

# - Productivity - The Magic Elixir

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## Productivity – The Magic Elixir

- Productivity growth is the closest economics gets to a magic elixir.
- When workers produce more for every hour they work, living standards rise and governments (and business) have more resources to service their debts.

*Source: The Economist, 9th Oct 2010*



## Skills, Investment & Innovation

- Workers' productivity depends on **their skills**, the amount of **capital invested** in helping them do their jobs and the pace of **innovation**.

*Source: The Economist, 9th Oct 2010*



## Critical issues ....are interwoven

Productivity

Innovation

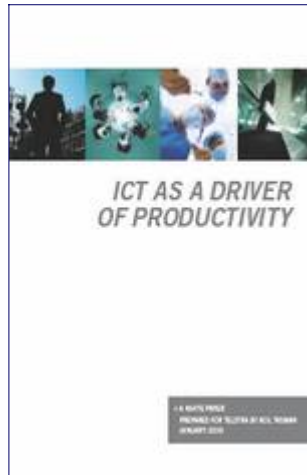


Leadership



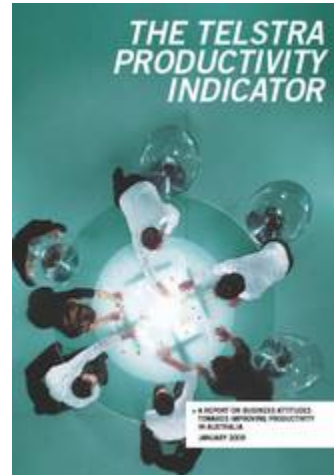
# Telstra thought leadership on productivity

**Feb 2009**



- Evidenced-based research established ICT investment as critical driver of productivity improvements

**Feb 2009**



- 300 person survey on the attitudes of organisational productivity in Australia
- Documented the "Productivity Gap"

**Jul 2009**



- Further 205 govt employee survey
- Productivity Gap was found to be larger in Government sector

**Feb 2010**



- Longitudinal study continues with 300 person survey on the attitudes of organisational productivity in Australia

**Feb 2011**



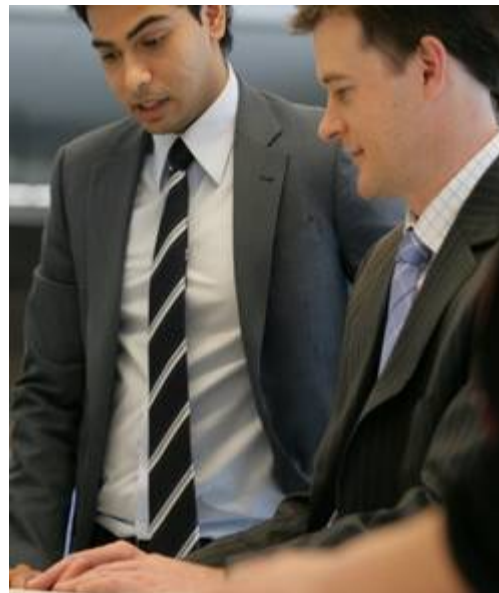
## Customers want to improve productivity

The results are in and they show improving productivity is still top of mind, with 76 percent of Australia's largest organisations rating it a high priority.



## The Productivity Gap

However, the survey also revealed a clear productivity gap – despite the high focus on improving productivity, only 42 percent of respondents measure it or have clear improvement targets, down by 7 percent since 2009.

