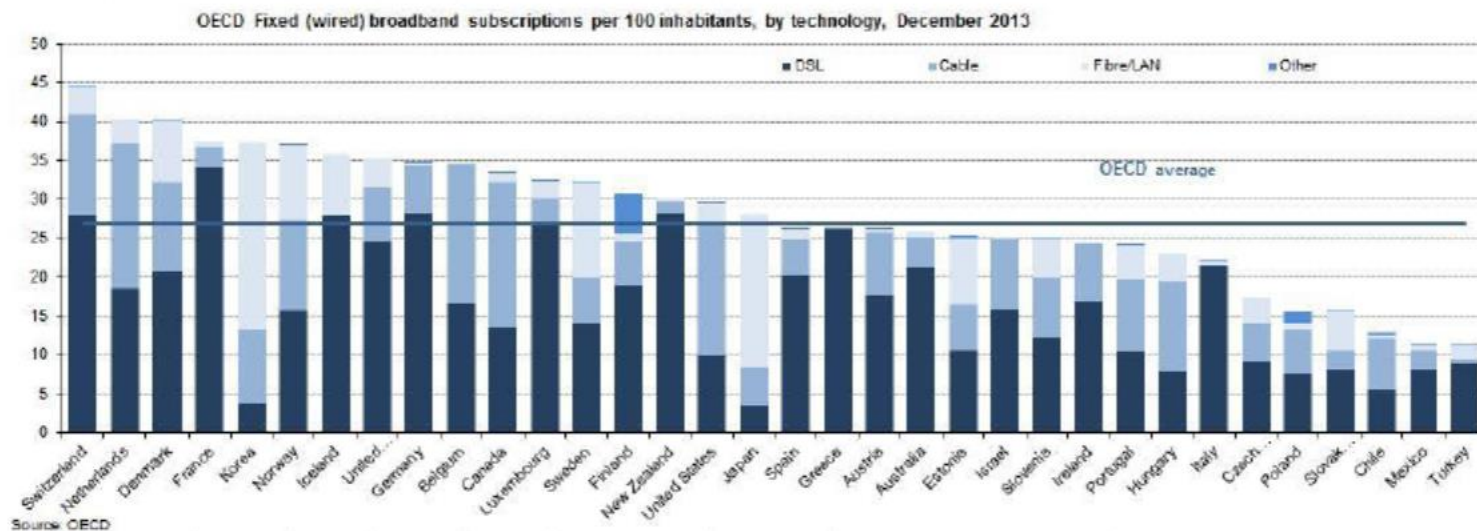
## Australia 2 in OECD for wireless but outflanked by New Zealand on fixed

Australia is now ranked 2nd globally among developed nations for wireless broadband penetration including mobile, according to the latest statistics from the Organisation for Economic Co-operation and Development, with New Zealand trailing in 11th place.

On fixed penetration, however, it's a different story, with Australia dropping to 21st position, and New Zealand holding steady in 15th.

As at the end of December 2013, the OECD recorded Australia's wireless broadband penetration as rising slightly to 114.41% - putting the country behind only Finland globally, at 123.28%. New Zealand's wireless penetration increased in the same six-month period from 83% to 85.89%, but the country still slipped a spot in the rankings down to 11th place at the end of 2013. The OECD average was 72.37%.

country still slipped a spot in the rankings down to 11th place at the end of 2013. The OECD average was 72.37%.



New Zealand handily outstripped its neighbour on fixed penetration, though. The OECD had New Zealand's fixed penetration rate at 30.20% at the end of 2013, slightly up on 29.61% six months earlier and keeping it in 15th place. However, while Australia's fixed penetration squeaked up from 25.23% in June 2013 to 25.98% in December, that wasn't enough to keep it from dropping a couple of places to 21st in the rankings. The OECD average was 26.97%; Switzerland topped the fixed charts at 44.86%.

