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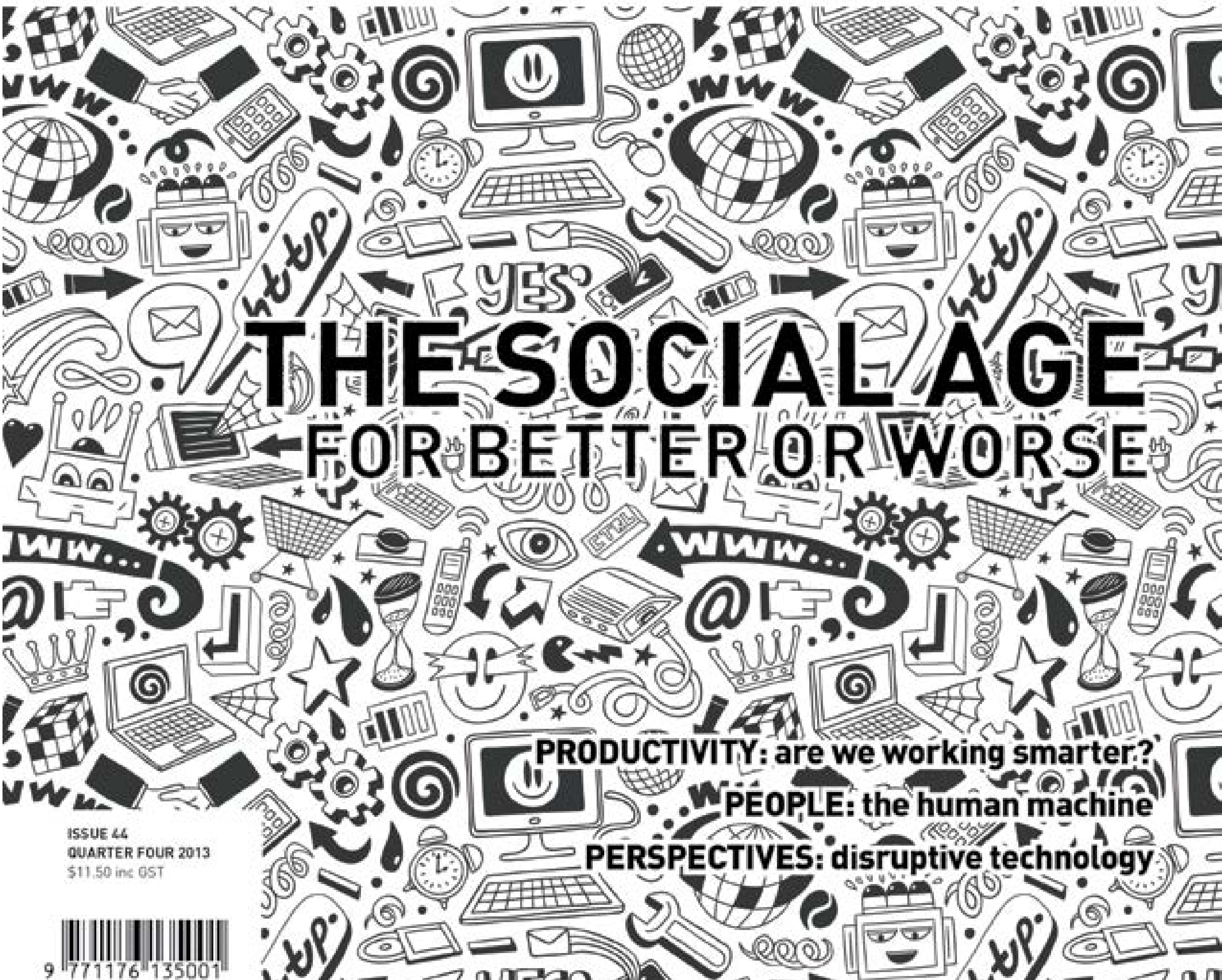
TECHNOLOGY IN BUSINESS



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ISSUE 44
QUARTER FOUR 2013
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From the editor

I'm not a speeds 'n' feeds person. I don't get excited by shiny new boxes – well, not the tech sort anyway. When I first began as a technology journalist I was frankly overwhelmed by the thought of having to memorise specifications and feature sets to compare and contrast them. And then I realised, it's not about the numbers, it's what you do with them that counts. You have to look at the bigger picture, so in this issue we consider man and his machines.

Everyone knows that more technology equals increased productivity. Or does it? Maybe it was once, but is it still? We take a look at the relationship between technology and productivity with a trip down memory lane, to uncover some surprising truths as we tweet our way through the digital age (p 14). Our regular contributor Paul Budde picks up the theme to discuss how technology is at a cross roads between helping and hindering our future. It has the potential to break through the knowledge ceiling and emancipate humankind even further, but can also stunt our brains to the point of incapacity.

Is technology a wolf in sheep's clothing? A trap in which we could become ensnared? No, used well, technology is the great enabler. We stare down the wolf in our feature on restructuring and redundancy, 'the big, bad wolf' of business, looking at how humanity and technology work hand in hand. Fletcher Building's GM of HR, Sharon Spence, also discusses how a new HCM system will help her organisation to build a solid foundation for its success, and reward and retain its most talented people across 19,000 employees in more than 40 countries (p 44). While Fletcher Building is a poster child for getting HCM right, top Gartner analyst Morgan Yeates discusses what happens when we dehumanise HR too much and focus on HCM technology as an administrative tool alone, rather than considering its capacity for informing strategic decisions.

Technology has certainly moved far beyond its administrative roots. Today it continues to redefine the way we conduct our lives and business. Like a meteor hitting the earth, its effect ripples around the world. Freelancers can work from far-flung corners of the globe thanks to a modern working paradigm driven by the internet and its freelancing platforms (*Freelancers take flight* – p 54) and companies turn their business models on their heads by acquiring disruptive technology (p 60).

We also bring you a number of case studies that demonstrate the transmogrifying powers of technology in action. It has without doubt helped New Zealand's Department of Conservation to improve the productivity of its specialised teams around the country (p 24) and has strengthened electrical wholesaler J. A. Russell's position as an industry leader (p 58). It has helped build employee engagement for South Coast Radiology (p 52) and slashed payroll processing time for Community AXIS Enterprises (p 50). And when you hook up your boat these holidays, be thankful for the smart systems at Best Bars (p 28).

Putting this issue together has reminded me why I get so enthusiastic about the potential of technology and I hope it inspires you to make the most of your machines as well.

Enjoy the read,

Clare Coulson
Editor

iStart
TECHNOLOGY IN BUSINESS

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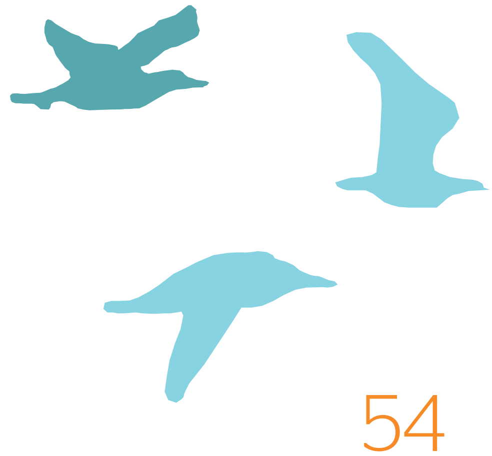

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Diary

iStart NEW ZEALAND EVENTS – Q4 2013

33rd Annual ALGIM Conference
17-20 November 2013 | Taupo
For more information visit www.algim.org.nz

Festival for the Future
22-24 November 2013 | Wellington
For more information www.festivalforthefuture.org.nz

Field Service Management New Zealand 2013
26-27 November 2013 | Auckland
For more information visit www.fieldservicemobility.co.nz

Global Day of Coderetreat 2013
14 December 2013 | Auckland | Wellington
For more information visit www.ictevents.co.nz

Mobile Payments Forum 2014
17-18 February 2014 | Auckland
For more information visit www.conferenz.co.nz

3rd Multicore World Conference
25-26 February 2014 | Auckland
For more information visit www.multicoreworld.com

iStart AUSTRALIA EVENTS – Q4 2013

GovInnovate Summit
26-28 November 2013 | Canberra
For more information visit www.cebit.com.au/govinnovate

Australia Predictions 2014 Briefing
05 December 2013 | Sydney
For more information visit www.anz.idc.asia/events

Australia CMO Executive Briefing 2014
18 February 2014 | Sydney
For more information visit www.anz.idc.asia

Gartner Business Intelligence & Information Management Summit
24-25 February 2014 | Sydney
For more information visit www.gartner.com/events

Field Service Management Summit
19-20 March 2014 | Sydney
For more information visit www.fsmaustralia.com.au

Connect 2014
13 & 14 March 2014 | Melbourne
For more information visit www.con-nect.com.au

Data Quality Asia Pacific Congress
25-27 March 2014 | Melbourne
For more information visit www.dqasiapacific.com

UPCOMING iStart WEBINARS 2014

Lunch Box
4 Dec 2013
ERP user Roundtable
26 March 2014
Details TBC

TOP TECHNOLOGY TRENDS YOU CANNOT AFFORD TO IGNORE

GARTNER HAS PUBLISHED ITS annual list of top strategic technology trends that it's analysts deem as having the most potential to have significant impact on the enterprise over the next three years. According to them, these are trends that IT executives cannot afford to ignore and should factor into their strategic planning for 2014-2016.

Factors that denote a strategic technology include those with a high potential for disruption to IT or the business, those which need a major dollar investment, or those which carry risks for businesses that are late to adopt. It may be an existing technology that has matured and/or become suitable for a wider range of uses. It may also be an emerging technology that offers an opportunity for strategic business advantage for early adopters or with potential for significant market disruption in the next five years. These technologies impact the organisation's long-term plans, programmes and initiatives.

Gartner analysts presented their findings during the Gartner Symposium/ITxpo in Orlando this October.

"We have identified the top 10 technologies that companies should factor into their strategic planning processes," said Gartner VP and fellow, David Cearley. "This does not necessarily mean adoption and investment in all of the listed technologies, but companies should look to make deliberate decisions about them during the next two years."

He added that the 'Nexus of Forces' (the name Gartner gives to convergence of the forces of social, mobile, cloud and information) continues to drive change and create new opportunities, creating demand for advanced programmable infrastructure that can execute at web-scale.

The top 10 strategic technology trends for 2014 include:

- Mobile device diversity and management
- Mobile apps and applications
- The 'Internet of Everything'
- Hybrid cloud and IT-as-service-broker
- Cloud/client architecture
- The era of personal cloud
- Software-defined anything
- Web-scale IT
- Smart machines
- 3D printing

To read full descriptions of each trend visit iStart online.

CIOs CONSIDER SERVER VIRTUALISATION FOR MISSION-CRITICAL ERP

SERVER VIRTUALISATION IS FINALLY considered mature and secure enough for a growing number of enterprises to take the plunge with their ERP workloads. In the past mission-critical systems such as ERP have generally been left on physical infrastructure because of perceived performance and security benefits. But according to VMware managing director Duncan Bennet, "there is a movement of large ERP workloads across to virtual servers".

"It's not as difficult as you might think," he said, adding that as large physical servers came up for replacement CIOs were seriously considering using a virtual platform.

An article published earlier this month in the Wall Street Journal also saw Deloitte Consulting recommend CIOs conducted risk assessments about a move to virtual servers for ERP when it was time for a technology refresh rather than miss out on the savings that the approach promises.

VMware's Bennet said that in Australia banks, telecommunications companies and government departments were starting to migrate ERP to virtual systems following the lead of New Zealand users such as Fonterra and the University of Auckland. He said enterprise was increasingly convinced of the maturity and reliability of virtual servers, and keen to reap the savings they promised.

VMware recently released the results of a regional survey conducted on its behalf by IDC, which attempted to quantify the savings of a move to server virtualisation.

The *IDC Server Economies Index* attempts to quantify how much money Australian organisations would have spent on technology had virtualisation not been available. That report claims that virtualisation has helped businesses avoid A$3.5 billion of costs in the years 2003-2012, and that this will increase to more than A$6 billion in the years to 2020. The estimate does not, however, take into account the amount that organisations have had to invest in virtualised servers, or services and software to support the transition.

While debates about the validity of the model's assumptions are inevitable, what it does reinforce is that virtualisation can result in physically smaller data centres, hosting fewer physical machines which overall draw less power and incur a lower IT administration overhead than their physical counterparts.

ELLISON SNUBS ORACLE WORLD TO GO SAILING

SEPTEMBER'S ORACLE OPEN WORLD conference in San Francisco attracted around 60,000 attendees, according to Oracle president Mark Hurd, but with the America's Cup running longer than anticipated in San Francisco Bay, the two events ended up overlapping. Although Oracle CEO Larry Ellison (America's third richest man with a net worth of $US41 billion) showed up for his opening keynote on Sunday evening, *iStart*'s source on the ground reported that he stayed on the water on the conference's Tuesday afternoon to see Oracle Team USA square the series 8-8, instead of giving his second scheduled keynote. That decision has been widely described as a snub to his customers, and it is hard to imagine many CEOs pulling a similar stunt.

A significant proportion of the attendees packed into the cavernous Hall D of the Moscone Centre must have been there specifically to see Ellison. As soon as Oracle chairman Jeff Henley announced that Ellison would not be attending they started filing out, leaving stand-in Thomas Kurian, executive vice president of product development, to give the presentation to a severely depleted audience.

Oracle Team USA went on to win the series on the Wednesday afternoon, no doubt motivated by the mass "Go Oracle Team USA" cheer orchestrated by Hurd during his presentation and videoed for America's Cup TV. Your correspondent noticed several people wearing Oracle Team USA shirts at Oracle Open World, but only one woman wearing an Emirates Team New Zealand shirt and she was definitely not looking as happy as Larry.

Ellison didn't make a public appearance at the 'Appreciation Event' (i.e. party) held on San Francisco's artificial Treasure Island and featuring Maroon 5 and The Black Keys – at least not between your correspondent's arrival and self-imposed curfew. But there was word that the Auld Mug would be displayed at the final keynote on the following morning, along with T-shirts for the first 1000 through the doors, though no mention of whether Ellison would or would not be there.

Make no mistake, Oracle Open World is a large event; the largest in the IT industry according to Hurd. As Oracle continues to acquire companies its annual conference grows bigger and bigger. San Francisco Mayor Edwin Lee told attendees that the city is developing Moscone to keep pace with Oracle Open World, and offered to close additional streets if necessary. Oracle chief marketing officer Judith Sim said the event has a $US120 million economic impact on the city. She also said that a partnership between the city council and the company will see the conference remain in San Francisco for 30 years.

SILENT SUCCESS STORY SEEKS LOCAL TALENT

FNZ, FOUNDED IN WELLINGTON in 2002 and now headquartered in Edinburgh, is possibly one of the quietest Kiwi success stories. It has an impressive client list of internationally recognised and world-leading financial providers, including AMP, ANZ, Standard Life, HSBC and Zurich, to whom it provides a fully customisable and brand-able wealth management platform that offers the financial providers' clients a single view of their wealth. Together FNZ's 700 employees and its customers administer some $75.5 billion in assets for tens of thousands of their clients.

FNZ's HR director, Daniel Kasmir says, "FNZ has seen rapid expansion over the past 10 years. During this timeframe we have consistently delivered innovative solutions for our clients. One of the key elements of the success we have seen is down to the recruitment of a talented, hardworking and ambitious team.

"As FNZ continues to expand on a global scale, the need to hire the very best people becomes even more essential in achieving our ambitious growth targets."

FNZ is planning to increase the size of its team in Wellington to support existing business and ensure the company is well positioned for its next growth stage. It will be filling at least 30 new positions, which will be a mixture of software developer, business analyst and test analyst roles.

In June this year it appointed a new group chairman, Lord Alexander Leitch, who is currently chairman of Bupa, founder and chairman of Intrinsic Financial Services and trustee of the Lloyds Banking Group Charitable Foundation.

MILLIONS WASTED ON PROJECTS BY NZ BUSINESS

THE RESULTS OF THE biennial Project Management Survey by KPMG New Zealand show that although the number of projects being executed by the surveyed companies has risen in the twelve months to September 2012, two thirds of them are failing.

"The average reported spend per project is $15m – and the survey results indicate that only one-third of that spend is delivering the desired outcome," says Perry Woolley, a KPMG director who specialises in project management.

"If those results are extrapolated across New Zealand's public and private sector organisations, then it equates to a truly staggering waste of resources."

Woolley also says that there has been a 30 percent decline in the number of project management offices across New Zealand since 2010 – despite proof of their importance to project success.

CHIEF DIGITAL OFFICERS TIPPED AS KEY TO FUTURE BUSINESS SUCCESS

A NEW STUDY SHOWS that the ever-increasing importance of digital technology within businesses has given rise to a new breed of technology professional – the chief digital officer.

In an admittedly small study of 100 Australian C-level executives of large companies, IT management solutions provider CA Technologies discovered a belief that the role of the CDO is becoming more important to business. As a result many of the technology-based roles traditionally held by the CIO may become the responsibility of the CDO, the study noted.

Around 45 percent of the Australian organisations currently have a CDO and a further 14 percent reported that they expect to fill this role in the next few years. Sixty-nine percent of the respondents said that digital technology is a strategic element of their business and highlighted 'customer engagement' (22 percent) and 'increasing market share' (21 percent) as the key reasons.

Inevitably, however, this has led to business executives being confused over where the responsibility for certain tasks lies. When asked who they would turn to for advice on 'mobile' and 'app development', the responses were closely divided between the CIO and CDO. This suggests that the CDO role is currently neither properly articulated nor understood.

That said, 37 percent of those without a CDO said they feel that the effect is a lack of responsiveness, leading to the company being slower to market and 19 percent highlighted 'missed business and investment opportunities' as a consequence.

