



# Media Release

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## NBN Co and industry collaborate to help small business bridge the digital divide

### Research reveals Australian small businesses can profit and grow with digital technology

NBN Co has today announced plans to work with industry to assist Australian small businesses to unleash the growth potential that the take up of technology can provide.

New [Connecting Australia](#) research commissioned and released today by NBN Co highlights how high-speed broadband and cloud technologies are helping small business close the gap with large enterprise. However, it revealed that many small businesses have not fully realised their potential because they lack the skills, time or resources to invest in digital technology, or because they lack knowledge of the opportunities that technologies provide.

Working with industry bodies such as the Council of Small Business Organisations Australia (COSBOA), Australian Information Industry Association (AIIA) and the Australian Chamber of Commerce and Industry (ACCI), NBN Co will seek to identify opportunities to engage with small businesses and provide information to help to improve their digital capability. Focused on localised, direct engagement, the program will build on NBN Co's existing stakeholder activities, business industry partnerships, and ICT channel engagements to deliver small business briefings and forums, and integration with existing small business sector initiatives.

The research was conducted by economics and analytics firm AlphaBeta, utilising Xero Small Business Insights data, and reveals the potential positive impact of technology investment on revenue and employment growth among Australian small businesses. The research draws on anonymised and aggregated data from a sample of tens of thousands of small businesses and found a correlation between spending on internet services and small business performance. However, the research also found a significant lag in small business technology adoption, which could be stifling opportunities for growth.

**Key findings from *Connecting Australia: How technology is levelling the playing field for small business* include:**

- **Technology spending by small businesses has not grown as quickly as overall revenues**, suggesting that technology has become more affordable.
- On average, **small businesses spend less than 1 percent of total revenue on technology**, or around \$5,000 a year.
- **There is a state-based variation in average spending on technology** with businesses in New South Wales spending more than those in Tasmania, and businesses in Queensland spending the largest proportion of their revenue on technology.
- About **half of firms spend 1 percent or less of revenue on technology**, but one in 10 firms are deemed to be 'Tech Leaders' as they dedicated more than 4 percent of revenue to these technologies.
- Small businesses in the **Information Management Technology sector are most likely to spend more on technology**.



- **Almost one in five firms in the Accommodation and Food Services sector are deemed to be ‘Low Spenders’** investing less than 0.27 percent of revenues on technology
- **Firms with the highest technology spending growth between 2015 and 2017 saw higher rates of revenue and employment growth.** Revenue grew 3.5 percentage points more and employment grew 5.2 percentage points more than those in the bottom quartile of technology spending growth.
- **Internet spending had the most powerful effect on firm performance.** Firms with the highest internet spending growth, grew revenue 5.7 percentage points more, and grew employment 5.4 percentage points more than those in the bottom quartile of technology spending growth.

Broadband access penetration has grown from only 3 percent of Australia’s small businesses in 1999, to 99 percent in 2019. And the average speed available to Australian small businesses has increased five-fold over the last ten years, accelerating in line with the **nbn™** network rollout.

**NBN Co Chief Executive Officer Stephen Rue said:**

“Almost all Australian small businesses now have access to high-speed, always-on broadband which is redefining the way they operate. Improvements in internet connectivity and the rise of cloud-based platforms have changed the game.”

“While this era of ‘technology democratisation’ is levelling the playing field, we’re also learning along the way that increasing accessibility does not automatically lead to adoption. Small businesses need support to navigate the new world of technology and that’s why we’re committing to work more closely with industry and to consult with those that know small businesses best, to help share our experience and find solutions in the spirit of collaboration.”

**Peter Strong, Chief Executive Officer, COSBOA, said:**

“We know that we all benefit when small business is successful. A key to the future prosperity of small businesses in Australia will be their ability to adapt and evolve in a digital environment. This data gives us, for the first time, a picture of the digital divide alive and well among SMBs. It also shows how important the internet is to helping small businesses be successful. More work needs to be done to help small businesses get comfortable with moving online and we welcome a cross-industry approach to raise awareness.”

**Andrew Charlton, Director, Alpha Beta, said:**

“This study gives us an incredible insight into how tens of thousands of small businesses are using technology and what that means for their business.”

“Small businesses matter deeply to the economy. They make-up 98% of businesses, and employ almost one half of Australian workers. What we know now is that the small businesses investing in technology are more likely to grow revenue and more likely to create jobs.”

“Critically, with the increasing affordability of ICT, small businesses do not have to spend a lot to get those benefits of growth. The real question from this study is how do we get more small businesses investing in ICT to stimulate more growth and more jobs throughout the economy.”

To download a copy of *Connecting Australia: the big future of small businesses*, please visit:

[www.connectingaustralia.com.au/#small-business](http://www.connectingaustralia.com.au/#small-business)



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## Notes to editors

- Connecting Australia is a research series commissioned by NBN Co and completed by Alpha Beta with the support of Xero to measure the economic and social impact of continent-wide access to broadband as the rollout reaches its completion goal over the coming years.
- An end user's experience, including the speeds actually achieved over the **nbn™** access network, depends on the **nbn™** access network technology and configuration over which services are delivered to their premises, whether they are using the internet during the busy period, and some factors outside of NBN Co's control (like their equipment quality, software, chosen broadband plan, signal reception, or how their provider designs its network). Speeds may also be impacted by the number of concurrent users on the **nbn™** Fixed Wireless network, including during busy periods. Sky Muster™ satellite end users may also experience latency.
- Xero Small Business Insights is based on anonymised, aggregated data drawn from tens of thousands of Xero subscribers. The result is a picture of business conditions that's more accurate than most private surveys, which have a far smaller sample size, and more frequently updated than much of the ABS data on small business.
- \* CPI is calculated as the weighted average of eight capital cities.