New Zealand also pipped Australia in annual growth of fibre subscriptions, with the former hitting 144.5%, and Australia coming in at 83.5% for the period.

**POCKETS OF ISSUES AWAIT  
RESOLUTION:**

# SOMETHING IS WRONG

- Too many consumers know there is fibre at their letterbox, subsidised by taxpayers, but cannot find a retail service provider who can connect them
- Meanwhile areas that theoretically have Rural Broadband complete aren't seeing improvements
- The reason is not immediately obvious
- Hopefully this is a short term issue

**THE DEBATE ABOUT CONNECTIVITY  
IS HISTORY – LETS NOW TALK ABOUT  
THE INTERNET:**

# FUNDAMENTALS OF THE INTERNET

- The Internet is in economic terms, a General Purpose Technology
- A disruptive technology which
  - Devalues or strands existing assets
  - Requires upfront investment to save ongoing expense
  - Offers unprecedented new opportunities
  - Offsets the “Tyranny of Distance”
- The “Network Effect” of the Internet is extreme

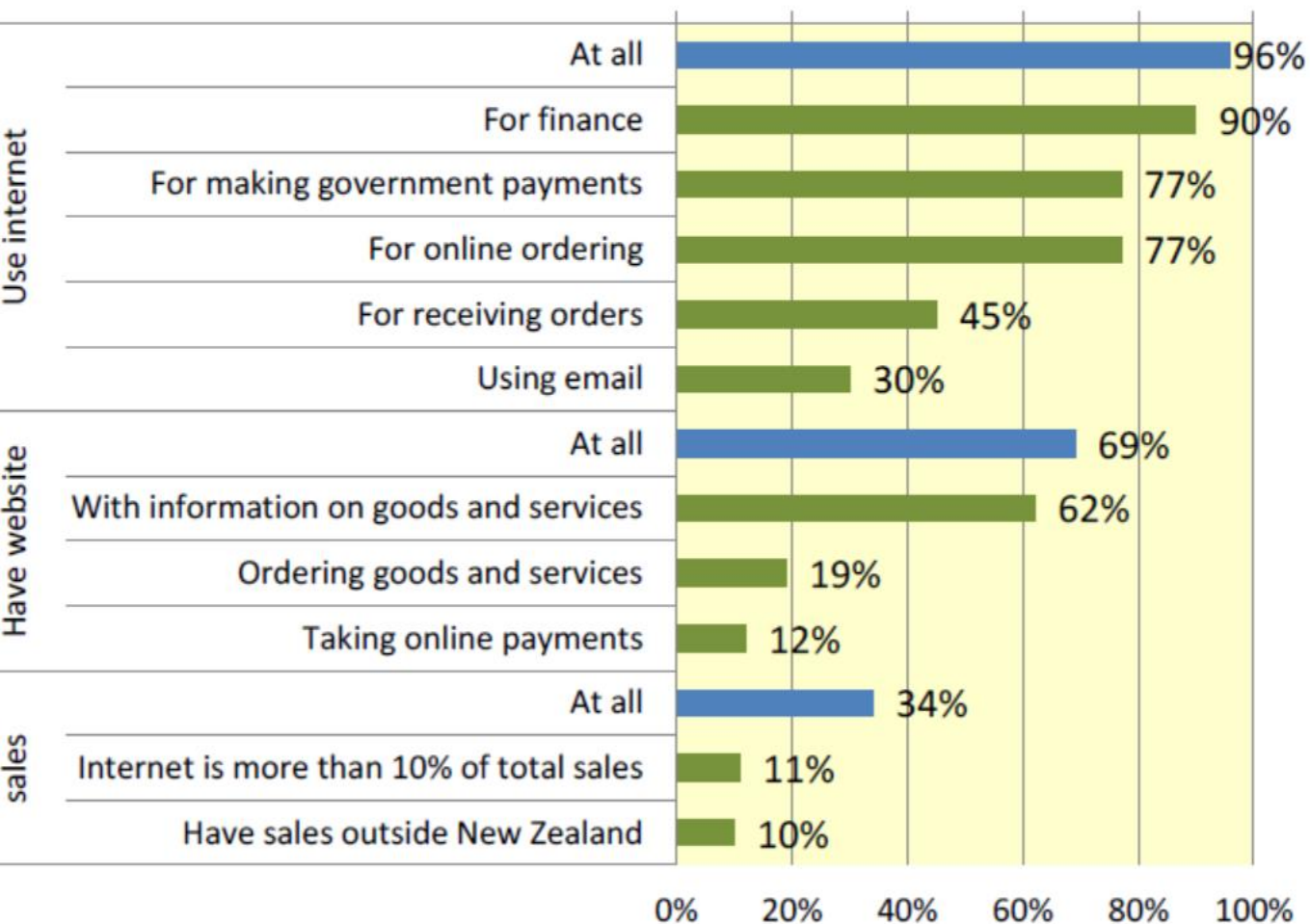
# WHAT THE INTERNET HAS ENABLED

- Better data gathering
- New customers, anywhere
- Customer interaction, real time, on line, 24/7
- Cloud-based business tools
- Global talent pool
- Cheaper, efficient processing
- “Disintermediation”



- Across the NZ economy firms that make more extensive use of Internet services are 6% more productive.
- If NZ firms that are low Internet users became more like high-using firms the additional productivity benefits NZ-wide could be \$34 billion.
- Biggest predictor of Internet engagement by a firm is having a leader who is enthusiastic about technology.

**Figure 2: Use of Internet services within economically significant firms**



## IN 2014 DOES HAVING A WEB PRESENCE MATTER?

- Badge of authenticity – reassurance
- Vast range of choices from simple on-line hoarding to the foundation of the business
- Web Design firms galore in every hamlet
- Cost from low 3 digits, to infinity
- Role for public accountants?