"It's clear from this research that if businesses stick with the status quo and don't prepare themselves for a digital mind-shift now, they'll fall behind. Worse still, they may lose market share because the services they provide to their customers aren't being deployed in a fast, engaging way," said Bill McMurray, managing director, CA Technologies Australia & New Zealand.

GEN-I REFOCUSES, SELLS AULDHOUSE

GEN-I HAS SOLD ITS training business Auldhouse to Auldhouse executives Melanie Hobcraft, Leigh Richardson and Craig Jones, through a management buyout.

Until recently Auldhouse had been too valuable to its parent company to consider a sale, but in recent months Gen-i has undergone a strategic shift that has seen it realign its business units to focus on converged ICT services delivered over high-quality fixed and mobile networks and the cloud.

This shift includes the divestiture of Davanti Consulting, which was bought out by its management back in May this year, the purchase of data centre company Revera,a partnership with SAP, and a strategic review and refocus of the Australian business.

Gen-i CEO Tim Miles said, "Auldhouse is a great specialist business, developed from the ground up by some very talented people. It makes good sense for them to now own Auldhouse, as they have built it up so successfully."

The newly-formed Auldhouse Computer Training is now the largest privately-owned commercial training business in the country.

Melanie Hobcraft, its new managing director, said she is delighted to have this opportunity to take the business forward under private ownership, saying it is "going to be a very exciting next chapter for the Auldhouse team".

For now Telecom and Gen-i will continue to leverage Auldhouse services through a Preferred Supplier Agreement. Auldhouse will also continue to provide IT training and consultancy services to a wide range of New Zealand private and public sector organisations and work with leading global vendors.

BNZ TAPS EMOTION RECOGNITION SOFTWARE FOR MARKETING CAMPAIGN

IN A WORLD-FIRST, BNZ is using advanced facial recognition software to help New Zealanders understand how they really feel about their finances.

Called EmotionScan, the software, created in partnership with psychologist Dr Stuart Carr and Swiss emotion recognition software company nViso, uses advanced emotion recognition software to analyse facial expressions as participants listen to a series of scenarios designed around eight financial areas of interest.

Participants can visit www.emotionscan.co.nz to watch the scenarios online whilst their webcam captures their reactions and the software tracks micro facial movements on 188 points on the face. It maps these in real-time against an internationally recognised set of universal emotions. Users then receive their results in the hope that they will go on to seek financial advice.

BNZ chief marketing officer, Craig Herbison, said, "We know that only nine percent of people strongly believe that they are competent at managing their finances. We think that if we can help New Zealanders to face up to how they really feel about money, then we can help to set them on track."

According to nViso's CEO and co-founder, Tim Llewellynn, this is the first time that the 3D facial imaging has been used in a real-time one-on-one diagnostic experience and no one else has personalised it to such an extent before, showing participants the results and inviting discussion.

nViso focuses on applying its technology to the interactive marketing and market research fields, but Llewellynn says the BNZ campaign is the first time a project has bridged the two areas.

While nViso focuses the interactive marketing, market research and movie industry, Llewellynn sees a host of other applications and welcomes interest in other areas such as e-health and e-learning for nViso's developer platform which gives partners access to its 3D facial imaging technology.

NETSUITE REAFFIRMS SAP-SWITCH DEAL FOR USERS

THERE HAS NEVER BEEN much love lost between NetSuite and SAP, and the confusion recently over whether SAP was pulling the plug on Business by Design, its cloud-based offering, was enough for NetSuite chief executive Zach Nelson to issue an offer of a year's free subscription to SAP defectors.

On a visit to Sydney in October he reaffirmed the offer, although the company's local managing director and regional vice president Mark Troselj declined to say whether the company had directly approached the NSW Government, which is rolling out one of the world's larger Business by Design deployments for over 8000 users.

SAP has since attempted – not terribly successfully – to clarify the series of confusing messages about Business by Design by denying it is pulling the plug, stating rather that it is re-engineering it for the HANA platform, but NetSuite is standing by its offer.

Nelson said that organisations moving to the cloud need to be careful about the vendor they select. "It's a strange thing – the world's largest application vendor – can you trust them now? The leader in the last generation is never the leader in the next generation. If there was any company able to build a rival to NetSuite it should have been SAP."

NetSuite has been growing its business locally, claiming more than 1000 Australian users of the system and announcing Lonely Planet, payments gateway eWay and Toll Holdings as recent wins. Nelson also foreshadowed a new unified billing system to be released in 2014.

NetSuite has however yet to make a profit, continuing to focus on growth, although Nelson said the company "could be profitable tomorrow if we stopped hiring salesmen".

FUSION5 SNAPS UP NZ POST CRM GROUP, EXPANDS IN AUSTRALIA

NEW ZEALAND POST HAS unloaded another of its digital assets with the sale to Fusion5 of the Oracle CX (RightNow) division, leaving Fusion5 primed to make a push into Australia with the system. NZ Post which has three pillars to its business – postal services, financial services and digital – offloaded another digital asset a year ago with the sale of the ECN unit to Australian organisation B2BE.

The history of the latest deal is knotty: NZ Post had signed up as a client for the customer experience system manufactured by RightNow, whose products were sold in New Zealand by Datam, an NZ Post business. When RightNow was sold for $US1.5 billion to Oracle in 2011, NZ Post continued with the implementation of the product along with its role as RightNow's New Zealand reseller, establishing the NZ Post Oracle CX business unit.

According to Fusion5 managing director Rebecca Tohill, although NZ Post Oracle CX had a customer base of 20-25 customers for the Oracle CX system in New Zealand, including itself and its subsidiary KiwiBank, it decided the division wasn't a good strategic fit and began to seek a buyer earlier this year. Fusion5 was successful with its bid earlier this month, although Tohill isn't saying how much the company paid for the business unit.

NZ Post has taken a financial hit this year with net profit in the year to the end of June plunging to $NZ120 million compared to $NZ159 million a year ago.

Seven NZ Post staff have transferred into Fusion5's CRM division bringing the headcount in that group to around 50 people. Tohill said as Fusion5 is an existing Oracle partner she expected the merger to be relatively straightforward.

She said that the addition of the Oracle CX system would be something that the company could market directly to its 300 A/NZ customers although she predicted that the greater demand would arise out of Australia.

Although Fusion5 has offered CRM solutions in the past, Tohill said that the addition of social media and chat functions in the Oracle CX system would "take us into a new space".

Fusion5 currently employs 190 people – 115 of whom are based in New Zealand. Although the revenues in New Zealand were still higher than in Australia Tohill said that in 2014 "the real growth will be in Australia," and that she expected to expand the team in Sydney and Melbourne in particular.

CIOs LOSE CONTROL OF ENTERPRISE IT BUDGET

IN 2010 74 PERCENT of enterprise IT budgets was spent by CIOs. Last year that had plunged to 58 percent according to a recently released Forrester Research report.

The *Asia Pacific CIO Budgets and Priorities in 2013* report notes that, although Asia Pacific IT budgets are in somewhat better shape than those in other parts of the world, there's not much call for rejoicing. Only 45 percent of survey respondents predicted that IT budgets would increase this year, and even those that were expecting increases felt they would be modest.

According to John Brand, a co-author of the report and Forrester vice principal, the commoditisation of enterprise technology along with the advent of cloud-based infrastructure which was "easily consumed and built for purpose" was also seeing a shift in terms of who controlled the purse strings.

Brand said that chief marketing officers, HR directors and line-of-business managers were often spending part of their budget on technology specific for their business needs. He said that often business people were pushed into going it alone on technology because of procurement practices which made accessing technology through more conventional means too slow.

Two in five survey respondents said that the business was spending more on technology directly because, "technology is too important for the business not to be involved".

Brand denied that this business-side technology investment meant the enterprise IT budget itself was under threat. Chief marketing officers for example tended to spend money out of their budgets that might otherwise have been spent buying advertisement space. "It's not that IT's budget is shrinking, it's that there is IT spending coming from other areas," said Brand.

He said that in the future it would be harder to determine what was actual technology spending because "it's being embedded into a service". Nevertheless he said that "IT is definitely losing control. I see a lot of concern that business units that buy software-as-a-service can have disaster recovery issues or a security event and suddenly it becomes IT's job to fix that."

LESSONS LEARNED FROM IBM-QUEENSLAND STOUSH

A COMMISSION OF INQUIRY into the $1.2 billion Queensland payroll system debacle identified it as possibly one of the worst failures of public administration in Australia's history. While the State cannot sue IBM under the terms of its deal with the computer company, Queensland Premier Campbell Newman, who said Queensland had been "taken for a ride" by IBM, has pledged that the computing giant will not be allowed to enter any new contracts with the State Government until it improves its governance and contracting practices.

He also indicated that he expected IBM "to deal" with employees named adversely in the report and has also indicated he will seek legal advice as to any action which should be taken against current or former public servants associated with the project.

While Queensland now echoes with a cacophony of stable doors bolting and hoofbeats receding, the commission report does provide insight into how large software projects should not be managed.

The clear signals are that large waterfall-style systems development is inherently risky as Agile development procedures would have identified problems early and allowed them to be nipped in the bud. This approach would also have helped tackle the challenge of scope creep which dogged the Queensland project from the start.

Commissioner Richard Chesterman's report sets out a series of recommendations intended as a guide for future State Government IT projects. However they will resonate for other enterprises embarking on significant programmes of work.

It makes clear that to succeed:

- A project must have continued business justification;
- A project has defined and agreed roles and responsibilities within an organisation's structure that engages the business, user and supplier stakeholder interests;
- A project is planned, monitored and controlled on a stage by stage basis;
- A project has defined tolerances for each project objective to establish limits of delegated authority; and
- A project focuses on the definition and delivery of products in particular their quality requirements.


FREE

IT DEPARTMENT VERSUS THE CLOUD

THE RESULTS OF A Forrester survey of over 2700 decision makers, around a tenth of whom are based in Australia, (New Zealand was not surveyed) were revealed at Sydney's vForum in October. They showed that 42 percent of business units bypass IT to source technology or business applications directly. Almost three quarters of respondents said IT was at risk of being marginalised if they did not deliver solutions faster.

The new results only serve to reinforce the findings of Forrester's earlier report, *Asia Pacific CIO Budgets and Priorities* in 2013, which noted that while in 2010 74 percent of enterprise IT budgets were spent by CIOs by 2012 that had plunged to 58 percent.

VMware's revelations suggest there is little chance of that trend slowing without a concerted effort from CIOs and IT professionals to lift their game and compete more vigorously with public cloud and consumer technology.

The *VMware Cloud Index 2013* does not reflect any ennui with technology itself. On the contrary 67 percent of respondents see IT as an enabler for change and a source of business value. What's at issue is who provides that IT.

A potential ally to shore up the internal IT shop is the growing appetite for private or hybrid cloud.

There is clear continued appetite for cloud solutions overall – 79 percent of respondents indicated plans to adopt as-a-service solutions in 2013.

DELOITTE TAKES OWN MEDICINE

WHEN DELOITTE RELEASED its '*Digital Disruption: short fuse, big bang?*' report last year it forecast that the professional services sector would be impacted by digital disruption within two to three years. Preparing for that, the firm plans to continue acquiring digital capability, and earlier this month announced that it had bought local web content business Digicon.

As part of the integration Deloitte will establish its fourth digital studio in Australia, this time in Brisbane. A further two technology-related acquisitions are expected shortly.

CEO Giam Swiegers said Deloitte was boosting its digital capability in part to form a buffer against the challenges to traditional audit revenue streams that digital technology might deliver. In the 2012 *Digital Disruption* report Deloitte noted that organisations which wanted to respond to the digital threats, and also position themselves to take advantage of digital capabilities had to recalibrate their cost structures, replenish revenue streams, and reshape their corporate strategies. The firm is reportedly seeking to build an A$1 billion business from its digital capability.

According to Swiegers: "Where today digital business represents a fraction of our economy, the evidence is mounting that it will permeate more than two thirds of all business activity within five short years and will be central to the productivity gains our country aspires to."

By investing in technologies including mobile, social media and digital customer platforms Deloitte is looking to expand the range of services and products it can deliver to its clients, acquiring technology firms and simultaneously hiring technical expertise.

POOR ICT CONTRACTOR BEHAVIOUR SPOTLIGHTED BY ANTI-CORRUPTION BODY

WHEN THE AUSTRALIAN NSW Independent Commission Against Corruption (ICAC) released its new paper looking at how best to manage ICT contractors, it was focused on delivering practical guidelines to support government agencies. The recommendations however will ring true for any enterprise in any country which finds itself increasingly reliant on specialist ICT contractors to design, build and manage information systems.

According to the report – Managing IT contractors, improving IT outcomes – Australia now boasts 20,000 IT businesses and the majority are very small, with five or fewer employees. It is these organisations which are often brought in as contractors to supplement the skills in government departments or enterprises.

In its report ICAC warns organisations which hire IT contractors without strong controls will find the "opportunities for profiteering and corruption increase". In a fairly damning assessment of IT contractors the ICAC notes there can be a tendency for contractors who are not tightly managed to over service, over price and under deliver, warning also that "contractors often have incentives to slow down and impede project completion in order to extend their work contracts".

ICAC also uncovered evidence of one contract project manager left in charge of resourcing who then hired five additional contractors who subsequently defrauded an agency of more than $400,000.

To arrest the problem the ICAC recommends organisations establish a five pillar approach when using ICT contractors:

- Closely link the business case to project controls.
- Separate contractors used in the design phase from those in the build phase.
- Guard the gateway for contractors to enter the organisation by making permanent employees responsible for hiring contractors.
- Ensure proper project management frameworks are established and followed.
- Have a clearly defined exit strategy.

NZ TECH EXPORTS BOOSTED BY ICT SECTOR

THE ANNUAL TIN100 REPORT has been released and shows a buoyant technology export sector driven by 16.5 percent growth from ICT companies, increased investment in R&D and staffing, and general recovery in the US market. The TIN100 Report monitors the performance of New Zealand's largest technology exporters in the areas of ICT, high-tech manufacturing and biotechnology.

Results show that growth in the 2012-2013 year was dominated by ICT companies (which grew strongly on both sides of the Tasman and from a smaller base in the US). There was little change in the top 10 companies by revenue compared to last year. The top five retained their 2012 positions, while Weta Digital replaced Schneider Electric (NZ) in tenth place.

Greg Shanahan, the TIN100 Report publisher, explained, "The single biggest contributor to TIN100 growth was the NZ$122m growth of IT services and support companies. These companies contributed nearly half of the total $260 million growth for TIN100 companies."

Software development sectors, general software, healthcare, financial services technology and digital media, all grew in excess of 20 percent. Overall the TIN100 companies for 2012-13 increased their combined revenue by 3.7 percent to $7.26 billion. TIN100 export revenues increased by three percent to $5.3 billion. The next 100 companies (TIN100+) ranked by revenue grew by nine percent to $640 million.

This year the report findings also highlighted a trend towards TIN100 companies choosing to harness the power of mobile solutions, cloud computing and SaaS to create new growth and profit opportunities. Similarly to last year, successful companies are also investing more heavily in R&D and sales and marketing (up by 10 percent and five percent respectively on 2012).

KIWIS DROP SOFTWARE PATENTS

THE NEAR UNANIMOUS PASSING of the Patents Bill in Parliament this August will effectively remove from New Zealand software patents, which many across the digital community see as an economic handbrake on innovation.

Speaking after the Bill's passing, IITP chief executive Paul Matthews said, "We are delighted to see the new Patents Act (2013) has passed the committee stage and third reading with near unanimous support in Parliament. I would like to congratulate Minister Craig Foss for listening to concerns from the IT industry and ensuring that software patents are excluded.

"As Labour ICT Spokesperson Clare Curran said in Parliament today, this is a historic day for intellectual property in New Zealand. It's also a breakthrough day where old law met modern technology and came out on the side of New Zealand's software innovators".

Don Christie, co-chair of industry body NZRise, which represents the interests of New Zealand-owned digital technology businesses, said, "We are happy with the outcome which puts New Zealand at the forefront of dealing with the international problem caused by software patents. "We hope other countries will follow suit and heavily restrict or outright ban this phenomenon which over the last decade has stymied technological innovation and economic growth."

Colin Jackson, co-founder of Internet NZ, said, "Experience in New Zealand and overseas has shown time and time again that software patents cannot be granted fairly and allow companies that create nothing to threaten innovative software creators. Patents are intended to promote innovation by allowing people to make money from their inventions; but in software they have the opposite effect of allowing others to make money from inventors' work. I am delighted that the Minister [Foss] understands this point and is acting to unequivocally rule out software patents in New Zealand, boosting our software industry that already contributes so much to our exports."

TELSTRA REVAMPS CULTURE THROUGH AGILE

SPEAKING AT AN AUSTRALIAN Computer Society Foundation event in Sydney, Telstra CIO Patrick Eltridge outlined the progress that the national telecommunications carrier has made with a transformation of its information technology culture. Eltridge said it had been necessary to reform the culture of the organisation and embrace Agile techniques in order to cope with the rapid pace of change in the sector.

He said that the five to 10 percent iterative productivity gains that were available under the old waterfall method of systems development were not enough to deliver the "quantum leaps that Telstra needs". He acknowledged that at present both Agile and waterfall methods were used in Telstra, and declined to put a target date on the completion of the migration to an entirely Agile approach, but he said that the programmes of work for Agile were growing.

Last year a A$60 million IT programme involving legacy integration was completed using an Agile-only approach. The organisation currently has 100 people working in Agile teams.

At the same time the IT shop has engineered a different relationship with Telstra's business users when it comes to defining future application requirements. Instead of scoping a fully functioned application, Eltridge said that business users were encouraged to define "minimum viable product (MVP) constructs".

