Australia's IT&T future: a strategic analysis report 1 July 1998

This report summarises Gartner-Group's views on the Information Technology and Telecommunications (IT&T) industry debate underway in Australia.

Traditionally, GartnerGroup's research and advisory services analysts concentrate on providing strategic advice to help information systems-user organisations make the most appropriate technology decisions. In this case, the advice has been broadened to include an entire country — Australia.

The report sets out to answer one defining key question: can a globally competitive IT&T industry thrive and prosper in Australia?

In 1996, GartnerGroup's Australian-based analysts produced a strategic analysis report that ranked the fourteen most-developed countries within the Asia–Pacific region based on the country's level of IT maturity — a measure of how advanced and sophisticated those countries were in their use of IT within their governments and commercial enterprises.

There were two significant outcomes from that report. One was the general level of surprise that greeted the finding that Australia had the most mature IT environment in the Asia–Pacific region. Even today, many clients of GartnerGroup find that result difficult to reconcile with their impressions of Australia. This is because they do not consider Australia a producer of IT&T products, and failed to understand that GartnerGroup was evaluating Australia's advanced consumption.

The second outcome was the realisation by many clients that their ability to compete in the global marketplace, which the IT&T industry is helping to create, is inexorably bound to the country in which they are based and that country's IT 'maturity'.

We called this analysis the 'theory of IT relativity'. Simply explained, it means that even a well-managed company based in a country which ranks poorly in terms of IT&T maturity will find it far more difficult to survive and prosper in the future than an averagely managed company based in a country which is a highly sophisticated user of technology.

Now more than ever, whether an organisation wins or loses in the global marketplace will depend on how it leverages investment in IT&T. This report argues that the lack of a vibrant, export-oriented IT&T industry in Australia will ultimately have an impact on the overall competitiveness of the Australian economy, unless more action is taken. There is a direct correlation between the health of the Australian IT&T sector and the strategies businesses can and should adopt to take advantage of technology advances.

Australia has all the necessary elements required to continue to be a leading user of advanced IT&T solutions within the government and the business sector. Australia also has many of the essential ingredients for a thriving domestic IT&T industry, with significant IT&T multinational company involvement and support. Today however, Australia is nowhere near to being regarded as a world-competitive producer of IT&T products, no matter how much the local media and government talk up the few very limited success stories. Over time, the lack of a domestic IT&T industry will affect the broader business community in Australia, hindering its ability to take up technology and compete in the global marketplace.

The report discusses a dozen major negative perceptions many people have about Australia, with some recommendations and comments on what has to happen before these perceptions can be dealt with.

In order for Australia to take up a strong position in the world in terms of IT&T production of goods and services, to create more IT&T industry employment and to reduce a growing trade deficit in IT&T, many things should be given critical consideration.

Australia's federal and state governments must:

1 Take immediate action on tax reform, particularly with regard to capital gains tax and high rates of personal income tax.

2 Remove barriers to tax-free pension investment funds from the United States investing in Australia.

3 Concentrate more on selling Australia.

4 Create more incentives for appropriate investment by overseas companies in strategic areas of IT&T.

5 Continue to lead by example in the use of IT&T within government agencies.

6 Pass electronic commerce laws.

7 Foster use of the broadband cable network for more than cable TV.

8 Implement immigration reform to attract more qualified IT&T skilled professionals.

9 Boost funding for IT&T courses in schools and tertiary institutes, and review the tax subsidy for research and development.

10 Consider funding for retraining of people in IT&T.

11 Stop conflicting and counterproductive IT&T programs by regional and state governments.

12 Continue labour market reform.

13 Review local regulations that could hold back Australian companies in the worldwide marketplace.

And as a nation Australia must:

1 Encourage more people and companies to take risks.

2 Recognise and reward entrepreneurs.

3 Encourage more women to enter the IT&T industry and to be given the opportunity to take positions of influence.

4 Promote a more vibrant venture-capital community that understands IT&T.

5 Facilitate more private industry brokers between innovation and commercialisation.

6 Increase competition for phone, internet and data carriage services, with dramatic price reductions.

7 Encourage investors, local governments and utilities companies to work together to create new broadband networks to the home.

8 Promote banks to be more aggressive in moving to support electronic business.

9 Enterprises should increase their focus on export initiatives, ideally incorporating a highly visible reward system for export-oriented management and staff initiatives.

10 Encourage local IT&T industry to be more self-sufficient, and rely less on government.

Though these points are put forth as advice and suggestions to all members of the Australian community, elected leaders of our commonwealth must see it specifically as their role to support and promote them in word and deed.

Countries across the world are in a desperate competitive battle for capital and talented labor to drive IT&T progress. The Australian 'product' has tremendous potential, but Australia is in danger of adopting the same attitude as many Australian innovators — thinking the world will beat a path to their door. History proves that in IT&T the best product rarely wins. What determines success or failure in IT&T is relentless and aggressive marketing, impressive execution, outstanding leadership, vision, and perfect timing.

The time is now, and we believe Australia has much to do to create a vibrant domestic IT&T industry. We hope this report can add positively to the debate about what action must be taken in a constructive and pragmatic way. ∎

This is a summary of the GartnerGroup's report which appears, in full, in the August issue of the *Australian Library Journal*. It has been reprinted with permission. The GartnerGroup is the world's leading authority on information technology providing research and advisory services to more than 25 000 organisations worldwide.