**LEADERS AND LAGGARDS:**

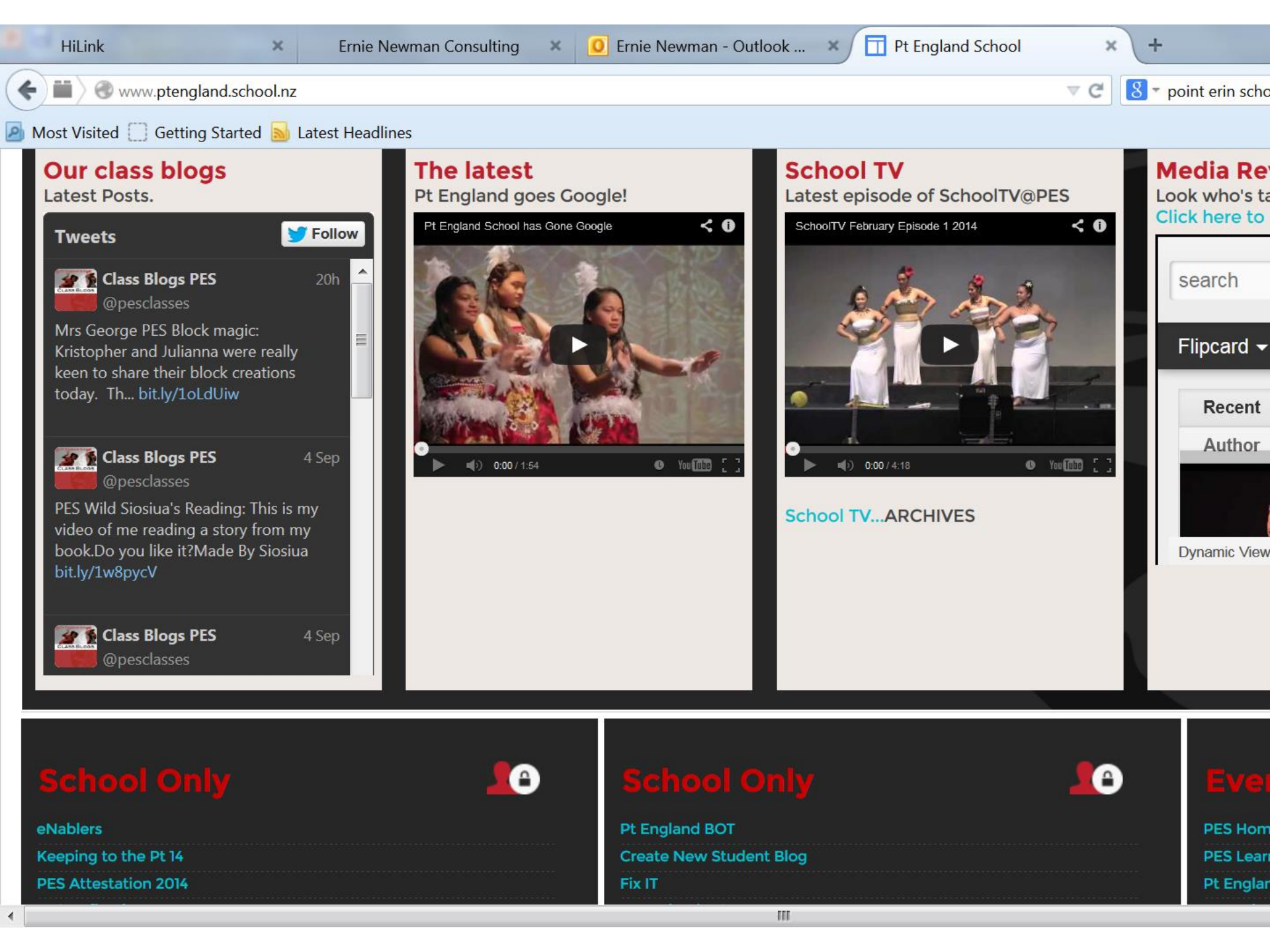
# FINANCE – A CLEAR LEADER:





# PRIMARY EDUCATION – A LEADER





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## The latest

Pt England goes Google!

Pt England School has Gone Google



## School TV

Latest episode of SchoolTV@PES

SchoolTV February Episode 1 2014



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- Schools are priority customers for UFB
- Net 4 Learning
- Large-scale professional development for teachers, IT-specific, for last 15 years
- School Network Upgrade Programme
- Increasing BYOD

BUT

- is curriculum development attuned to the needs of Internet-era students?



## GOVERNMENT SERVICES – A BIT OF BOTH

- Some govt agencies have done really well
- But updating of laws and regulation often lags way behind the pace of technology
- Local Government patchy

- NZ retailers less productive than most countries
- Online retail sales in NZ 6% of total
- But TradeMe has had a big impact – enabled thousands of small startup home businesses

# AGRICULTURE – GAINING GROUND

- Real time on-farm data
- Yesterday's milk volume/tests today
- Herd traceability
- Precision application of fertiliser & irrigation
- Better data = micro management of farms
- Combine and share farm information
- Market, weather, supplies
- Social benefit in rural NZ – attract labour
- Huge potential for cloud-based storage

# TRADES AND SERVICES - LAGGARDS

- Trades and Services – Lots of Opportunity
- Can be hard to get good quality, practical, affordable IT advice
- Need simple solutions to common problems
- Payback can be substantial but may not be realised – some SMEs are lifestyle-motivated
- Examples – taxi industry, tradespeople

Sector complex and hard to change BUT:

- On-line personal health records
- Self-management of health and wellness
- Clinical communications:
  - E-prescribing
  - Electronic referrals and discharges
  - Managing long term conditions
- NZ is a global leader in health software
- Telehealth (eg Matakana Island Video Doc)