The IT shop had committed to delivering these MVPs "blindingly fast" he said, which then gave the business time to test and refine its requirements.

This, he said, had also required a fresh approach from Telstra finance which had been working to develop what he termed "Agile-friendly finance" and a capital release programme that allowed iterative investment and the opportunity for unsuccessful projects to be identified quickly and turned off with just one week's notice.

"My IT has got to be able to work with and like a start-up. It's a strategic necessity," said Eltridge, adding that Telstra also had to focus on its employment brand in order to attract the "sort of talent that start-ups attract."

Telstra's adventures in the start-up space now also extend to investment. The company this week announced muru-D, its technology incubator, which will provide investment of up to $40,000 for 10 local start-ups.

APPOINTMENTS AND DEPARTURES

Microsoft CEO **Steve Ballmer** will retire within 12 months, according to an announcement made by Microsoft in August. Microsoft has undergone a significant transformation in the last few years with the introduction of Windows 8 and a shift in focus away from its traditional software staples to a "devices and services" company. Ballmer's original thoughts on timing would have had him retire in the middle of the company's transformation. He has committed to staying on until his successor is named.

TechnologyOne has appointed two industry heavyweights, demonstrating its commitment to the cloud. This is part of an aggressive goal to become the largest provider of cloud enterprise SaaS in Australia, New Zealand and the UK. Co-founder and former general manager of professional services at Hosted Continuity, **Paul James**, has been appointed as TechnologyOne's general manager cloud. **Scott Castles** has been appointed as cloud services director and comes from Gen-i New Zealand.

Ex-Telstra exec **JB Rousselot** has been appointed to the new position of head of strategy and transformation at **NBN Co**. The role spans the current activities within the Quality group, as well as the corporate planning, strategy and decision support functions of the office of the CFO. Rousselot will lead the Strategic Review process that is just kicking off and then help manage the implementation of recommendations and their incorporation into the company's 2014-17 Corporate Plan.

Australian ERP and BI provider, **Pronto Software**, has appointed **Chris Dickinson** as cloud services manager. With 12 years of experience at Pronto, Dickinson is now charged with rapidly expanding the company's cloud business unit – Pronto Hosted Services – which has seen strong demand from mid-market customers in Australia, New Zealand and North America over the past two years.

Hybris, a **SAP** company and the world's fastest-growing commerce platform provider, is fulfilling its plans to expand its team from 16 to 20 by the end of the year, appointing Veronika Birnkammer as marketing manager for Australia and New Zealand. hybris now has a team of 16 in Australia with plans to increase to 20 by the end of the year. **Birnkammer** comes to Hybris from technology marketing company Marketing Options International. Hybris' recent commitment to Australia is attracting strong interest from partners and retailers and Target, Lorna Jane and General Pants all recently launched their new websites based on the hybris commerce platform.

SMX has engaged international expertise to help it mature beyond its start-up phase, appointing internationally experienced technology commercialisation expert **Ian McDonald** as CEO. Co-founder and former CEO, **Jesse Ball**, will remain as a director of the company and in a business development consulting capacity. Earlier this year, SMX chose former Earthquake Commission Hamilton technology leader Paul Willard for the position of vice president of operations. These strategic appointments are designed to help the company accelerate both local and global growth.

The **2degrees** board has appointed the company's chairman and interim CEO **Stewart Sherriff** as its permanent CEO. Sherriff has extensive knowledge of the 2degrees business and has had previous success as CEO of Ireland's Meteor, which was the third entrant in a market with two dominant competitors, making him a perfect fit for the role as permanent CEO of New Zealand's telecommunications underdog. Sherriff is currently 2degrees' chairman and has been the interim CEO since the untimely death of Eric Hertz earlier this year. The appointment has come after a global search for a new head of the company.

DEALS, SIGNINGS AND IMPLEMENTATIONS

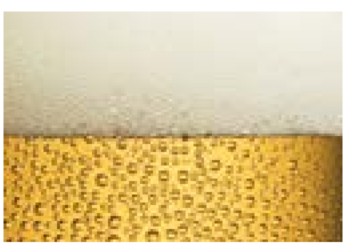
Victoria's Department of Environment and Primary Industries has signed an $11.5 million three-year contract to

migrate its on-premises Oracle ERP systems onto a cloud-based ERP solution provided by **ASG Group**. According to ASG's Geoff Lewis, the company is seeing a real interest in anything that will reduce Cap Ex. It claims that since June it has signed $97.5 million worth of new agreements – many coming from organisations opting for this more utility-style model. For Victoria's DEPI the transition to the cloud-based ERP solution will take around six months according to Lewis.

David Jones has chosen Australian consulting and technology firm, **Oakton** to deliver application, database and middleware support and maintenance services under a three year managed service contract. Oakton has previously provided remote database support services for David Jones but the newly-agreed support arrangement will see it offer a more proactive on-site presence at David Jones.

The operator of Melbourne's trams, **Yarra Trams**, is using IBM software to help improve its day-to-day tram operations and passenger experience. The solution means the transport company can better understand how its network is operating, thanks to insights into its large volumes of data. These new insights are helping Yarra Trams increase the efficiency of its network, perform predictive maintenance and offer passengers a better, more reliable tram service.

Crossword and puzzle publisher **Lovatts Media** has revamped its business model and migrated to cloud-based systems, driven by **Lane Russell**, the company's sales and marketing manager. The company is migrating to a subscription rather than a sales model as part of what he described as a "clandestine business transformation". To support this transformation Lovatts had replaced many of its on premises computing systems with cloud-based services including **Salesforce, Financial Force, Gmail** and the **Zuora Z-business** platform. It also plans to move its websites onto cloud platforms.



DB Breweries has received an award from **SAP** recognising its use of SAP's latest web channel experience management (WCEM) software to improve customer experience. The web shop solution was designed, built and deployed by integration partner **UXC Oxygen** with input from **Union Digital** and was the first of its kind in Asia Pacific. The new solution is part of DB management's focus on improving efficiency and maximising opportunity, which has seen it implement what it refers to as "an ambitious programme of change", including a programme of work around its CRM and the new webshop.

WXC Communications has leveraged its positive track record with parent company **ING** to win **AMI Insurance's** business. WXC Communications will now provide its enhanced SIP voice services, including IP connectivity and management and reporting capabilities, to AMI Insurance after its parent company ING renewed its contract with the communications vendor. It has been the provider of SIP voice services to IAG NZ for the past four years.

MERGERS, ACQUISITIONS AND PARTNERSHIPS

PhiLight Software International authors of Sharperlight and **UXC Eclipse** have signed a strategic partnership agreement to provide simplified intelligence and intelligent solutions on a global scale. Sharperlight is a real-time enterprise self-service reporting, and analytics integration framework, providing an easy-to-use and user-friendly interface across multiple systems. According to its makers, Sharperlight changes the paradigm of data access with pre-built connections available for many of the Microsoft Dynamics and Infor systems as well as Proactis & PayGlobal and is able to connect to virtually any other system a customer may have within their organisation.

Accellos has also announced a partnership with **UXC Eclipse** to deliver the AccellosOne warehouse management solution to the Asia Pacific market. The partnership agreement means UXC Eclipse's Microsoft Dynamics GP customers will have the option of Accellos' integrated solution which automates warehouse, distribution and manufacturing processes. Collect uses wireless technology, to gather data at its origin and enter it into the ERP system in real time.

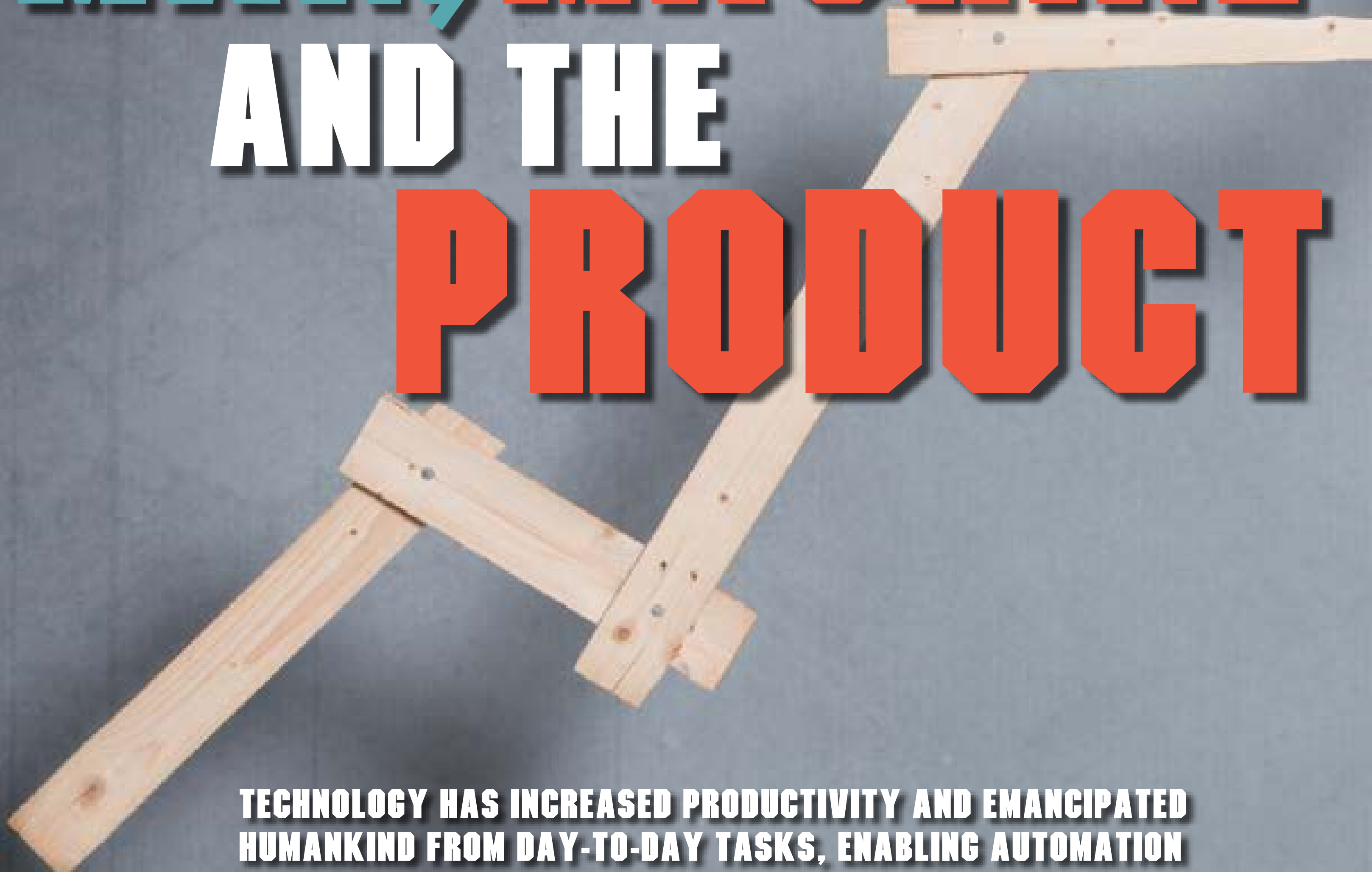
SingTel Group has announced a strategic partnership with **Samsung** focused on driving next-generation mobile communication, infotainment and technology services in Asia. The new collaboration takes advantage of the scale of the SingTel Group and Samsung's innovative products and services. Under this partnership, both parties will offer applications and digital services to customers of SingTel Group companies, including Optus in Australia. In addition, the SingTel Group will work with Samsung to identify opportunities for joint launches and marketing campaigns of key Samsung device announcements. The companies will also be able to leverage each others' distribution channels.

Dassault Systèmes, a world leader in 3D design software and product lifecycle management solutions, has announced its partnership with Australia-based IT consultancy, **Firstservis**, in which Firstservis will sell, implement and provide support for EXALEAD applications in Australia and New Zealand. Firstservis provides high-end IT consultancy to some of the largest companies in Australia and Asia.

GeoOp, the online and mobile job management and costing software provider for global trades and services businesses, listed on the NZAX in October at $1 per share under the code 'GEO'. The share price was sitting at just over $4 as this edition went to print, demonstrating the continued appetite that investors have for cloud-based services. The listing will assist GeoOp to rapidly scale and carry out its global expansion strategies, particularly in Australia and the US.

Cloud accounting software company, **Xero**, has raised NZ$180 million of new capital from a range of US and New Zealand investors including existing shareholders **Matrix Capital Management** and the Peter Thiel backed **Valar Ventures**. Over the last two months, the company has held partner conferences in Australia, the US, and the UK and is seeing acceleration in the acceptance and adoption of its products. The newly raised capital will be used to continue building a world-class team in the US market and support continued global growth.

MAN, MACHINE AND THE PRODUCT



TECHNOLOGY HAS INCREASED PRODUCTIVITY AND EMANCIPATED HUMANKIND FROM DAY-TO-DAY TASKS, ENABLING AUTOMATION OVER DRUDGERY, HASN'T IT? AS THE MARCH OF THE MACHINE CONTINUES INTO THE DIGITAL AGE CHRIS BELL EXPLORES ECONOMIST ROBERT SOLOW'S FAMOUS QUIP THAT YOU CAN SEE THE COMPUTER AGE EVERYWHERE BUT IN THE PRODUCTIVITY STATISTICS...

IVITY STORY

It seems self-evident that information technology makes us more productive. However, academics and technology sceptics know all about the productivity paradox. It was popularised in a 1993 article by Professor Erik Brynjolfsson, who noted an apparent contradiction between advances in computing power and the slow growth of productivity.

Let's face it; technology's transformative effect on business isn't always apparent. Be brutally honest, even with all of your new devices and mobile working capabilities, how much more productive are you today than you were 10-15 years ago? Enough to justify every dollar you've spent on technology in the interim?

More likely your productivity is being spread more thinly over what was previously your leisure or commuting time. This is corroborated, in part at least, by responses to a Clarian Human Resources study completed in conjunction with Massey University this year, the *Great New Zealand Employment Survey 2013* (a nationwide online survey based on 334 responses). For example, one comment read: "Constantly accessible. People expect faster responses. Too easy to keep checking in on emails at home and on leave". Respondents cited "excess workload" as a barrier to performance and nearly two-thirds of respondents felt IT led to spending *more* time on work.

It's partly a perceptual problem, of course; just because you're at work doesn't mean you're working. As the *Economist's* contributor Buttonwood wryly noted, the ability to watch funny cat videos doesn't count as increased productivity, and the same publication has been saying new technologies don't automatically lift productivity since at least 2003: "Firms need to work out how to reorganise their business to make best use of any important new technologies before they can reap the full rewards."

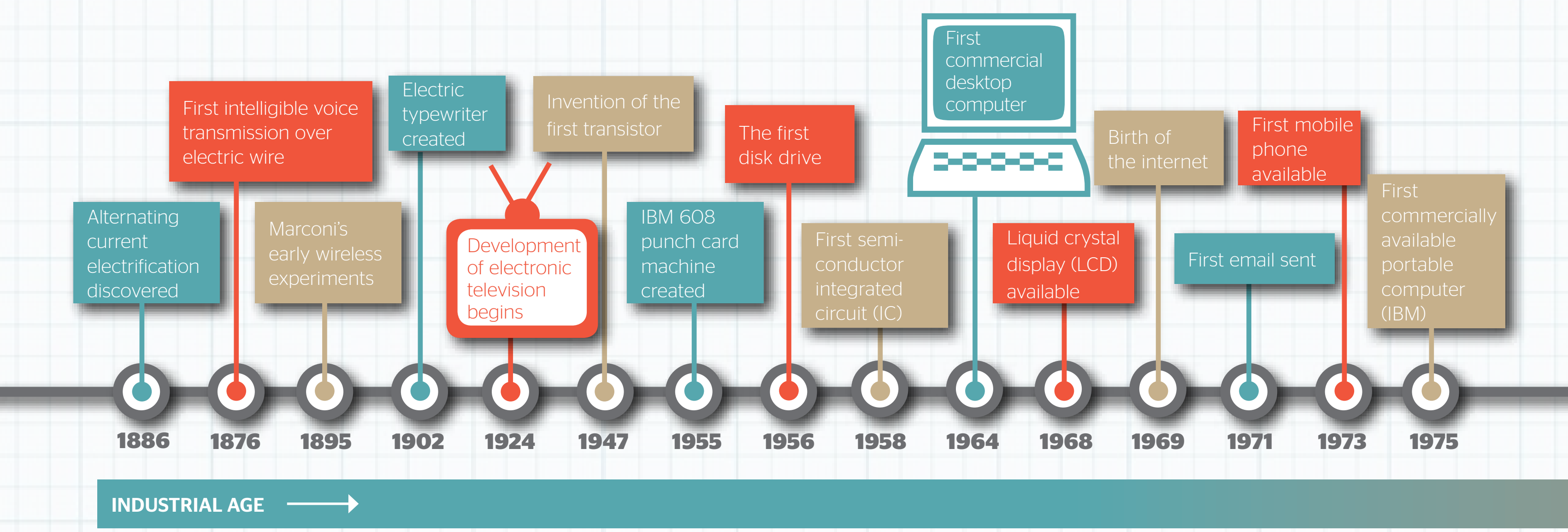
Back in 2000 Professor Robert Gordon at Northwestern University in the US wrote a paper (*Interpreting the 'One Big Wave' in US Long Term Productivity Growth*) in which he asked whether the computer and internet revolutions are as important as the first industrial (steam) and second industrial (electrical and internal combustion) revolutions. He contended many of the inventions that initially led to the deployment of computers occurred in the 1970s and 1980s and since then the majority of notable developments had been in communications and entertainment.