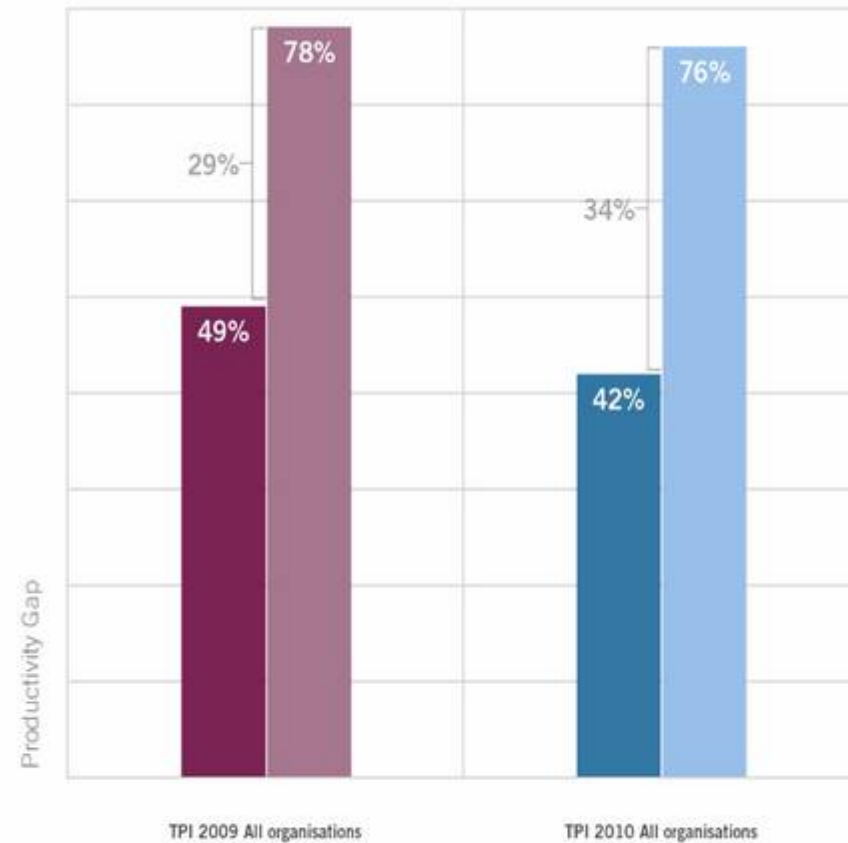


## The Situation

- Only 42% measure productivity or have clear improvement targets. We call this the productivity gap.<sup>2</sup>
- Only 22% of organisations feel they can measure productivity improvements accurately.<sup>2</sup>
- ICT investment is seen as the most important contributor to improving the productivity of organisations with 55% of those surveyed identifying it as having contributed to productivity gains in the last 12 months.<sup>2</sup>

Productivity gap significant and widening

29% → 34%



Darker shade is: Measure, have a target and know what it is.

Lighter shade is: Productivity is a priority.



## Productivity defined

The notion of Productivity means different things to different organisations...

Telstra uses a simple definition:

$$\text{PRODUCTIVITY} = \text{Value} / \text{Time}$$

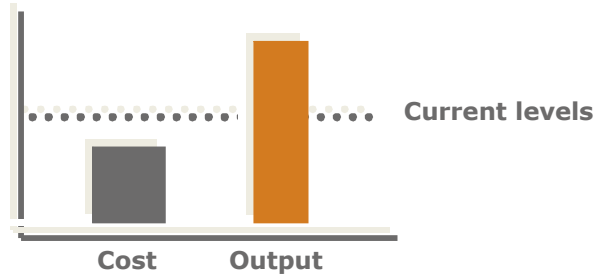
(productivity equals value divided by time)

By this definition there are two primary ways of increasing productivity:

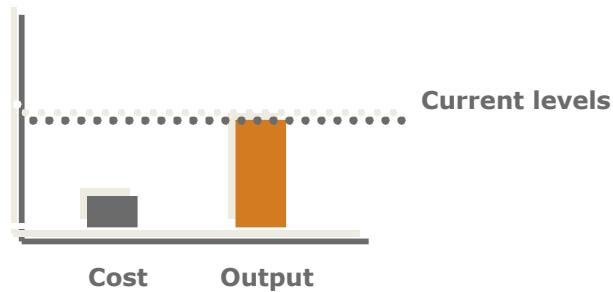
1. Increase the value created
2. Decrease the time required to create that value



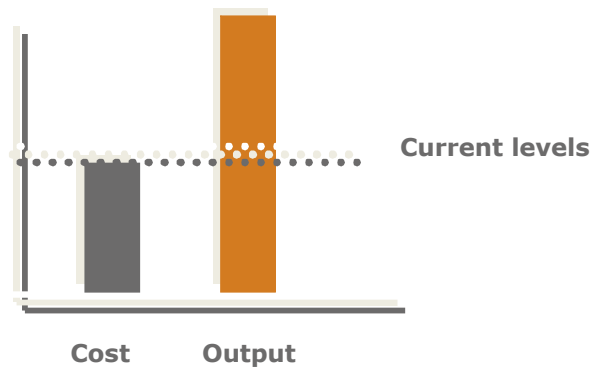
## Productivity benefits are also relevant to the organisation & their current strategic imperatives



Some organisations will be focused on both **reductions in cost** and **also improvements in output**, such as stable established businesses and government departments



Some organisations will be focused on holding on to **current levels of output**, but achieving them for **less cost**, such as manufacturing, utilities and services businesses

