



Government Programs

Why Broadband is Vital

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30 October 2008

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Where's Wally?



What are we up against

From John Davidson in the Australian Financial Review 29 May 2007

“ Looking at movies, downloading TV shows and anything else is about as private as you get. The businesses that really need high-speed broadband either already have it where they are, or they can move.”

Joshua Gans of the Melbourne Business School at the University of Melbourne

Outline

- Where we have come from
- Where we are now
- What is going on
- Why we need to move
- What regions can do
- Why getting connected will position us for the future

Where have we come from

During the 1996 – 2001 Internet boom saw:

- About \$1 trillion spent in wiring the world with optical fibre
- Telco regulatory reforms in eg. Australia and US reduced barriers to new markets, driving Internet broadband.

What Bill Gates said about the burgeoning dotcom Internet companies:

“Look you bozos, of course they’re a bubble, but you’re all missing the point. This bubble is attracting so much new capital to this Internet industry, it is going to drive innovation faster and faster.”

Where have we come from – and now?

Labour productivity from communications

1993 to 2004
Grew **5.1** per cent

2003 to 2006
Only grew by **1.8** per cent.

Labour productivity from communications services, is slowing dramatically in a time when **technology dominates** our workplaces.

(2007 House of Representatives Report on the service economy *Servicing Our Future*.)

What is going on

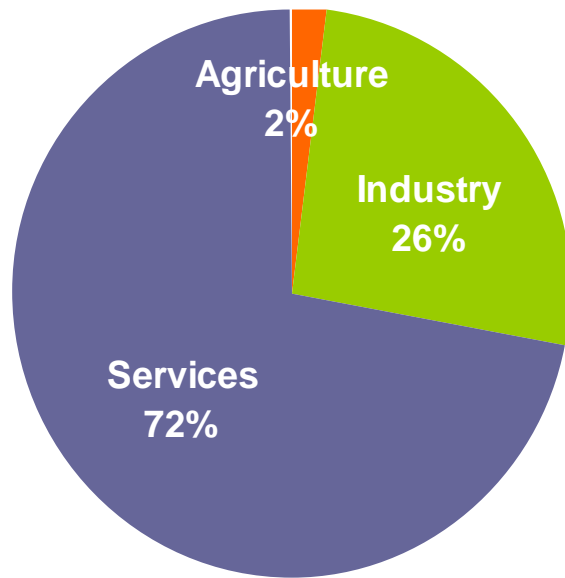
- Globalisation means:
 - **Services** can be created and delivered **anywhere**
 - **Innovation** was driven by companies, but with greater access to broadband, **individuals** are driving **new ways** of doing things
 - eg. Denmark sourcing radiology services from Estonia to read mammograms
- Work was moving to India for low cost labour
- Now it is moving in search of skills.



Services are becoming the growth engine

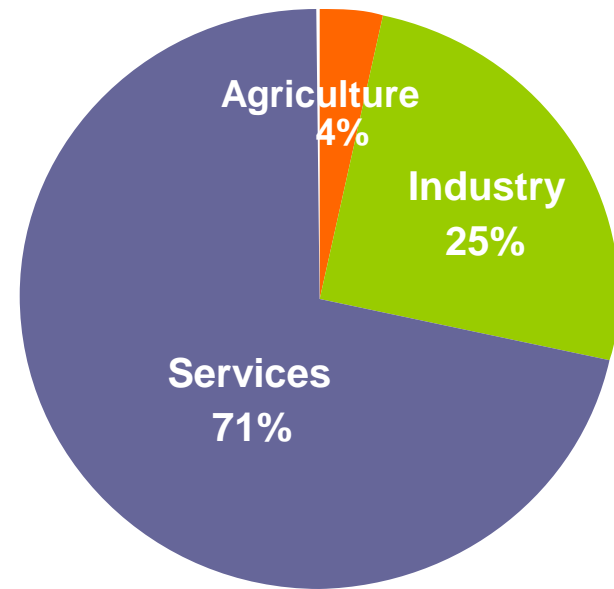
GDP by Sector

High-Income Countries, 2003



Employment by Sector

Developed Countries, 2005



China - services grown by 191% in the last 25 years.

Germany - services grown by 44% in the last 25 years.

This shift to services is the single largest labor force migration in human history.

Why we need to move

- Australia's ICT market is the 12th largest market in the world
- ICT accounts for 4.6 percent of GDP
 - This is greater than the agriculture, forestry, fishing, defence and education sectors;
- **ICT drives 85% of productivity growth in the manufacturing sector and up to 78% in the services sector.**



Australia needs cost effective infrastructure

Internet boom 1996-01

1. Labour productivity from communications 5.1 per cent
2. Boom reduced high speed long distance data from \$2 to 10c
3. Created business to business connectivity - business innovation

Post Internet boom 2003-06

1. Labour productivity dropped to 1.8 per cent
2. Australian broadband penetration has been about 16th in OECD countries over last couple of years
3. Innovation no longer only driven by companies, but also by individuals.

Need access to cost effective fast broadband for individuals

Where are we now?

The **Central Ranges Shire Councils'**(in Victoria), Facts for Planning study which looked at drivers for regional growth (August 2008)

High income economies depend on sustained innovation for long term economic growth

Low productivity regions, more rapidly aging, tend to be higher taxing

Innovation and economic opportunities are lost because of poorly performing telecommunications

Innovation needs knowledge and networks at a high level

Lagging regions have poor access to telecommunications
Low access to high tech firms

Regions with high productivity have high incomes
Young people move there

What regions can do

Ballarat Technology Park

- Ballarat University put a priority on developing growth and wellbeing in the Ballarat community – wanted its educated young people to stay
- Worked with Vic Government and IBM to establish a technology park
- IBM currently employs about 800 people in Ballarat, half are students at the University
- The Technology Park employs about **1350** people
- Estimated to inject about **\$350M** into Ballarat
- The recently announced expansion of the Park by the Victorian Government, Ballarat University and IBM will create a **further 300** jobs
 - Generating about another \$61m over the next 5 years

What regions can do

South West Queensland

- Our Gold Coast Business Transformation Outsourcing Centre
 - Creating **1,000 high value**, high paying technical support jobs
 - Delivering services throughout **Asia Pacific**
 - This centre had to **compete** against IBM countries in the region
 - Was chosen because of its unique blend of **Asian language** and technical skills.



Why getting connected will position us for the future?

ehealth

‘Health policy goals cannot be achieved without extensive use of nationally connected ICT’

2007 Report from the Australian Health Information Council to the Australian Health Ministers Advisory Council

- Case study - Jamie

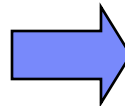


Why getting connected will position us for the future?

ehealth

- US – benefits:
 - Reduced adverse drug events by 28 – 95% through IT systems
 - adverse drug events cost \$US16-24,000 per patient
- Germany – benefits
 - 51% in productivity improvements, valued at Euros 94M (after 4 years)
- New model of health delivery:

Episodic care with single provider
Professional provides care
Information is a record controlled by the professional



Continuous connected multi-relationships
Patient is in control of their health
Information is shared and flows to health team



Why getting connected will position us for the future?

Economic crisis - like the dot.com crash

- Tough climate needs new models
 - Low cost providers will survive
 - Digital literacy fundamental
- New ways of working – its about **being connected**, not where you are
 - Why commute?
 - Why work 9-5?
- The economic crisis will **dramatically shift** how we work, interact and do business
 - Broadband is very important now – it will become **vital**