"But that was before the effects of the internet," you reasonably respond. "Now we have the cloud, cheap storage, reliable web search and robust, free email!" So why aren't these innovations unambiguously reflected in our productivity figures? Well, for one thing, says Oxford University economist Paul David, by comparison there was no notable productivity growth until at least 40 years after the introduction of electric power. It took until around 1920 for US machinery to be connected and for organisations to re-engineer themselves for the benefits of electricity. David also calculates that a technology only begins to significantly affect productivity when it has reached a 50 percent penetration rate. US computer use, for example, only reached this mark in around 2000.

MORE INPUT, LESS OUTPUT

The Australian government's Productivity Commission is studying the problem of manufacturing's contribution to the decline in productivity growth and undertaking work to identify its causes. Its findings aren't expected until after this edition goes to print. But in its June 2013 *National CEO Survey*, the Australian Industry Group says the fact Australian businesses have been keen technology adopters over the past two decades has had a positive impact on productivity at a company level. To maintain this momentum, it concludes, significant new policy initiatives are required, including the development of a national workforce skills strategy for the digital economy.

Meanwhile, a September 2012 paper by the New Zealand Productivity Commission, *Productivity*



by the numbers: The New Zealand experience, finds New Zealanders working more hours but producing less than workers in other countries: "New Zealanders work about 15 percent longer than the OECD average to produce about 20 percent less output per person," the paper says. New Zealand's labour productivity has been falling behind other OECD countries for decades, it seems. Productivity commissioner Murray Sherwin has also said that even though the country has invested heavily in ICT technology, many organisations have failed to turn their investment into meaningful productivity growth.

HEALTHY SCEPTICISM

Some digital commentators are sceptical about the metrics traditionally used to measure productivity. Geof Heydon is director of business development for the information sciences group at the Commonwealth Scientific and Industrial Research Organisation (CSIRO) in Sydney. "If you take something that's been happening for 100 years and try and work out how much it's improved, there's a fairly good chance that you won't find massive improvement," Heydon cautions.

However, he is dubious about research findings suggesting technology isn't increasing productivity. "More often than not those research programmes are run by various big consulting companies, and quite often the outcomes are very much dependent on who's funding the research. The research required to get proper answers on these things is extensive and mathematically complex."

Underscoring the difficulty of measuring productivity in the digital age, Heydon says it's challenging to analyse an entire economy and understand what's happening to it from a computing perspective. "It's easy to miss critical aspects of what's digital and hard to be completely thorough and detailed about it."

TECHNOLOGY TIMELINE

Pinpointing the source of productivity gains when new forms of power were introduced was relatively straightforward but seems to have become more elusive with each progressive innovation. For example, from the mid-1880s, electrification dramatically increased the productivity of factories. Also, the centralisation of electricity generation meant more businesses could afford electricity because they paid only for the power they used.

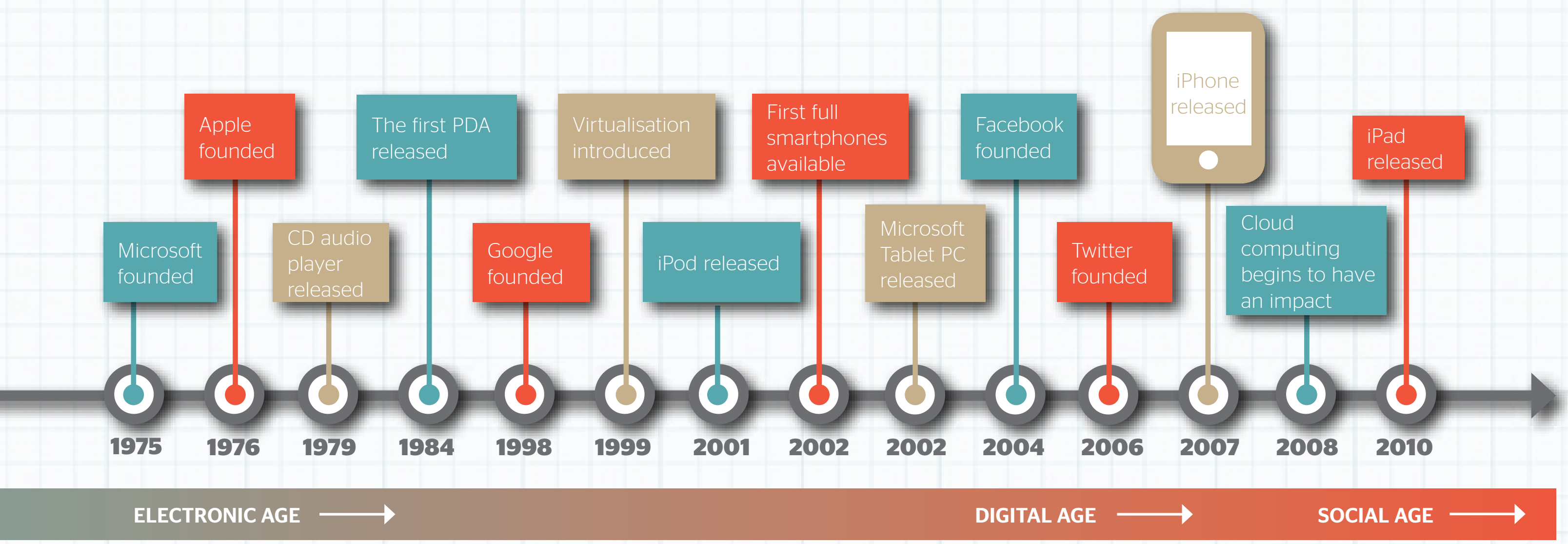
The earliest information technology hardware took the form of adding machines and unit recording equipment, which processed data by running punched cards through tabulating machines. Comparable human calculations

"IF YOU TAKE SOMETHING THAT'S BEEN HAPPENING FOR 100 YEARS AND TRY AND WORK OUT HOW MUCH IT'S IMPROVED, THERE'S A FAIRLY GOOD CHANCE THAT YOU WON'T FIND MASSIVE IMPROVEMENT."

GEOF HEYDON, DIRECTOR OF BUSINESS DEVELOPMENT, INFORMATION SCIENCES GROUP, CSIRO

required more manpower and were subject to greater levels of human error. The first completely transistorised calculator dates back to 1955 when IBM introduced its 608 machine (those punched cards weren't fully superseded until the 1980s).

The lack of portability of early electric typewriters in the early 1900s is one reason why they took time to realise sizable productivity gains and they didn't wholly supplant manual machines before the very first word processors began to sweep both typewriter variants aside in the late 1970s and early 1980s. »



"THE LOSSES HAVE REACHED THEIR PEAK AND NOW THE PRODUCTIVITY GAINS THROUGH SMART TOOLS AND AUTOMATION SHOULD START TO KICK IN."

BEN KEPES, TECHNOLOGY EVANGELIST AND CLOUD COMPUTING CONSULTANT

Author and inventor Ray Kurzweil identified silicon transistors as "the fifth paradigm" of computing power, following computers based on punch cards, relays, vacuum tubes and transistors. Although the introduction of low-cost integrated circuits beginning in the late 1950s would eventually make them integral to almost all electronic equipment, thereby revolutionising the world of electronics, measuring productivity gains directly from the silicon chip is complicated. And while the most popular early software, such as word processing applications from the late 1970s, automated tasks like physical cutting and pasting, it had little verifiable impact on overall productivity.

However, some commentators – Charlie Orosz of Boston University for one – argue that one reason why the predicted productivity gains weren't realised is that computer users are not adequately trained to harness computers' power. "Even if we had already reached the limits of silicon," said Orosz, "computers could continue to boost productivity because people today are using only a fraction of their available computing power."

But even commentators such as Professor Brynjolfsson were beginning to note by the late 1990s that IT was improving workplace productivity; especially in US organisations as their investments in technology increased. A significant positive relationship between IT investments and productivity was found – especially where IT investments accompanied changes to their business processes.

The first portable (heavy and hardly mobile by today's standards) phone handset appeared in 1973. But now some critics see the ubiquitous mobile phone as a productivity inhibitor rather than a productivity tool. Phil Frost, managing partner of New York internet marketing firm Main Street ROI, says when work email is checked on a non-work device employees tend to send fast, suboptimal replies or reread the email at work – clearly counter-productive. A recent article on Open Forum even lists '7 ways cell phones are destroying your business productivity'.

Although fast internet access is widely regarded as productivity enhancing, there's a shortage of conclusive research to quantify the benefits to organisations from various forms of internet connectivity. A 2009 working paper by New Zealand non-profit research institute Motu Economic and Public Policy Research said although broadband adoption was found to boost productivity, its researchers found no productivity differences between one broadband type and another.

In 2012 McKinsey Global Institute found skilled office workers spent more than a quarter of each working day writing and responding to email. However, anecdotally at least, the sheer volume of email received by many workers, as well as a tsunami of junk mail, makes it a far less effective communications medium than it initially was.

Google's search algorithms may help you find what you're looking for faster than you could find it 10 years ago – many will remember the frustrations of the hit-and-miss search engines that preceded it – but again, converting such an efficiency boost into productivity terms isn't easy.

Which leads us to cloud computing: the Australian government consulted New Zealand cloud accounting software business Xero when the former was writing the early drafts of its *National Cloud Computing Strategy*, and it's easy to summarise that government's enthusiasm for the cloud: "Australians will create and use world-class cloud services to boost innovation and productivity across the digital economy," the strategy document trumpets. According to the document a 2011 study conducted by Microsoft, which surveyed more than 3000 SMEs across 16 countries, found organisations using cloud services had 40 percent more revenue growth per year compared with those that didn't.

NOT-SO-SIMPLE CHOICES

Douglas Rushkoff is a US blogger and documentary-maker (*Merchants of Cool, The Persuaders*) and author *(Cyberia, Media Virus, Playing the Future*), as well as a commentator on trends, culture and the wired world. Rushkoff told *iStart* it's not a simple choice of technology either being to blame for the productivity paradox or not. "Technology can replace human labour, and reduce the total number of hours humans need to work in order to accomplish certain tasks," he says. "The economy hasn't caught up with the simple fact that we don't all need to be working so many hours."

Rushkoff certainly has nothing against increased productivity: "The more 'zen' you get about certain tasks, the more efficiently you might perform them – or the more efficient the systems you design. As long as it makes your product better, there's no problem with increasing productivity."

Rushkoff asserts that the productivity and efficiency gains from technology are real and have already changed the employment landscape, but that organisations have so far failed to exploit this. "The problem is that the business landscape is not adjusting to the increases in productivity," he says. "They're having problems increasing shareholder value, even with greater efficiency."

CONFLATING CAUSE AND EFFECT?

Ben Kepes is a self-described technology evangelist and "cautious optimist" and, like Rushkoff, is somewhat sceptical about the findings of the New Zealand Productivity Commission. "We need to make sure we're not conflating cause and effect," he says. "Clearly we live in a much more highly regulated environment than we ever did before, and at the same time there's been this increase in the adoption of technology. So the only way to assess the two would be to have a control where you have technology without compliance, and vice versa, to see the impact."

Although he acknowledges technology's contribution to productivity, at the same time Kepes concurs with Nicholas G. Carr, author of the article *Is Google Making Us Stupid? What The Internet Is Doing To Our Brains,* that our attention spans are shortening. "We're distracted, there's a barrage of different sensory inputs all the time." And he isn't immune to the symptoms himself. "I love reading and used to read a huge amount of fiction. [Now] I find it hard to keep my attention on it. 'Brain rewiring' sounds a bit emotive and melodramatic, but there's definitely something going on."

Kepes regards technological progress as a one-way street, though. "One could conceptualise about 'what if', but clearly technology is in our lives 24x7. I don't think we're on a race to zero and we're all going to turn into a vegetative state, but if I had to predict anything, I'd say the losses have reached their peak and now the productivity gains through smart tools and automation should start to kick in."

He is also doubtful about some of the Productivity Commission's findings. "We're probably not working more in terms of actual hours," he says. "We're probably mixing up work and all the other stuff that isn't productive."

It's perhaps worth mentioning that none of *iStart's* interviewees had any time for the potential productivity gains presented by gadgets such as Google Glass – the wearable computer with optical head-mounted display – in spite of the marketing spiel from other vendors about integrating their apps and web services with it.

Forty-three percent of respondents to the Clarion/Massey survey suggested increased communication and employee involvement would lead to increased productivity in their organisation – they don't cite increased technology deployment. After all, companies aren't just rooms filled with people in front of PC screens. Technology is only one factor in increasing productivity. "Corporations are programs themselves, using technology as they always have to minimise the extent to which profits depend on human actors," says Rushkoff.

FEATURE

How to justify your technology choice

As technology plays an ever-stronger role in modern business models, predicting and measuring productivity gains from technology investment is becoming paramount to getting project sign off. ***Alex Gelman*** *shares an excerpt on the topic from his book 'A practical guide to selecting and justifying the right business technology'...*

The justification step in any project is single-handedly responsible for more sleepless nights, cold sweats and pre-submission stress then any other. In my opinion this is a direct result of not following a structured process to create the business case to establish solid reasons explaining why the organisation should invest the required funds into the proposed project.

In the book I outline the full business case process, but here I will focus on how to conduct a cost benefit analysis and calculate the projected return on investment (ROI) as the calculation of benefits in monetary terms is not always a simple task. It requires thorough business analysis and realistic estimation of the future.

Unfortunately, this type of business analysis is sometimes perceived as too complex, and as a result some people either bypass this step altogether or include high-level, unsubstantiated figures, which are critically evaluated by the management team.

Benefits must be included to offset the project cost and calculate the return on investment. Without this, the business case becomes unbalanced and forces the management team to review a project cost submission rather than a project investment.

Benefits should be presented in three general categories:

1. Annual tangible benefits

These benefits are yearly benefits defined in real monetary terms, either through cost savings, freeing up working capital, productivity improvements or income increases; for example, productivity benefits associated with the elimination of manual timesheets through electronic time and attendance.

2. One-off tangible benefits

These benefits are also defined in real monetary terms, either through cost savings, freeing up working capital, productivity improvements or income increases, but are usually realised within the first one to two years of completing the project; for example, current system upgrades planned in six months are no longer required.

3. Intangible benefits

These benefits cannot be calculated in real monetary terms, but are important nevertheless, for example indirect contribution to corporate growth and culture such as social, environmental and productivity considerations.

As an example, let's say the organisation has an older payroll application and this business case is for the purchase of new payroll/ HR/rostering plus time and attendance solution.

Through the implementation of a proposed system, the expected outcomes may be:

- Elimination of manual timesheet triple handling
- Reduction of errors
- Reduction of staff turnover, etc.

So, for example, if 100 people currently enter timesheets and it takes 15 minutes per person per fortnight at the moment, and this effort will be reduced by 10 minutes with the introduction of a new system, the annual productivity benefit is:
100 people x $36 /hr x 10/60 min x 26 fortnights = $15,600

Cost-benefit analysis and return on investment

Having calculated the total cost of the proposed project and its benefits, completing the costs-benefit analysis becomes a very simple task.

It is usually depicted graphically in a combination bar and area chart, which instantly presents the viewer with the magnitude of the cost and the benefits.

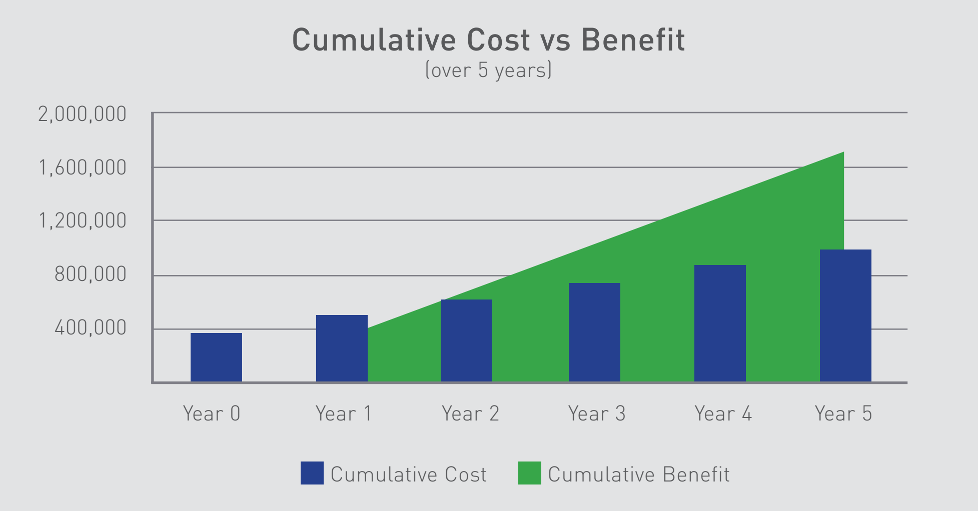
The first graph shows the cumulative cost increasing annually by the amount of the ongoing costs. The cumulative benefit is illustrated by an area chart to differentiate it from the cost. The graph clearly illustrates that after the first two years, this solution will yield more benefits than its invested cost. This intersection is called the break-even point. After this point is reached, the benefits yield positive returns. To view the actual break-even point, we will need to refer to the return on investment analysis.