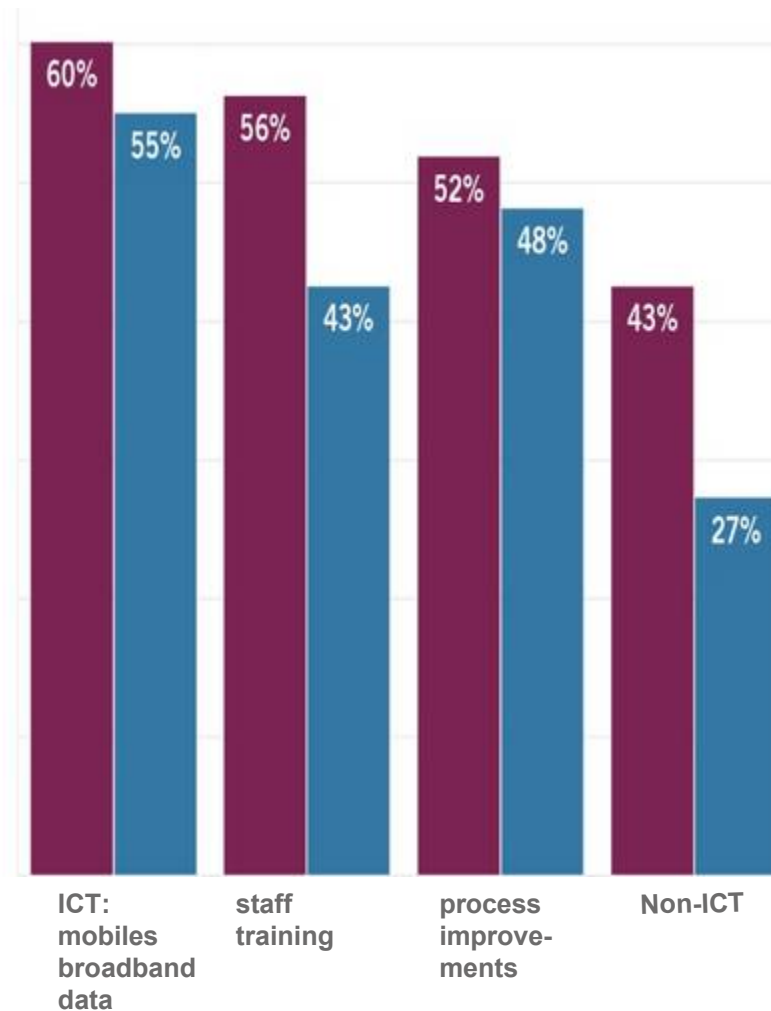


Some organisations will be focused on **holding costs** (or even increasing them) in exchange for significant **uplifts in output**, such a mining, resources and construction.



## Productivity and ICT

- Strong correlation between technology adoption and improved productivity.
- 55% of govt organisations identify mobiles and Broadband (IP) as an important driver in improving business productivity, efficiency and performance.
- More than half see broadband networks as playing an important role in productivity improvements in the past few years, by allowing applications and services to be delivered to other sites





## First Qld Cabinet video conference!

14 The Courier-Mail Tuesday, October 12, 2010

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# Premier rules by remote

## Technology lets Bligh be in two places at once

ANGER at the State Government's \$15 billion asset-sales agenda has dogged Anna Bligh during the first day of her week-long sojourn to north Queensland.

About 60 committed protesters yesterday gathered outside ministerial offices in Townsville where the Premier is basing herself for the week.

Ms Bligh yesterday used

video technology to beam into the Government's regular Monday morning Cabinet meeting and promised to consider extended stays in other regional centres in the future.

"So far, it is going very well," she said. "I have said if it does work well I will be looking at doing this from more regional centres more often."

The Premier will spend the week in Townsville, where her Government holds all the state seats.

But it is deeply unpopular and risks losing them all at the next election.

But it is understood Ms Bligh has had a lukewarm response from local Labor members, with only about 20 people turning up for an open meeting on Sunday.

One of the central issues behind her Government's unpopularity has been the decision to sell state assets.

Electrical Trades Union secretary Peter Simpson, who led yesterday's rally, suggested another left-wing party may be needed to fill the void left by Labor.

Mr Simpson said there was widespread support among his members for a new political movement

and he had penned his own letter of resignation from the Labor Party but was yet to post it.

However, Ms Bligh dismissed the suggestion, saying there was no evidence that asset sales had forced the development of "mass movement wanting a new political force".