**SOME THOUGHTS ON PRIVACY**

# PRIVACY – WHO CARES, AND WHAT ABOUT?

- More privacy issues recently than earthquakes (well, almost!)
  - GCSB Bill/Act
  - Edward Snowden
  - ACC/Bronwyn Pullar
  - Kim Dotcom
  - US Patriot Act
  - ACC - various
  - Doctors – Eelgate
  - Trans Pacific Partnership
  - Doctors – Jesse Ryder
  - ACC lost notebooks
  - MSD Kiosks
  - GCSB/Peter Dunne/Andrea Vance
  - E&OE

# DOES PRIVACY MATTER TO KIWIS?

- 85% of NZers are concerned about personal information their children put on the internet
- 80% about security of personal information on internet
- Organisations sharing personal information with peers:
  - Health organisations 53%
  - Businesses 81%
  - Government agencies 67%
- Concern about biometric data 33%

• Source – Office of the Privacy Commissioner 2012



## THE BIGGEST MISCONCEPTION ABOUT PRIVACY:

“If you’ve done nothing wrong, privacy needn't concern you.”

**WRONG!**

- No matter how lily-white you may be, privacy breaches can:
  - Disadvantage you financially
  - Jeopardise employment
  - Lead to stigmatising
  - Embarrass you
  - Expose other people around you

# PRIVACY BREACHES RISK REPUTATIONAL DAMAGE

- Remedies are erratic and unsatisfactory
- Guidelines:
  - Only collect what you need
  - Share with huge care
  - Cleanse data regularly
  - Use the Privacy Commissioner's Web site for guidance



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## Help

- ▶ Browser compatibility
- ▶ NZICA app FAQs
- ▶ Salesforce CRM quick guide
- ▶ Terms of use
- ▶ Privacy policy

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## Privacy policy

Print Email Share

Your privacy is important to us.

NZICA reserves the right to modify this Privacy Policy at any time. If it is changed, the changes will be posted on the NZICA website so that you are always aware of the sort of information collected, how the information may be used, and under what circumstances it may be disclosed by NZICA.

If at any time NZICA is required by law to release information about you or your organisation, NZICA must cooperate fully.

### Contents

- What sort of information does NZICA collect?
- What happens if you do not provide the information?
- How is your information used by NZICA?
- Who does NZICA disclose personal information to?
- How will NZICA keep your personal information?
- Correcting and updating your profile

### Latest news

Trans Tasman Chartered Accountants Launch New Brand

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NZ TRANSPORT AGENCY

WAKA KOTAHI

Tollroad Online

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Customer Data

Where I'm up to..

Customer Type:

Individual

\*

Salutation

Family name

\*

First name:

\*

Date of Birth:

Select the appropriate customer type from the list.

Blue fields are mandatory and must be completed.

Please enter details without apostrophes, (') dots, (.) or hyphens (-).

Enter your date of birth as DD/MM/YYYY format. e.g 14/02/1969

Secondary Customer:

Salutation

Family name

First name:

If you wish to add a second name to your account enter the details here.

Contact Data



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09-Sep-14

**AN ECONOMIC DEVELOPMENT  
OPPORTUNITY**

- Location-independent working:
  - Live in Whakatane/Queenstown/Tuatapere, work virtually in Wellington/Auckland/Silicon Valley
- Telework – work from home
- Decentralise enterprises especially govt
- Build on the Internet to celebrate the end of the Tyranny of Distance

**CONCLUSION**

## CONCLUSION – TAKEAWAY MESSAGES

- Although much has been done, we are still at the beginning of the information revolution
- We must focus on how the benefits can be captured by those displaced from traditional low-skill jobs
- The Internet has empowered us as individuals - success will depend not on one person or institution, but on the sum total of 4.6 million individual actions.
- Skills, schools, and connectivity are our weapons
- New Zealand is in an incredibly exciting position – more to gain from the Internet era than most countries, and well placed to make it happen.



**THANK YOU – ENJOY QUEENSTOWN!**

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