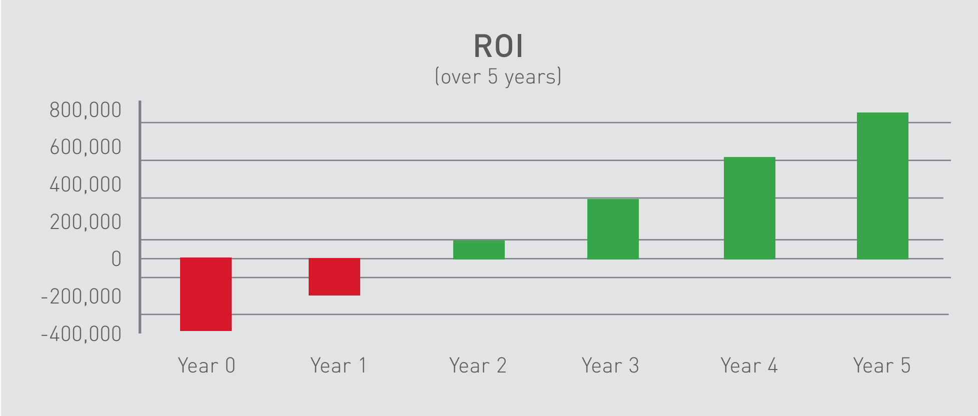
The return on investment (ROI) simply aggregates the costs and offsets these by the benefits. The ROI forms a cornerstone of traditional business cases because it clearly illustrates the financial position and returns of the project. The ROI calculation displays how long it will take the benefits to cover the project cost and the magnitude of positive benefits in subsequent years. For technology projects, it is common to evaluate such investment over five to seven years.

In the ROI illustration below, the red bars demonstrate that the project costs offset resulting benefits. The green bars represent the positive yield, where the benefits exceed the costs, so we can see that the project total cost will be recouped in about one and a half years and the overall benefit over five years will equate to about $700,000.

Including the ROI figures in your business case, changes the whole focus of the business case from "Why is this costing so much" to "When can we start? When will it be ready?" You must, however, make sure that all the details equate to all the numbers and statements presented in the preceding sections of the business case. If there are errors, the business case will lose credibility.

This condensed excerpt from 'A practical guide to selecting and justifying the right business technology' by Alex Gelman was published with consent from Consult Point. For more information, visit www.consultpoint.com.au





Avoiding the tech apocalypse

Paul Budde *offers his thoughts on how new open 'people technologies' could help us to avoid a cataclysm and create a smarter society...*

Given the current social, economic and political developments it becomes clear that we seem to have reached a ceiling in our intellectual ability to address the complex issues that society is facing. Society lacks the intellectual capacity required to assess the holistic nature of the current challenges. Without that analytic capacity it will be impossible to come up with the right answers. We have arrived at times like this before in our history and they typically led to collapses of civilisations and the arrival of serious declines in living standards. If we are to avoid similar calamities, we need to break through that ceiling and find new tools to help us create a smarter society.

Here I'd like to explore whether the next stage of human evolution is going to depend on merging humans and machines, something that is becoming increasingly possible through artificial intelligence (AI). Some of the predictions and scenarios discussed might not be exactly right, as we are pushing the boundaries of our current level of knowledge; some issues could attract strong responses from those with different views, and most likely some of the predictions will lead to totally different outcomes. But what really matters is the discussion itself.

Even as recently as 2009, when almost the entire world united in Copenhagen for the Climate Conference, there was a sense of optimism concerning a possible breaking through of one of the ceilings. Public sentiment supported the proposed global policies aimed at curbing the unsustainable developments that are, at the very least, contributing to the problem of climate change.

Great disillusionment followed when our political leaders failed to produce tangible outcomes; and global sentiment deteriorated further when those same leaders failed to properly address the GFC. The European economic crisis has added to a lack of public confidence in the ability of our political and business structures to properly address the key issues that are now confronting people all over the world. From China to the Arab States and from Greece to Spain there is social unrest. At the same time the Obama 'Yes, we can' campaign and the support he received for that shows that many people are ready for major change. Unfortunately this campaign petered out, again because of a disappointment in political leadership.

This all indicates that the social, economic and political structures that we have built up during the industrial era have come to the end of their usefulness. Those processes take too long and often result in the wrong outcomes.

All of this goes directly to the core issues of our society, such as the limitations of national policies, democracy and capitalism. Our siloed structures do not allow us to develop the knowledge and the tools needed to cross that next frontier, where we will advance far enough to address the complex issues being faced.

> "We have to rapidly increase our intellectual capacity to avert more serious disaster – indeed possibly the collapse of our present civilisation."

We need to move from the industrial civilisation to the knowledge civilisation, hopefully without first regressing into another period of 'Dark Ages'.

We have to rapidly increase our intellectual capacity to avert more serious disaster – indeed possibly the collapse of our present civilisation.

From the perspective of the ICT industry, I suggest we should look at technologies that can assist us to increase and extend our intellectual capabilities, to find better structural solutions for these issues. As is already happening with individuals and grassroots community groups, the internet enables the formation of local, national and global relationships that facilitate the building of parallel structures next to the more traditional ones. At the same time, through the new internet companies and research and education networks, new forms of global communication, information and, most importantly, collaboration are happening.

We need to foster these developments and make them mainstream in order to come up with better solutions on how to move to the next level of our human existence. This will require the creation of a holistic ecosystem where all of these developments come together in a trans-sector way. It requires an open flow of communication between all people, linked to open source technologies, distributed AI, and large capacity data processing linked to real-time analytics. This should give us the intellectual power to handle the change. It is a completely different approach to the siloed, proprietary- and ideologically-based, monopolistic structures which depend on secrecy, deception and propaganda for their survival.

The more these new technology-based infrastructures are developed, the more people will use them, and as a result societal change will take place. These 'people-technology' developments will force politicians and business leaders to embrace change also and to implement structural changes that will operate on a trans-sector basis; and to develop policies that facilitate and stimulate these changes in society. This is something that is already happening in the business world, where internet-based developments are forcing whole industry sectors to change (retail, publishing, entertainment, music). National broadband networks such as those in Australia and New Zealand also have the potential to perform such a transformational function, as does the UN Broadband Commission for Digital Development, to whom I am a special adviser.

Advances in technological innovations – greatly supported by open communication structures – have the potential to increase our intellectual capacity to more successfully address the complex problems we are facing. Some of the most important technological innovations that are currently taking place are in relation to different interlinking (open) systems in our society, large-scale data processing and real-time analytics; AI is reaching maturity and is now entering mainstream markets. So the end of the industrial era will coincide with the arrival of new technologies that can assist us in making the structural changes needed in order to address the complex challenges of our times.

To what extent this fusion of people and technology will be successful in enabling our civilisation to move to another level, and where this eventually will lead us is an absolute unknown; nevertheless it is fascinating to think about it – and it is most likely the only way to deal with the complex issues of the emerging knowledge civilisation.

ABOUT PAUL BUDDE//

Paul Budde is the CEO of BuddeComm, an independent research and consultancy company, focusing on the telecommunications market. Its research encompasses 190 countries, 500 companies and 200 discrete technologies and applications. Paul is also the special advisor to the UN Broadband Commission for Digital Development.

DOC transforms service efficiency with ITSM

When Government focus on improving efficiency and effectiveness in the public sector led the Department of Conservation to implement a shared services model, it needed a robust way of managing it…

New Zealand's economy, health and prosperity are underpinned by the conservation of the country's natural ecosystems. For over 25 years, the Department of Conservation (DOC) has played a pivotal role in managing conservation, recreation and historic heritage on public conservation land in New Zealand. DOC also provides policy and advice to the Minister of Conservation, contributes to government policy and provides organisational service and support functions.

A need for evolution

In recent years, New Zealand's government has focused the public sector on improving its effectiveness and efficiency, to make best use of public funds. New Zealand has also seen a continued decline in native species and habitats, indicating that more effective conservation efforts are needed. DOC needed to make changes to significantly improve productivity so management undertook a review of its strategic direction, identifying that the devolved regional structure within DOC was limiting its ability to work effectively as one organisation. The regional approach had also resulted in duplication and inconsistency of some service delivery, wasting valuable time and resources.

A new approach

After extensive consultation with staff, in September 2011 DOC embarked on a plan to implement a unique shared services model, based on a blended approach, with some services centralised in national office and others remaining distributed. Each region would align to a new central support and services process, and would work towards a set of national priorities. The aim was to drive collaboration and consistency, and improve productivity, while delivering transparency and reducing expenditure on support services across all sites.

The shared services model would cover legal, planning and permissions, geospatial information, science and technical advice and support, publishing, national property services and payroll, procurement and knowledge services. The change in service strategy had a very tight timeframe, with just 12 weeks allocated for design and delivery of the software solution. Key requirements were to:

- use the self-service portal to log, track and manage all requests;
- map DOC's business processes in the business process management (BPM) compliant workflow engine;
- have alerts and notifications available for service level compliance;
- understand customer satisfaction with automated customer surveys; and
- offer management reports through real-time dashboards and the reporting wizard.

Based on these requirements the Department chose Axios Systems' 'assyst' solution, via closed tender, with professional services provided by Focus On Business, the Axios Systems partner based in New Zealand.

Cultivating success

Assyst is an out-of-the-box IT service management solution which facilitates configurations without the need for expensive customisations and can be easily upgraded, enabling DOC to avoid costly ongoing consulting charges and saving further resources internally.

DOC recognised that the assyst solution could be used for much more than just IT services, so chose to roll it out across the Department.

With only 12 weeks for full implementation, Focus On Business supported the Department to implement the assyst Service Catalogue throughout the Department's 100-plus offices, including concurrent development, user acceptance testing, and training programmes.

The initial training was provided by the team at Focus On Business, which then worked with the Department's own internal trainers using a 'train the trainer' approach to enable over 900 staff across New Zealand to receive assyst training. Focus On Business also implemented the Service Catalogue with over 200 different services available from the 14 service providers, integrating this with its internal LDAP directory to provide access and authentication.

12 weeks to fruition

DOC successfully went live with assyst as planned at the beginning of July last year, just twelve weeks after signing the contract with Focus On Business. The assyst Service Catalogue solution now efficiently supports the management of shared services in the Department, and is aligned to support DOC's new strategic direction and assyst is now used by all staff within DOC for requesting shared services from over 300 shared services staff.

Peter Noble, the business shared services manager at DOC says, "assyst enabled the Department of Conservation to move to electronic management of over 200 different services from 14 internal service providers as diverse as legal, geospatial information services, procurement and scientific advice."

The project's success has been recognised by other Departments within the New Zealand Government and in its first year 23,518 requests have been logged. It has allowed the workforce to streamline and prioritise its daily tasks, undertaking the requested actions in an efficient manner.

In addition, a user survey conducted by DOC shows that over 80 percent of those surveyed at the Department rated their experience of shared services as either good or excellent.

The assyst Service Catalogue solution has meant that the Department has been able to improve communication and collaborate across all areas of the organisation. Time and distance are no longer a concern and all staff have access to quality services, while work can be shifted seamlessly between service providers.

DOC now plans to extend the knowledge-base to improve self-resolution within the Service Catalogue, to create further staff efficiencies across the Department and will continue to refine processes and make changes to improve outputs of the assyst solution.

CASE STUDY//

Department of Conservation

AT A GLANCE//

INDUSTRY

- Government

BUSINESS OBJECTIVE

- To support and manage the organisation's shared services model.

SOLUTION

- Axios System's assyst IT service management, with professional services from Focus On Business.

BUSINESS BENEFITS

- Improved communication and collaboration throughout the Department.
- Better access to expert knowledge no matter where the expert is based.
- Increased efficiency with time and distance no longer a factor.

FOR MORE INFO//

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ERP system underpins Woolyarns' business vision

The yarns manufacturer realised that antiquated IT systems were holding back its innovation…

Established in 1944 and based in Lower Hutt, Woolyarns has an enviable track record of exporting and competing internationally, as evidenced by its innovations in the yarn sector, including a possum/ merino blend named Perino, and its awards for outstanding contribution to New Zealand's economic growth.

Keeping up with the dream

Managing director Neil Mackie is very clear about what differentiates it in the market, explaining, "our strengths are our versatility, flexibility, and wide variety of products for apparel, weaving, carpet, and hand-knitting.

"We see our future in our merino/possum product, the specialised carpet products we've developed for the custom-made market in New Zealand, Australia and the US, and in our import arm. We've spent the last five years investing heavily in our brands and gaining traction in completely new markets."

Woolyarns' business systems, however, were holding back its long-term development and the technology needed to be reviewed to support the company vision.

"We were managing the business with a fairly antiquated system called Magics," he says. "It was mainly a financial package but it also spat out production orders. The orders were captured, the details flowed through to financials and invoicing, and into a general ledger. That was the basic extent of its capabilities."

Operational inefficiencies and lack of visibility were rife. The manufacturing function of the business was largely managed manually, using more than 20 different databases, spread sheets and a standalone dye formula system.

"We weren't getting accurate financial information to drive our business going forward. A lot of the data we had was historical and some of it even inaccurate. We had a system which was 20 years old and it wasn't going anywhere," he says.

The wish list

Top of Mackie's wish list for Woolyarns was a single, integrated business system that would deliver a much stronger financial view of the company, provide better control over inventory and production processes, and include tools to improve customer relations. Local support was non-negotiable, as was a clearly articulated product development roadmap.

Woolyarns also did some customer insight research at the outset and discovered that its customers want to be able to view their orders and track their progress.

An eye on tomorrow

Aware that the successful adoption of a new solution depends on how well users adapt to it, Mackie engaged change management specialists 'Tomorrow' to find a suitable solution, then guide the company through the implementation and help it to embrace the changes. "We committed to investing in the right decision. It was money well spent," says Mackie.

They chose Microsoft Dynamics AX 2012 because it is a global solution with huge levels of R&D investment, and wouldn't be obsolete in five years. "It would keep pace with our vision, and because it's so widely used it was a low risk choice," says Mackie. "As for selecting an implementation partner, Koorb had excellent reference sites and a local presence. We liked their people and how they treated us, it made us feel very comfortable and confident in choosing them."

A solution for the future

Woolyarns now has a single powerful ERP solution with fully integrated business processes like finance, supply chain, manufacturing, project management, service management, customer relationship management, compliance, and collaboration. Its staff no longer need to rely on a widely disparate range of individually maintained solutions and finally there's full visibility of the company's operations and one version of the truth, creating the opportunity to improve productivity and supply chain collaboration, reduce inventory, and reduce the burgeoning costs and risks imposed by using a legacy system.

The implementation

Woolyarns' management decided that rather

than distract its people from their jobs it would have one of Koorb's consultants work on-site through many of the processes that would normally be done internally, such as testing.

"Koorb's consultant, and the level of experience she brought to the company, was invaluable," says Mackie. "She fitted in really well, was empathetic and sensitive to our company culture and made valuable suggestions as to how we could do things differently."

From the beginning Mackie was committed to minimising customisations to Dynamics AX.

"We were very conscious of the long-term impact of customisation when it came to future upgrades. Our philosophy was to evaluate every mismatch in how we normally did things against how AX would handle it, and decide which would honestly give the better result. It was AX's best practice versus our familiar way of doing things, which wasn't always the best way. In the end, this approach saved us a huge amount of customisation."

Not only was Woolyarns happy with the savings it made, but its auditors sincerely approved of the move to best financial practise.

Planned success

Woolyarns has taken a carefully managed approach to embracing Dynamics AX, with a project plan and team in place to work through the new range of functionality and features the solution has provided for them, as well as a strong commitment to training and the transfer of data.

Mackie sees their progress to date with their new business solution as just the start. "I certainly want to ensure that we continue to develop our AX system to allow us to be dynamic in the way we run our business.

"We've spent a lot of money over the last five years. We've guaranteed that as the time comes to soar, we're in the right position to take off."

CASE STUDY//

Woolyarns

AT A GLANCE//

INDUSTRY

- Manufacturing

BUSINESS OBJECTIVE

- A single integrated business system to improve visibility into finances and give better control over inventory and production processes.

SOLUTION

- Microsoft Dynamics AX 2012 with integration services from Koorb.

BUSINESS BENEFIT

- Improved visibility of and access to business information – now all in one system.
- Removed most manual processes, particularly in the supply chain.
- Upgraded existing company processes to best practice processes already embedded in the new system.

FOR MORE INFO//

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Visit iStart online for more Koorb Consulting case studies

Best Bars hooks up new production scheduling

Engineering tow bars takes more than strong steel when your customers are auto-manufacturers around the globe...

As Aussies and Kiwis prepare to hook their boats and caravans up for the Great Annual Beach Migration, spare a thought for the humble tow bar. Chances are the only thing keeping their precious assets in tow was engineered by New Zealand's market leader for the design and manufacture of 'genuine part' automotive accessories.

With a head office in Auckland and a sales and technical centre in Melbourne, Best Bars employs over 85 people and is a leading supplier of auto accessories to the APAC region.

Increased focus on being competitive internationally had seen Best Bars grow over its 30-year history from New Zealand into Australia and on to the US and Europe. However, inadequate system capability in the production and planning areas of the business were holding it back. Staff were using spread sheets or manual systems to plug the gaps, and this resulted in a lack of visibility between departments. While the business was performing well, it recognised that to move from good to great it needed to make improvements.

Its focus on the global marketplace, together with an outdated enterprise platform, forced a decision to begin the search for a business management system that would cover functionality in manufacturing planning, scheduling and costing, as well as CRM.

"As an emerging global supplier, it was critical that our business systems could integrate and share information with the multiple systems used by our customers. We needed to improve the delivery of information to internal users as they strive to continuously improve on meeting the needs of our customers and adding value beyond simply providing a product to market," comments Stephen de Kriek, CEO of Best Bars.

After a comprehensive search across leading ERP systems, Best Bars selected Infor's SyteLine over other shortlisted options, from Microsoft Dynamics to SAP. Best Bars signed EMDA to

"To be competitive in the global marketplace, you have to have robust business systems in place. We've chosen to invest in those systems. If you can measure, you can improve"

Stephen de Kriek, CEO – Best Bars

configure and roll out a multi-module SyteLine solution.