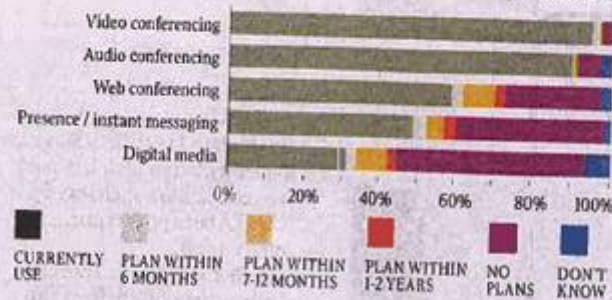
She said the Government was determined to modernise the economy.



# Video cuts the travel bill

Which UC applications is your organisation using (or planning to use)?

Source: iVision



FRAN FOO

INVESTING in unified communications has helped some large organisations slash their travel bill by up to \$2.5 million per annum.

participants. Thirty one per cent of organisations said they used some form of digital media — text, graphics, audio and video transmitted over an IP network.

Twenty four per cent hadn't committed to any UC technologies as they were in the midst of

- Survey of 120 small to large organisations, commissioned by Melbourne-based technology integrator iVision, showed that conferencing was the leading UC application in use.
- 90% said they had audio conferencing facilities while 95% use video conferencing tools.
- 95% respondents said UC's main business benefit was its timely and immediate communications.
- But the most tangible (dollar) savings came from a reduction in travel costs - highly rated by 92% of participants.
- 59% had deployed web conferencing applications while instant messaging made its mark with 49% of participants.
- 31% said they used some form of digital media -- text, graphics, audio and video transmitted over an IP network.
- 24% hadn't committed to any UC technologies as they were in the midst of preparing their strategies.
- Health & Safety
- Cost of travel
- Time of travel



## Barriers to Adoption – different in Government

Table 3.5.2 Barriers to ICT adoption by sector

Barriers	Primary Production and Trade	Services	Government
Cost of investment in new ICT	40%	31%	56%
Cultural change required to implement new technology	33%	31%	42%
Time to roll out new ways of doing things	33%	29%	31%
Complexity of managing change	35%	24%	31%
Provision of operational expense budgets for direct purchase of ICT products and services	27%	26%	51%
Relevant knowledge and skills within workforce to implement new technology	28%	24%	35%
Knowing which technologies are appropriate for our organisation	23%	17%	20%
Lack of uniform availability of products and services	17%	18%	23%
Having to fully depreciate existing technology or wait for leases to expire	20%	14%	13%



## **And here's the good news!**

- Most Councils in Qld already have already made the investment in IP Networks
- The need now is to maximise the value of that investment



## The next big thing

- Imagine if you could reduce IT cost, only pay for what you need at any time and always have the latest software available.



## Cloud Computing – What is it?

- A simple analogy for Cloud Computing is electricity.
- Today, no-one thinks about generating their own electricity. When you want it, you switch it on. When you don't need it, you switch it off.
- And yet 120 years ago, if a business wanted electric power, it had to generate it itself.

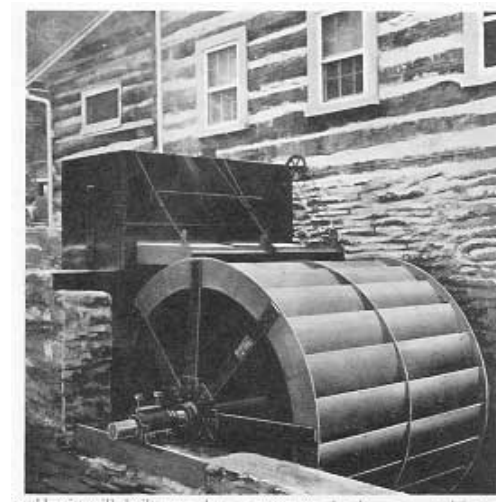


## A change in our society – the utility of electricity

Business once:

- Located near water ways or rail corridors where they could access sources of cheap energy to power turbines, boilers, etc.
- Made significant investment in creating an organisation's private power supply.
- Sought a competitive advantage to provide power, the bigger the economy of scale – it was a competitive advantage.
- Ran a workforce building, maintaining, operating its own power supply
- And then Edison came along....