The implementation was approached in two stages and run across the whole business, from production, manufacturing and sales to distribution. Phase one involved replacing the previous system, and configuration of the feature enabling a multi-level bill of material for manufactured products. User home screens were also configured, which allow employees to access all the functions they require in their role in one place. Finite production scheduling was put in place providing real time product availability dates from production schedules.

Phase two, currently underway, involves implementation of improvement aspects that de Kriek calls "stepped gains". These added benefits, such as ease of use and straightforward customisations, are what led Best Bars to select SyteLine over its competitors. The production scheduling alone is anticipated to directly impact the bottom line by lowering manufacturing costs, as well as improving customer service and re-ordering. In 2014, EMDA will roll out SyteLine's integrated CRM feature for Best Bars.

"Being a manufacturing based business, we rely on the effectiveness of production scheduling," comments de Kriek. "If I had to choose the number one greatest benefit thus far, it would be that SyteLine is a truly integrated, finite scheduling system. The robust production scheduling is already delivering a huge number of efficiencies across the business."

Staff job satisfaction has increased dramatically after the first phase. Increased speed and efficiency for users has improved customer service. Employees are feeling better supported in making decisions and completing tasks. Additionally, the much improved user interface has been readily accepted and embraced by staff. This has resulted in lower training costs. Users can answer queries by drilling down into the system themselves, rather than query another department.

Business drivers such as customer demand, delivery scheduling, manufacturing costs and resource tracking are now simplified and much more visible. De Kriek says that the margin of error has been dramatically reduced with the new system. Users can see everything they need to, as it happens, so business decisions can be made better and more quickly.

The role-based screens mean only the relevant tools are available, while workflow screens describe standard operating procedures to users. Workflows are set up to integrate with the business's quality management systems, ensuring that IP remains with Best Bars. The in-built application can walk users through systems and processes simply and effectively, eliminating the need for users to record, share and store procedures, a benefit de Kriek says is "invaluable".

"We now have the ability to be on a global platform, dealing with customers internationally, thanks to this sophisticated ERP system," says de Kriek. "SyteLine has put us on an equal footing with, if not beyond, our competitors in terms of business systems. It is now very easy to drill down into information, making our business more profitable and ultimately providing a better experience to customers."

Other benefits have been reduced inventory levels and shortages; increased manufacturing speed and accuracy; minimisation of error-prone manual steps and conflicting procedures; improved order delivery speeds; and the expeditious delivery of critical information to make smarter business decisions.

"To be competitive in the global marketplace, you have to have robust business systems in place. We've chosen to invest in those systems. If you can measure, you can improve," de Kriek concludes.

CASE STUDY//

Best Bars

AT A GLANCE//

INDUSTRY

- Manufacturing & design

BUSINESS OBJECTIVE

- Replace an outdated ERP system to eliminate manual procedures and improve production scheduling.
- Introduce a platform for continuous improvement including CRM and EDI.

SOLUTION

- SyteLine ERP with in-built CRM and EDI – implementation, training and support by EMDA.

BUSINESS BENEFITS

- Integrated, finite scheduling system (APS) for business-wide efficiencies.
- Cost effective – offers immediate ROI.
- Margin of error dramatically reduced, productivity increased.
- Transparency, visibility and measurement capability enable greater business competitiveness.

FOR MORE INFO//

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Five ways the cloud increases innovation and productivity

As one of the major step-changing technologies of this decade, expert ***Craig Deveson*** *discusses how cloud computing has transformed innovation and productivity in the enterprise IT landscape...*

Cloud computing is a combination of layers of new technology combined with business model innovation. The revolution in the core technology behind the creation of 'the cloud' enables us to approach business differently, creating new business models and is driving tremendous changes in how businesses (including the IT department) consume computing and software. As the shift to cloud computing grows rapidly and the rate of change increases, here are some of the impacts that it has begun to have on productivity and innovation:

1. Cloud layers

The cloud is formed from layers that can be broadly thought about as a pyramid of infrastructure, platform and applications. In industry terms we call them infrastructure-as-a-service (IAAS), platform-as-a-service (PAAS) and software-as-a-service (SAAS). The latter was the first to take off and is the most widely used at the moment; however IAAS and PAAS have great growth potential in the coming years. Businesses are likely to use a combination of these as-a-service cloud technologies in the future to respond to business IT requirements on an as-needed basis.

2. Business models

In the past computing and IT projects were very capital-intensive. This generally meant long project time lines and due to the funds involved a conservative or traditional process. Competitive advantage was short-lived as competitors could easily copy the conservative automation.

With the advent of cloud computing experimentation is more affordable, so teams can experiment by only paying for resources on an as-needed basis. This means the feedback loops are shorter and staff have the confidence to try things knowing the process isn't going to be excessively expensive or time consuming, which breeds new business opportunities and innovation.

3. Cloud consumption and use

Cloud is often best used when the workload is variable. Examples of this might be end of month processing where increased processing ability can be added to cope with the extra workload getting results faster and at a lower cost. Dev and test environments can also be provisioned on tap, so money doesn't go to waste purchasing large amounts of hardware and software that sits idle. Cloud offerings also mean that disaster recovery and off-site backup are easier and more cost effective, since online archiving can be as little as a cent per GB per month.

4. Consumer expectations

Consumers have got very used to the Gmail, Facebook or LinkedIn cloud world and expect all applications to work this way on the device of their choice, be it desktop, mobile or tablet, in turn boosting productivity. Most mobile apps are cloud-based or have a cloud-based backend. Applications were not built this way in years past but now this is the base-line against which any new application will be judged.

5. The changing IT function

Right now the IT department is broken in most organisations! I'm not scaremongering – users are bypassing IT because they want the same sort of applications and service they are used to using outside the organisation so they are going direct to providers who can offer the service on an as-used basis. The IT and organisational challenge is how to connect these initiatives without stifling them. This means that IT personnel will become more analytical and developer-centric. We can also expect to see more of the IT function contracted out in the future.

ABOUT CRAIG DEVESON//

Craig Deveson partners with cloud leaders such as Amazon and Google to build product and solutions for the local and international market. His first company Devnet was sold to Cloud Sherpas. His current start-up is cloudsafe365 which enables, integrates and accelerates cloud usage.

KEEPING COOL IS HOT WORK

THE WORLD HAS TO BE TOLD

ERP Leaks' investigation reveals that the HVAC industry wants to perform as efficiently as possible. But, while some companies have modernised well, others have botched it.

The heating, ventilation and air-conditioning (HVAC) industry faces two imperatives: keeping that regular maintenance work coming in, and growing the business. A significant part of the latter comes from persuading customers to "do the right thing".

ERP Leaks spoke to several confidential industry sources, who say they prefer to work with businesses that adopt a proactive approach, investing in air conditioning systems that are more energy-efficient and environmentally-friendly.

"It's a piece of equipment that runs 24/7," one source says. "If not maintained it will have a shorter life, and even correctly maintained it has a finite life or you get to the point where energy efficiencies on new systems make it economically viable to make the change."

However, the HVAC industry's customers are more likely to determine their response by cost. They also expect HVAC service to be quick and cost-effective. To achieve this, HVAC service companies need to measure their performance figures on a daily basis. Having a business system that can deliver that sort of intelligence on demand is therefore essential.

"We're trying to turn our cost base and resources into cash as quickly as we can, so having a business operating system that can assist with smoothing that whole pathway forward is something that service companies would have a high degree of interest in," an industry source told ERP Leaks.

However, ERP Leaks investigations show that the HVAC industry has either been slow to pick up on modern business systems, or has gone completely the wrong way about it.
"I know companies that have gone in for new, smart systems, and they're either struggling or have failed," says one source. "They've done it to look good, and that's the wrong reason. You want it to improve how competitive your business can be for your customer. Doing it right is much more important than just doing it."

The other key performance area for the HVAC industry is the crucial role it plays in public health. Australian firm Tandex tests hundreds of businesses regularly to ensure their air-con system isn't harbouring legionella bacteria.

Tandex relies heavily on its ERP system to ensure accurate testing and prompt response, as well as keeping service costs down by reducing unnecessary expenses and wastage.

Another air-con service firm, Airfirst, has used ERP to make maintenance cycles easier for its customers. It's able to schedule maintenance at times of the year when air-con usage is lowest and servicing is therefore less disruptive.

The HVAC industry experienced its share of hard times due to the economic downturn, but it's now forecast to rebound and generally keep pace with economic growth The companies that lead the way will be those with modern business management practices and systems.

By Brook McLean, business journalist, reporting on news that can't be unread

KEY CHALLENGES FOR THE HVAC SERVICES INDUSTRY:

- Meeting stringent health & safety requirements
- Encouraging customers to invest in efficient, clean air
- Ensuring proactive maintenance schedules
- Controlling maintenance costs
- Obtaining daily performance information
- Timely and accurate billing

ABOUT ERP LEAKS

ERP Leaks is dedicated to bringing businesses the truth about the secrets to competitiveness, profitability and growth. For more information, and to view our other exposés ... visit our website:

www.erpleaks.com

"I know companies that have gone in for new, smart systems, and they're either struggling or have failed."

* This article was supplied by Greentree International

THE UNFORESEEN... ARE YOU READY?

If your company suddenly had a massive surge in business volume, would you be able to handle it?

By Brook McLean, business journalist, reporting on news that can't be unread

In February 2011, a 6.3 magnitude earthquake under the New Zealand city of Christchurch left 185 people dead and caused $40 billion worth of damage.

Many stories were told that day, but ERP Leaks has uncovered one that escaped the headlines.

On the day of the disaster, locally-based fire alarm specialist Fire Fighting Pacific swung into action. Its technicians had to deal with an unexpected surge in work - helping businesses whose staff were traumatised and whose premises were in ruins. Corporate Services Manager Charlie Loughnan recounted that time.

"The city was in chaos," he says. "About 25% of the buildings that we maintain and regularly inspect were either damaged or destroyed. Alarms were activated, sprinklers had burst and systems were offline."

Businesses had to get back to work, but to function, they needed secure premises. This was a major test for FFP. In the event it responded admirably, either restoring damaged alarm systems or shifting them to new locations.

"A lot of our customers had to move – in some cases taking their assets with them," Charlie says. "We had a lot of jobs to do and it was very important to be able to track those jobs and finish them quickly."

Tracking all that work was the job for Fire Fighting Pacific's ERP system.

"We were able to track the asset management from the customer to a new location and in some cases we passed the location on to a new customer," says Charlie. "Having a system that's able to link customers very quickly through a single process has been very important for us."

The heavy price of being unprepared

Managing huge volumes of extra business in a crisis is an extreme example, of course, but there are also strong business lessons that can be applied to managing growth in more positive situations.

Research conducted by the University of Tennessee found a 45% failure rate in service sector start-ups within four years, with primary causes including too-rapid expansion, lack of planning, and no knowledge of pricing or financing. The businesses that became sad statistics didn't have a proper growth strategy in place. They hastily recruited new staff, but weren't training them properly and failed to monitor performance, so they ended up losing both clients and reputation.

"If the management team don't know how to handle a sudden lift-off, it can kill off a company outright," warns Chris Stratton, Chairman of the business strategy team at accountancy firm MacIntyre Hudson.

That being said, the service sector has been growing well lately - especially in the UK, where it recorded its strongest quarterly growth in 16 years. In the US, it recently hit an eight-year high, although it's cooled a bit since then. In Australia, the services sector represents about 70% of GDP and the figure for New Zealand is about the same.

ERP Leaks went in search of companies whose success epitomises those happier statistics.

Managing tenfold growth

Ryman Healthcare's organic growth is an outstanding business success story.

Ryman is a leading provider of aged care facilities. It also became a leading construction company, after one of its founders decided he could build its retirement villages better himself, rather than employing outside contractors. He proved it by building an entire village as a test, and Ryman now opens 700 units or aged care beds per year. It recently went international, and simply mirrored its head office's ERP system overseas to deliver the same reporting on its construction work. Ryman has no doubt that its ERP system will handle future opportunities easily.

"The system is working as well as it did when we first implemented it, even though we've grown tenfold in that time," says CEO Simon Challies.

Cleaning company Paramount Services has also experienced spectacular growth, and credits its ERP system for its ability to easily acquire other cleaning businesses. It bought four companies in less than four years and doubled sales in that same time period.

"Our ERP system allows for aggressive growth without any problems," says Finance Director Bill Wu.

Aggressive growth is also the goal of Ocean Integrated Services, which started out as a cleaning company but undertook an ambitious expansion to offer services including security, portering, laundry, pest control and waste management. Its ERP system enables it to smoothly deliver all these services while retaining the personal touch its customers expect.

"The services market is changing from single service supply, with clients looking to bundle services to achieve value," says Finance Director Julie Spavins. "This is exciting, as it is forcing us to think differently to meet the demands of this changing marketplace. We're winning new contracts on a regular basis and we have growth targets that are already being beaten."

Whether they're responding to emergencies or rapidly changing markets, or planning swift and large-scale expansion, the companies spoken to by ERP Leaks told the same story: they succeeded because they had the systems in place to support them.

Are you as well prepared to deal with growth beyond the normal?

KEY FACTORS IN MANAGING RAPID GROWTH IN SERVICE DEMAND:

- First-class customer service monitoring and management
- Systems that upscale rapidly
- Critical cashflow control
- Comprehensive HR management
- Precise, immediate job costing and analysis

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"We had a lot of jobs to do and it was very important to track and finish them quickly."

* This article was supplied by Greentree International

Who's afraid of the big, bad wolf?

– restructuring and redundancy

The 'R words' - restructuring and redundancy - are the dirty words of business. Managers agonise over decisions forced on them, and staff and unions theorise conspiracies. While no business wants to contemplate failure, an efficient economy creates both winners and losers. When changing markets or new technology result in the 'R words', the processes and systems need to be in place to avoid staff challenging the outcomes and further extending the pain. iStart set out to help readers be prepared for the worst – but we found it an uncomfortable topic for many, more so, it seems, for Australian businesses. ***Erin Boyle*** *found three experts who were not afraid to talk about the 'big, bad wolf'...*

THE ASSOCIATION

Gilbert Peterson, communications manager, Employers & Manufacturers Association

Economists agree that increasing production/output and sufficiently achieving high levels of it is the only way that we can increase our level of real income. And technology of course has a big part to play in all of that, making it possible for a business's employees to do more in less time using fewer resources.

While new IT systems do not automatically mean fewer staff, many businesses will find they need to reorganise how employees undertake their work to take full advantage of the system and this may eventually lead to redeployment or redundancy. What happens next – when the 'reorganising' occurs – is what has businesses running scared and can be where they succeed or fail.

"Ensuring that restructuring an organisation is appropriate, beneficial and fair is an age old challenge," says Peterson. "And it's the same challenge businesses have always faced, although with IT the pace of change and the frequency of the need to make changes is increasing.
The consequences, if a restructuring is done well, can deliver huge gains; if done poorly it can be dire. Books have been written on it."

Peterson notes there are real pitfalls to watch out for, but with goodwill and a clear vision of what the business is setting out to achieve, they can be avoided.

The first principle to keep in mind is that employers are entitled to manage and organise their businesses and determine which positions will be selected for redundancy should the need for this arise. In Australia the law allows a business to make the decision to restructure then inform their employees of the outcome. In New Zealand there is more focus on procedural fairness and you must start with by consulting your employees about a proposed restructure prior to making any decisions.

Legalities aside, Peterson says redundancy should be a last option and before it is considered, retraining and redeployment options should be thoroughly assessed.

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"An employee whose employment is terminated on the grounds of redundancy may have a personal grievance based on unjustifiable dismissal if either the employment was terminated under a process that was unfair or if the redundancy was not genuine."

So, with almost all of business functions having some sort of IT process, how does a company's technology fit into the scheme of restructuring and redundancies? Can IT really dot the 'i's and cross the 't's to make sure management avoids the common pitfalls of restructuring? Peterson isn't so sure.

"Of course technology is great for ensuring repetitive processes are done with consistent accuracy and precision. But first, to do this they need to be set up to deliver what is expected from them – the old GIGO (garbage in garbage out) is always true."

When it comes to dealing with redundancies and restructuring, it needs to be remembered that you are dealing with real life people who will respond with a variety of emotions that no kind of technology can ever predict. In most cases a personal approach, especially at the initial stages of the process, needs to be the focus. So is this perhaps one area where technology shouldn't, now or ever in the future, be solely relied upon?

THE HR EXPERT & IT SYSTEMS TRAINER

Angela Atkins, general manager and trainer at Elephant

As someone who trains organisations on how to use their technology systems, Atkins has seen first hand what can happen in a company when a new IT system is implemented into daily functions, and the result may not be what you would expect.

"My experience in new IT systems has been from an HR or training point of view and I've found that introducing new IT programs initially can slow down productivity while people learn how to use them."

But she also notes that in the long run, the right IT systems should mean that people can spend more time on the right activities that bring the company revenue, rather than administration. For example Atkins has worked with many companies who have introduced an online performance review system rather than a paper-based one, which makes it quicker for employees and management to keep track of achievements and rate it at the end of the year. And an HR system where employees can apply for leave online and HR can pull out reports on this can save a lot of administration time, which means more time for managing the important things.

So, although restructuring and redundancies are a reality for some organisations when implementing new IT systems, Atkins does have a warning for others.

"Management shouldn't immediately think that introducing any IT system will mean less people. For a start processes will need to be documented and mapped so that everyone understands how what's being done now is done in the new system. People will also need training on the new system and there will be some issues to start with. So it can be better to introduce the system first, see the impact and then consider if you need to restructure."

Sometimes the new IT system is more about enabling people to spend time on the responsibilities and activities that create revenue for the company, rather than administration. "For example," says Atkins, "when we put a new POS system into a retail company I worked in, it meant that sales were quicker to process so our sales teams could be out on the shop floor selling rather than stuck behind a till."

Where redundancies and restructuring are a reality of new IT system implementation, Atkins says that it is important to think like a person and communicate like one too. Atkins says that the biggest issue she sees from many of the personal grievance cases that go the Employment Relations Authority are from businesses who don't get the appropriate advice, decide to restructure and then advise employees they are redundant without going through the required consultation process.

Using technology in a correct and innovative way can help organisations stay transparent and to meet employee's expectations of communication and feedback. While using email to initially make the announcement might be too impersonal, Atkin's has seen some positive ways of using it to aid communication.

"In some larger restructures I've been involved in we've set up an email address for all questions to come to and then posted questions on the intranet with answers so all employees can see what's being asked and what the answer is. You could also run this as a 'hackathon' type session where employees can ask questions in real time but via technology."

It's also interesting to note that training management how to deal with a restructure can effectively be done using technology to develop e-learning modules, run webinars or create online guides for managers to use. By using the correct IT systems and material, everyone involved with the process can ensure they are following the well-worn path on the right way to restructuring and working through redundancies.

THE IT EXPERT

Philippa Youngman, managing director, Pivot Software Ltd

Processes which are mechanical and logical in nature are managed very effectively through technology but Youngman, who heads up performance management software vendor Pivot Software, says it is important to understand where the critical human element needs to remain in any process.

Australia: Redundancy, remuneration and remediation

Under the National Employment Standards (NES), which replaced the non-pay rate provisions of the Australian Fair Pay and Conditions Standard (the Standard) from 1 January 2010, the rules relating to redundancy and redundancy pay were modified. Redundancy under the NES happens when an employer either:

- decides they no longer want an employee's job to be done by anyone and terminates their employment (except in cases of ordinary and customary turnover of labour), or
- becomes insolvent or bankrupt.

Redundancy may happen when the job someone has been doing is replaced due to the employer introducing new technology, business has slowed down due to lower sales or production, the business is relocating, merging or being taken over, or the business restructures or reorganises.

Once the decision has been made to restructure the company, Australian businesses enter redundancy or redeployment consultation with the affected employee/s – essentially informing the employee in a meeting of the change in circumstances. Unlike New Zealand, Australian businesses are not required to consult with the employees on the nature of the restructure itself, however it may be considered best practice to gather input from people who may be affected, as they may be able to provide some valuable input about a new structure.

When needing to reduce the number of people in a specific role, for example going from 10 field service engineers to five, Australian businesses need to demonstrate objective and transparent selection criteria and show that they are aware of and adhering to any specific requirements in the relevant modern award, enterprise bargaining agreement or employment contract.

Under Commonwealth workplace relations law, a termination is not a genuine redundancy if:

- the operational requirements of the business have not changed and the employer still needs the employee's job to be done by someone; and
- the employer has not followed relevant requirements they may have in an applicable modern award, enterprise agreement or other industrial instrument to consult with the employees, and/or their representatives, about the redundancy.

It may also not be a genuine redundancy if it's reasonable for the employee to be redeployed in either the employer's business or the business of an entity associated with the employer.

An employee may be entitled to redundancy pay by an employer if their employment is terminated because of the liquidation or bankruptcy of the employer. In some circumstances, the business may not have enough funds to pay employees' outstanding termination entitlements, including redundancy pay. Help is available through either the Fair Entitlements Guarantee (FEG) or the General Employee Entitlements and Redundancy Scheme (GEERS).

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"Regardless whether it is to ensure redundancy processes are managed effectively, or the resulting end process after technology implementations, don't discard the key thing that gave your company a competitive advantage – people-related or otherwise," she says.

Like Atkins, Youngman says that not all technology implementations result in redundancies as many are about improving productivity, but when restructuring does occur, her best advice is to take the approach to any redundancies slowly, or you may find yourself having to backtrack.

"Many restructures aren't given time to 'bed down' and a reflective ROI is not often undertaken. The process often ends with the new structure in place, when in fact there needs to be more agility in the process to allow for reflection and 'tweaking'.

"Sometimes a 'big bang' restructure, whilst getting it out of the way quickly, can go too far and organisations find that they have to extend contracts, or bring in contractors to pick up key tasks that are not being completed due to a misunderstanding of the functions of each role that was disestablished."

Dotting the 'i's and crossing the 't's – with technology

A recent decision by the New Zealand Employment Court in the case of Gilbert v Transfield Services (New Zealand) serves to highlight the numerous ways that technology can be used in restructuring and redundancy. The Court found Mr Gilbert's redundancy unjustified and criticised the redundancy selection process that was used during the Transfield restructuring when the company elected to ignore the information that it held about Gilbert's performance of his role (which it had on record in its IT systems).

To justify its decision to ignore completely what it knew about Gilbert's performance of his job, Transfield Services was driven to say that its long established and indeed still current employee performance assessment mechanisms are of limited, if any, value! The Court found Transfield should have considered the technical skills and past performance of the field technicians which it had in its possession when undertaking the selection process; saying it "beggar's belief" they did not.

Overall, the importance of having a good software system in place can never be overstated. It could provide all the necessary information for a transparent restructuring process to occur or come back to haunt you, but if you follow the rules, dot your 'i's and cross your 't's (and remember that these are people you are dealing with), things likely won't come back to bite you in the...

New Zealand: the consultative approach

In New Zealand a much heavier emphasis is put on procedural fairness than in Australia. There is a specific consultative approach that employers are required to follow and those that do not will leave themselves open to unfair dismissal claims.

If you are considering restructuring your business, there are three suggested stages of introducing a restructuring plan with affected staff: consultation, implementation and resolution. The law requires employers to provide information to employees when they are considering changes that will affect their jobs and to give them an opportunity to contribute to any decisions.

What the employer must do:

- Businesses must have a genuine business reason for the redundancy. It is the position itself that is redundant and should have nothing to do with the employee who is filling that position.
- Consult with the affected employees. Give them access to relevant information about why the position is redundant and an opportunity to comment before a final decision is made.
- Follow the redundancy process outlined in your employment agreement. Compensation is generally not a legal requirement unless you have included it in the employment agreement.
- Follow a genuine and fair process. This includes giving as much advance warning of a redundancy proposal as possible, keeping an open mind about alternatives to redundancy, and offering counselling and career advice services.

Employers cannot make someone redundant and then offer a new or existing employee essentially the same position or responsibility.

If an employee believes that they were made redundant for reasons that were not genuine or that the redundancy process was unfair, they can challenge it by raising a personal grievance.

Gilbert Peterson, communications manager at the Employers & Manufacturers Association says the EMA's best practice guidelines are that:

- tell your employee as much as possible as soon as possible about the situation;
- do not predetermine the outcome – at first only the possibility of redundancy should be raised;
- consider in good faith all alternatives put up for discussion;
- provide the opportunity to discuss the impact of the decision;
- ensure any outstanding matters are resolved; and
- keep comprehensive diary notes of all meetings and events related to the process.

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HR/HCM Buyer's Guide 2013-14

SOLUTION	CSB by Cornerstone OnDemand (formerly Sonar6)	Empower-HR	Epicor Human Capital Management	Greentree HR/ Payroll	Jade Star	MYOB Enterprise Solutions
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Target Client Size	Under 500 employees	Midsize to larger enterprises	50+	Midsize to larger enterprises	Midsize to larger enterprises	Midsize to larger enterprises
Solution Overview	CSB Performance provides really useful graphics-based performance reviews and infographics for a deep understanding of performance data; see where you're doing well and where you need to develop.CSB Learning's socially-enabled, customizable learning management makes training and development easy for smaller organizations. SCORM compliant; use our content or create your own. CSB Goals brings work to life! Collaborate, share and link goals; gather feedback and showcase successes. See how the things you're working on impact on the business's success, with real-time feedback on project milestones and goal contribution.	Empower is a complete HRIS solution with Payroll, Human Resources and Self-Service modules. It is designed for corporate and Government customers. It is a full position and date driven solution, which can be configured to suit different customers and industries.	Epicor HCM automates your HR processes, enabling you to track, manage, and analyse all your employee data from recruitment to retirement. Talent management, HR reporting, and analytics functionality helps you align your corporate goals with employee performance, and empowers you with flexible tools to analyse applicant and employee data for more effective talent management.	Greentree's HR & Payroll suite captures all relevant details on employees, automates staff recruitment and review processes, enables electronic leave planning and web-based self-service personal record maintenance and OH&S procedures. It provides management with strong analytics and reporting capabilities covering payroll cost, human resource attributes and overall organisational proficiency.	Jade Star provides a complete HRIS solution encompassing Payroll, Human Resources and Self-Serve modules. It provides a date driven fully integrated solution, with configuration options to match the requirements of different customers in various industries.	MYOB EXO Employer Services gives you control over all aspects of staff administration – from managing HR records to capturing time, planning rosters and streamlining payroll – and helps you manage and communicate with your most valuable asset, your people, wherever they're based.
Recruitment Mgmt.	Yes	Yes	Yes	Yes	Yes	No
Performance Mgmt.	Yes	Yes	Yes	Yes	Yes	Yes
Employee Mgmt	Yes	Yes	Yes	Yes	Yes	Yes
Payroll Mgmt.	No	Yes	No	Yes	Yes	Yes
Other		Training, OH&S, Time & Attendance, Rostering.		Training, OH&S, Time & Attendance, Rostering.	Training, OSH.	Online self-service portal for staff and management
Deployment Models	Web-based SaaS	Online self-service portal for staff and management	Available as a hosted, on-premise, or on-demand SaaS solution	In-house or cloud hosted.	Web-based/In-house/ Hosted/Outsourced/BPO	On Premise or cloud hosted
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Signing on the digital line

Despite the fact that technology use has almost become an extension of the human condition, there is one area where we stubbornly stick to the old. **Jason Ennor** *discusses the use of electronic signatures and why we should get with the programme...*

Most Kiwi employers are aware that they must have a signed employment agreement for all staff, but fewer seem aware that in 2011 a penalty was introduced that could result in a $20,000 fine if they can't produce signed agreements for all employees, no matter when they started. In Australia, while the regulations specifically relating to written employment agreements are not as harsh, a contravention of the National Employment Standards can result in penalties of up to $10,200 for an individual and $51,000 for a corporation.

It might seem like a dull subject but with significant sums like this involved, we have to take an interest. Some employers choose to take the risk, opting for a short-cut approach and don't bother with employment agreements, but make no mistake, the New Zealand government in particular is on the lookout for resisters. Recently 19 employers received $20,000 fines for having no employment agreements, including an Indian restaurant chain and four Marlborough vineyards.

There is absolutely no reason why any employer should not be issuing employment agreements to all staff, and there are even fewer reasons why employers should persist with an old-school paper-based process from a bygone era.

Electronic signature technology and the law to back it up have been around for over a decade, yet very few employers are taking advantage of it. It's a small evolution in the grand scheme things but delivers a vastly improved process for a fundamental legal requirement that can be used throughout the business, making the process easier for employers, saving money, improving business efficiency, and delivering a more legally robust and secure outcome. And for the environmentally-conscious it saves trees too.

It is surprising that electronic signature technology has not been more fully embraced in the employment relationship when courier drivers, real estate agents and accountants have been using it to positive effect for some time. HR departments do seem to lag behind when it comes to quality technical solutions, preferring to create paper and bureaucracy where it is not necessary. Or maybe they lack influence at the management table to push the business in a new direction and provide the legal reassurance the management team needs. In some cases it seems to be a perception that electronic transactions are not relevant for some workers, as they may not have computers. But I suggest you go out on the factory floor and ask. You might be surprised. And if they don't have computer and email get a PC, plug it in and provide training on how to use it. From there you can make employment agreements, pay-slips and leave requests paperless too.

To those already using the electronic signature process it makes printing and physically signing an employment agreement seem as slow and archaic as sending a fax. It's as simple as signing the document online and the rest is automated. All signatures are tagged with a security code linked to the IP addresses of the respective parties and the times they viewed and signed the agreement. A personalised link and unique code are needed to view the document and, once complete, each page of the document is marked with a unique identifier creating a closed, un-editable 'envelope' which defines the formal agreement reached between both parties.

Such a quick, easy and secure process not only ensures compliance with the employment laws, but it also sets the tone and establishes a solid foundation upon which to build a trusting working relationship. What's more, this sort of technology could be applied throughout the HR process, wherever and whenever employer and employee agreement are required on paper with a signature such as leave requests, performance reviews, policy issuing, communications and pay-slips – and it's easy to integrate.

ABOUT JASON ENNOR//

Jason Ennor has over 13 years' experience in senior operational and strategic HR roles globally. He has represented employers in many disputes and mediations, led significant restructures and advised the Minister of Labour on changes to the Employment Relations Act. He is currently director of MYHR.

Is HR just an administrivia?

Gartner's "Maverick" research is designed to spark new, unconventional insights, in order to deliver disruptive ideas. Here **Morgan Yeates** *offers some provocative thoughts on HR technology...*

HR began its slow descent into irrelevancy the first time it heard the phrases 'cost savings' and 'technology' used in the same sentence. It has dehumanised itself not simply by removing humans from the department but by thinking technology can replace humanity in the workplace.

Too often, this pattern has blinded HR to larger workplace trends – both macro level trends and possibly trends within its own enterprise. In many situations, HR tries to add strategic value but simply does not understand how to do it; consequently, its technology investments do little to enhance strategic thinking. If HR continues down this path, it will never be able to distance itself from its long-held reputation as a support function, and it will obstruct its own quest for that proverbial seat at the management table.

Not all dehumanisation of HR is negative. HR leaders have an obligation to prove their function's strategic value to the enterprise – not by defining that value in terms of technology, but by using technology to develop intelligence and insights that contribute to the enterprise's strategy and mission. This effort indeed includes the use of effective technology, but the increasing use of technology must be seen as a tool to accomplish primary organisational goals, not a goal in itself.

HR's wrong-headed thinking about technology

How do experienced, intelligent HR leaders develop this technology myopia and inadvertently position themselves as administrators instead of strategists? Could HR leaders' missteps with technology actually result from deeper misconceptions, more fundamental in nature, regarding their own (versus others') perception of HR's role in the enterprise? And is outsourcing administrivia the only secret to HR's adding more strategic value?

Those weaknesses most prevalent in our research include the following:

- Failure to foresee workplace and employment evolution and technological trends. Ask some HR leaders how and when technological changes will impact their workforce in the future, and they draw a blank.

- Focusing on the what but not the how and

the why. Most HR philosophies, as well as most corporate cultures, emphasise what needs to be accomplished by employees but not how the work is best accomplished or why certain processes need to be followed.

- Having an exclusively enterprise-centric perspective. Employees see HR's priorities differently to how the business sees them. When HR can identify those career and work management activities and responsibilities that empower employees and differentiate the employer, employee productivity will improve as a direct result.

- Promoting e-paternalism. Some HR leaders still believe the enterprise should be paternalistic toward employees. But in the highest-performing companies, HR leaders have reset employee expectations about the nature of their employment and hold employees directly responsible for their careers, including being responsible for all data, decisions and problem-solving associated with career decisions.

- Succumbing to the tyranny of the urgent. HR does not always distinguish between what is truly mission-critical to the business or workforce, and what can be tolerated as a temporary problem, resulting not only in an administrative focus, but also a reactive mind-set.

- Attempting to automate a relationship, instead of a responsibility. You can't buy love, and you can't automate a relationship. HR technologies are sometimes introduced that futilely attempt to build a 'relationship' – a personal connection – between an employee and the company. But automation intrinsically puts distance between humans.

- Failure to analyse data. All major HR administration systems now include analytics and business intelligence capabilities. HR leaders are without excuse for not creating robust, intelligent, forward-looking insights into the directions their own workforce is taking and how the workforce and broader employment trends will impact the enterprise.

- Unwillingness to redesign the HR function. As much as HR leaders strive toward a strategic Shangri-La for their function, many of them don't know how to get there, how to prepare for the trip or what they would do when they arrived. Strategic HR takes different skill sets than administrative HR, and current staff, collective capabilities, tools and even budget will all need to morph.

- Failure to engage imagination. When focusing on technology exclusively as a cost-reducing resource, HR fails to imagine or plan ahead for the integration required with various other technologies – or even with human interaction.

HR processes that cannot – or should not – be automated

Automating some processes risks alienating employees or managers, creating inefficiency, or running afoul of HR regulatory compliance. These include:

- Employee relations issues
- 'Career passage points'
- Some elements of performance management and career development

The path to failure

The following four mistakes are particularly detrimental to HR's objectives:

- Automating a process ill-suited to technology
- Automating a process before improving it
- Implementing technology/ functionality that is a poor fit or poorly designed
- Adding process steps

What successful HR technology looks like

HR leaders in companies that have highly respected and influential HR functions recognise that effective technology and its wise use can result in the following gains to the HR function, as well as to the enterprise's workforce:

- Directly and indirectly supports the strategy, goals and mission of the organisation.

- Saves costs, produces efficiencies and increases the quality of HR services to internal customers – employees, managers, HR staff and executives.

- Results in access to more, and more accurate, individual and broad workforce data – in context and on demand – for future analysis and decision support.

- Improves employees' and managers' general employment experience and individual productivity.

- Enables employee self-development that in turn allows employees to maximise productivity, build competencies and direct their careers.

- Contributes to better employee-manager relationships and thus to higher employee satisfaction (since the quality of the employee-manager relationship is consistently identified by employees in surveys as one of the top satisfiers in their job).

- Surprisingly, makes up for the loss of human interaction in a process, or in some cases creates a preferred process without the previous human effort.

Ultimately, successful HR technology allows HR leadership to make better-informed decisions, produce intelligence and insights from analysis of trends gleaned from workforce data, and bring the strategic perspective and advice the enterprise needs in pursuing its strategy and mission. An effective human resources philosophy doesn't really focus on being 'human' – it focuses on engaging and empowering employees in the success of the enterprise.