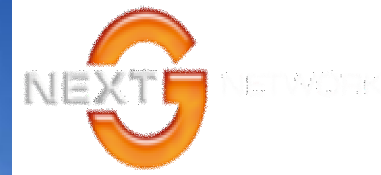
*Source: The Big Switch*



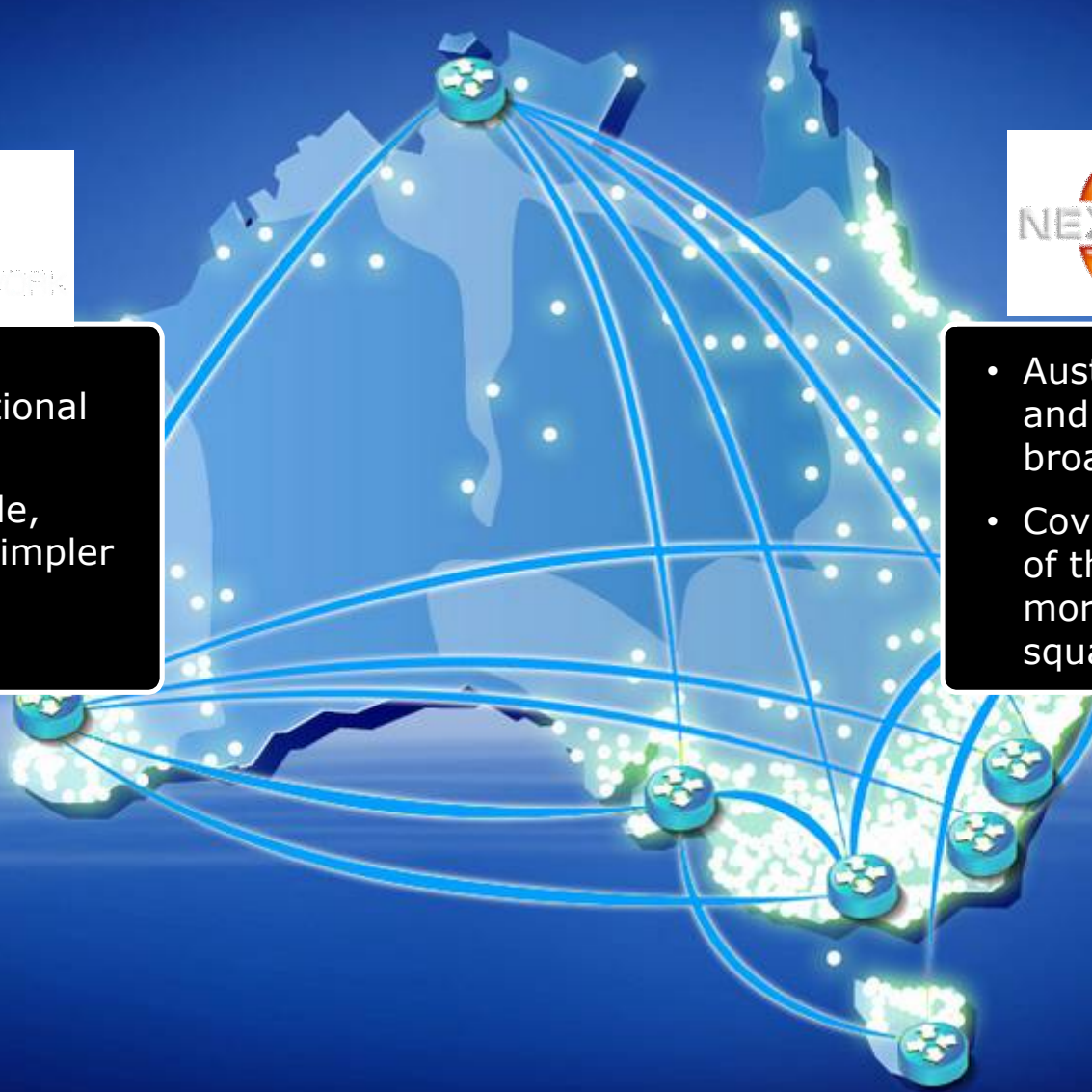
# Next Generation Networks



- Largest fully integrated national IP network
- Secure, reliable, scalable and simpler to access



- Australia's largest and fastest mobile broadband network
- Covers 99 per cent of the population, more than 2 million square kms





## The next steps.....

- We need to continue to innovate with a clear customer focus so we can drive productivity across the wider economy.
- We understand our networks, technology and services, but need to understand how it can give you an advantage.
- ROI is key and is measurable



## **Improving productivity – we may not have a choice !**

- On the cusp of another growth cycle in the Qld economy - cost of attracting/retaining staff
- Last couple of years, staff were not a problem, but does anyone here doubt that the good times are just around the corner?
- One of the challenges for organisations if they are to meet customer service obligations they need to be investing in better ways to do so