ABOUT MORGAN YEATES//

Morgan Yeates is Gartner's research director for the global human resources business process outsourcing (BPO) market. Prior to joining Gartner in 2011, Morgan held leadership positions in HR services and consulting companies, including AonHewitt, Fidelity, HP-EDS, Mercer and Towers Watson.

Fletcher Building lays foundations for success

Fletcher Building is a NZ$6.5 billion company operating with 19,000 staff in more than 40 countries, manufacturing and distributing building and construction products. Its varied brands include such household names as Formica, Golden Bay Cement and Easysteel, but its HR practices and platforms are as diverse as its businesses. In this candid interview ***Clare Coulson*** *speaks to Sharon Spence, Fletcher Building's GM of HR systems and recruitment, about the imminent implementation of the company's new HCM solution...*

Can you describe your role at Fletcher Building.

At the moment my role has got two components. One is to look after our recruitment process which covers Australia and New Zealand. The second part is HR systems and the big focus there at the moment is this new HR information system that we are about to deploy. My role is to be the executive sponsor in that project.

Quite a lot on your plate then...

It's really exciting because they are two great things. This HR system is a major shift for us as an organisation. It's a really good meaty project.

So what's your background, and how does that slot into what you are doing now?

I started out as a marketing graduate years ago, but I've spent 15 years in HR and I've also spent a few years in systems, business analyst and operations roles as well, so I quite like the systems stuff.

So having that background means the HR systems part is quite a natural thing for you...

I think so. I have experienced the frustration of not having great data and it's backbreaking work. It's difficult to make great recommendations when you know you are always having to make educated guesses about what you are looking at. Sometimes it is just time to knuckle down and put in the systems that are going to support the business going forward.

Is that what happened with Fletcher Building then?

Well, Fletcher Building has been going through quite a lot of change. Mark Adamson, our new CEO, has really put a focus on us working better together as a global organisation and providing really good and solid information that our businesses can then leverage. He also wants to build a bench of talent and drive internal mobility and make good talent decisions. With all of that strategic focus, the new HRIS was the perfect fit.

Although the project was already well and truly down the track when Mark arrived, he came from an environment at Formica where he had been trying to manage a global company with very patchy HR data and found that very frustrating, so he very much supported this initiative right from the get-go.

Can you describe the scope and what the implementation will involve?

The scope of the project is to get all of our HR information about all of our people onto this one solution, so that's something like 19,000 people over 40 countries and 10 languages! Our first effort is to get all of the data on to the system and enable employee and manager self-service. We will also be integrating with our payroll system because we are trying to limit double entry of information. That will be going live the middle of next year.

After that we will be going into performance and goal setting, talent and succession planning modules, then from there we will go into the REM management and merit process which looks at short-term incentive programmes and management of our global REM review processes.

At the moment not all of our businesses are on the same systems so it's very difficult and time consuming to get a consolidated view of how much the business is spending. We spend months on REM now and we should only be spending weeks. We've heard from some clients who have implemented systems like these that they have gone from three months for preparing and deploying their REM review down to five weeks.

That's impressive...

Yes – you can imagine what that does in terms of a release of people to do other things.

You mentioned that the staff will be able to do some things online. What will those be?

They'll be able to change their home address, their contact details, etc. They will also be able to see their own competencies and level of capability, and match themselves against other roles in our businesses.

And it would play into your talent retention as well...

Oh, for sure. And that's one of the big things for us – to really get a better view of our talent across the company, so that we develop people with a wide range of skills who arrive at the senior roles with experience across different parts of our business already.

How does that then play into managing performance?

That's a really important piece as well. Our businesses aren't all using online performance and goal systems and some businesses don't have any formal systems. Systems like this create the stability to ensure that people do have performance objectives set and agreed, you can track how people are going and align them to strategic organisational goals. The ability to make sure we are rewarding the great performers is really one of the key drivers behind a system like this.

Do you see any major risks in the project deployment and getting staff to accept the new system?

It's going to be massively complicated. We're not kidding ourselves. We've got 13 systems that we are currently using (that's not including all the payroll systems) and that we are trying to drag information out of but I think the risks are all manageable. We are not trying to deploy all the functionality all at once. »

"At the moment not all of our businesses are on the same systems so it's very difficult and time consuming to get a consolidated view of how much the business is spending."

One of our challenges is to bring together a common set of practices and processes across the business so we have one set of systems that will support all of us. It will require the businesses to do things differently – for some not much, for others the change will be quite considerable, so we will need to be very careful about thinking about how those changes will impact everyone and support them as they go through that change. So far everybody has been really excited about it which is great. We've just come off two weeks of our global design and we had 30 people from all around the businesses here. It was a really positive couple of weeks, really neat! Before we go live all the businesses will sign off that the processes are working and the data looks good.

Was making the business case a straight forward exercise then?

No, it was not always easy but it got huge support from [new CEO] Mark Adamson. Once he came on board the business case kind of picked up speed.

So, finally, how did you go about choosing the new system?

A group of people in the Formica business had kicked off a project around finding an HR solution, and they determined the system needed to support all of our languages, it needed to be a software-as-a-service solution, it needed to support all of our currencies and have global support offices. When we joined our projects together, we agreed this was a great list of requirements to develop a shortlist from. When you looked at all the providers out there that met all our requirements there were only really three on the list. Then we developed a very robust – we hope – evaluation process where we held a bunch of supplier workshops and demos for people from our IT, procurement, finance and obviously HR teams and we did a number of client reference checks. At the end of that we put together a rigorous evaluation scoring matrix and we found our preferred supplier. It was interesting because using our matrix the one that was chosen was very widely accepted.

"At the end of the day we want great people to join our organisation and we want them to be able to stay because we deliver what they need."

Topline benefits

Fletcher Building's management sees a number of business-altering benefits that will come out of the deployment:

- A complete view of the workforce at all levels.
- Good information with which to make better decisions.
- Get the right talent into the right roles at the right time.
- Manage cost associated with people.
- Deliver on the employee promise
- Do as much with internal mobility as possible.
- General managers and leaders able to interrogate their information to make good local decisions.

"At the end of the day we want great people to join our organisation and we want them to be able to stay because we deliver what they need," says Spence.

Five secrets to picking the right team

Choosing the right consulting team is a key step in a successful ERP implementation explains the executive for human resources at UXC Eclipse, ***Rachel Parris***...

When an organisation is looking into implementing a new technology solution, the consulting team is a key contributor to the ultimate success of the project.

A good consultant is proactive and offers suggestions and advice on how a business can improve its processes and increase efficiencies. Consultants should be responsible and accountable and earn the respect and trust of customers they work with.

Here are a few tips we offer businesses on choosing the right consulting team:

1. Start from the business need, not the technology need

There is a wide variety of ERP solutions available, from the monolithic to mid-market or industry-specific options.

Good consultants will guide you to make

the appropriate technology decisions for your business based on their industry knowledge and the organisation's needs, rather than pushing a particular solution for its own sake.

They should recommend technology that fits with your business both now and in the future and offer scalable and flexible technology solutions that can be customised as the business changes.

2. Industry experience is key

It's a given that consultants will have technical knowledge, but not all have industry-specific experience.

Industry experience should be a key deciding factor when you're looking for a high-performing consulting team, particularly in the leadership positions. Consultants that don't understand your sector won't understand your market, business drivers and critical business processes and their advice will be poorer for it.

Seek out specific certifications that are relevant to the project, for example, financial consultants with CPA qualifications.

Dennis Chan, practice & delivery manager at UXC Eclipse and holder of a B.Com and a qualified CPA puts it simply: "When you've been on the other side of the fence having faced similar challenges to your customers and had real-world experiences, this gives you a real appreciation of the challenges they face. Having worked as an accountant, I am able to relate to our customers' accounting and reporting requirements, which means that we can deliver a solution that is practical and applicable to them.

"It's not just theory and technology – it's being able to understand their perspective," he says.

3. Transparent and open communications

Trust is key when it comes to any partnership. You need to be able to rely 100 percent on your

> ***"It's not just theory and technology – it's being able to understand their perspective"***
>
> **Dennis Chan,** practice and delivery manager - UXC Eclipse

consulting team, particularly with a high-profile project like a major IT implementation.

It's important that consultants are open and transparent as a project moves through its various phases. The team has to regularly communicate, offer direction and listen to the customer's needs, questions or issues.

To ensure the project runs smoothly it is essential to have a high level of interaction throughout the process. If issues arise then it's important to tackle these head-on and find solutions so the project can continue as soon as possible. This will reduce the risk to the return on investment, which is important given the significant investments required for IT projects. Waiting until late in the project to fix any issues can cause delays and additional costs.

4. Cultural fit

Carefully consider whether the consultants you hire will work well with your internal team. An IT implementation is intense so consultants become an integral part of the organisation while they are working on a project.

Choose a partner that has a similar value set and culture to your organisation to ensure there is a seamless fit. This will help drive the project forward, as everyone has a shared focus.

5. Above and beyond

To ensure a high quality of delivery, companies should look for a partner, not just a supplier, for their IT implementations.

Partnerships are about building and nurturing trust. This means the consultants offer support outside of working hours, answering questions and being honest about what they can or cannot deliver.

The partner should work as an extended part of the customer's team, and bring with it consultants who focus on delivering the best possible service and go above and beyond what is expected. Project managers and key project staff should be available to customers at all times including after hours and on weekends.

A critical factor in delivery is having a team that is motivated and engaged. A high performing team needs the right tools, the right support and the right environment to deliver results. Sharing their experience, product knowledge, motivation and enthusiasm for their work will ensure customer projects are successful as well.

All set

Keeping these five steps in mind when you are choosing a consulting partner and assembling a project team will help your organisation on the way to a successful implementation.

MORE INFORMATION//

This article was supplied by UXC Eclipse. The author, Rachel Parris, is the executive for human resources at UXC Eclipse and has over 15 years' experience in human resources, working across various industries in senior HR leadership roles. Rachel has a Bachelor of Commerce, majoring in human resources and industrial relations.
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www.uxceclipse.co.nz

Community group clocks benefits

Self-service and simple timekeeping reduce the HR and payroll burden for busy disability services organisation...

Community AXIS Enterprises Inc is a government funded, not-for-profit, specialist employment service, which has provided employment opportunities for people with barriers to employment across Victoria's Grampians region for over 20 years.

The service is broken into two areas: AXIS Employment, which provides employment services to people with disability, and AXIS Worx, an Australian disability enterprise, which provides supported employment for 43 people with disability.

In 2012, the organisation secured five new contracts to expand its disability employment service across Victoria and South Australia. Although exciting, this has added a layer of admin to an already busy back office. With double the staff, making sure HR and payroll functions are running smoothly has never been so critical.

Struggling with paper

Community AXIS uses MYOB Premier for accounting. Until recently, it was using it for payroll too, but in recent months a few issues started to creep in. Amanda Wirth, finance manager, explains.

"As an accounting system, Premier was working just fine for us – it still is in fact. But at one of our sites, we were struggling to get people to fill out paper timesheets correctly. That's when we started to think there might be a better way of doing things." As it happens, Community AXIS had just received an email update from MYOB introducing EXO Employer Services.

"It was the time clocks that got our attention," says Wirth.

"Then we examined EXO a bit more closely and realised there was more to it than just that. There were other modules like EXO Payroll, EXO Employee Information, MyStaffInfo and EXO Time & Attendance, and we felt these could be really useful too."

Taking the time to get it right

So Community AXIS turned to Melbourne-based HR and payroll specialists BusinessHub.

According to the finance manager, the entire implementation took the best part of six months, which she acknowledges is probably longer than most businesses take.

"But," she adds, "we had a number of things to consider."

Chief amongst these were the two concurrent databases that the organisation was running (one for supported employees, the other for everyone else). Community AXIS wanted to run specific EXO modules in each database, and that prevented it from being a straightforward implementation.

There when you need them

By early 2013, however, all Employer Services modules had been fully installed, with the help and expertise of BusinessHub.

"It's fair to say [BusinessHub] were pretty helpful from the day dot," says Wirth, "and have continued to be.

"I must have spent hours on the phone with them at year end, at one point till about 8:30 at night, and they never objected. I think that goes above and beyond the level of service you could expect from a lot of other service-based businesses."

"I can remember when processing fortnightly pay used to be a two day process. Now it can be done in an hour."

Amanda Wirth, finance manager, Community AXIS Enterprises

Staff love it

Given that the time clocks were what drew Community AXIS to EXO in the first place, Wirth is pleased that these have been such a success, especially amongst the supported employees.

"We've got four clocks set up," she says, "and it couldn't be easier to capture time. Employees simply swipe their cards once at the start of the day and again as they leave. The information

is available in EXO straight away, without any manual entry." It's not a chore either. Staff have really taken to it, Wirth adds.

"It was the last module we installed," says the finance manager, "so they knew it was coming a long way off. As soon as it went live, they were very eager to start using it."

No organisation too big

The expansion of the organisation has been a real test for EXO. Over a very short space of time, additional offices in Ballarat, Bendigo, Mildura, Swan Hill and Mount Gambier doubled the workforce. A lesser system would have struggled to accommodate such rapid growth, but EXO's multi-site capability means that the organisation can still function coherently even across multiple locations. "Being able to do things electronically – rather than having to fill out paper forms – is a real bonus when you've got multiple sites," says Wirth.

Slashing admin time

When asked to sum up the biggest benefit of EXO Employer Services, Wirth doesn't hesitate. "It saves so much time," she says.

"I can remember when processing fortnightly pay used to be a two day process. Now it can be done in an hour.

"In the future, I can see the HR side of EXO being very useful too. There are a lot of time saving features in there like automated electronic filing that we haven't really delved into yet.

"At some stage, we may consider going over to EXO Business for accounting," she adds, "but for the moment, we're very happy with our set up. The Employer Services modules have made a big difference."

CASE STUDY//

Community AXIS Enterprises

AT A GLANCE//

INDUSTRY
- Not for profit

LOCATION
- Australia

BUSINESS OBJECTIVE
- Reduce payroll administration.
- Improve timesheet compliance.

SOLUTION
- EXO Employer Services with time clocks, implemented by BusinessHub.

BUSINESS BENEFITS
- Pay processing reduced from two days to one hour.
- Staff happy with timesheet compliance.
- Scalability across new office openings.

FOR MORE INFO//

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South Coast Radiology gets performance management injection

Company growth saw the health organisation go from no reviews to fully-implemented performance management in less than a year – without an HR department...

With a small HR team, no HR manager and no performance management system in place, HR just wasn't a focus for South Coast Radiology (SCR). In fact most of its employees – some with over 20 years' tenure – had never experienced any kind of performance review. But the company's success was catching up with it, and that was all about to change.

Employing over 230 staff at 13 sites around Australia's Gold Coast, SCR is one of the Gold Coast's top 15 employers. The company has experienced phenomenal organic growth over the past few years – a fact general manager Paul Johansen states was something of a catalyst for change.

"When I first came to SCR, one of the things on the strategic agenda was getting a performance management system in place. SCR was growing fast, there were different standards and expectations across the sites, and we needed a framework to ensure consistency when rotating staff between locations; even down to things as basic as personal appearance and how to deal with patients.

"We needed a system that would tie all this together, that would work well for our distributed workforce, and that would be really easy for people with limited performance review experience to use," says Johansen.

Great referrals

In Johansen's previous role as COO at The Hyperfactory in New Zealand, he'd worked alongside HR to implement Cornerstone Small Business (CSB) across its offices in New Zealand, Australia, the US and India. So, after developing a review framework for SCR with psychologist Nicole Taylor, Johansen saw a natural fit with CSB.

"We had a framework, and we needed to mirror it in a performance management system. I had used paper reviews and customised systems before, so I wasn't keen on going down that path. CSB out-of-the-box was simple, easy to use, intuitive and gave our management team the statistics and comparisons we were looking for straight away. We didn't even need to consider alternatives," he said.

Once the decision was made, the project progressed at a fantastic pace – and smoothly to boot: "We turned everything around really quickly; we started the project at the beginning of April, it was up and running by the end of May, we reviewed our clerical staff in July and completed our technical staff reviews by the end of November."

He added that they could not have had everything up and running in that timeframe without CSB.

Healthy performance

Reaction to the new review system at SCR has been largely positive, with people enjoying the opportunity to focus on performance for a change.

"CSB gave us a good excuse to have conversations about performance. Everyone's so busy that prior to putting CSB in place issues didn't get dealt with readily. Now everyone gets to set aside a specific time to talk about performance."

And while transition to the new system went smoothly, the change to a performance mind-set posed some interesting challenges for employees.

"People have generally found it quite difficult to reflect on their own performance, and we had some variation between how people saw themselves and how their supervisors saw them. There was also a perception that a mid-scale rating was a negative thing, whereas we thought 'competent' was good – it meant people were doing what we hired them to do. A lot of this is down to experience though, so we'd expect less confusion in the next round of reviews."

"One thing I found really interesting is that people have used the framework to think about improvement. I had a supervisor who wasn't looking forward to discussing a personal appearance issue but when it came to review time, it turned out the employee had already recognised and addressed it in their

"Previously performance reviews were very ad hoc and typically aligned to disciplinary issues. We are now proactive with performance reviews and many of the team look forward to the opportunity to have an open and frank conversation with the supervisors and managers."

Paul Johansen, general manager – South Coast Radiology

self-assessment. So the process was a lot less confronting than they feared it would be.

"Previously performance reviews were very ad hoc and typically aligned to disciplinary issues. We are now proactive with performance reviews and many of the team look forward to the opportunity to have an open and frank conversation with the supervisors and managers."

Johansen has also received positive feedback on the usefulness of 360 reviews, the lack of paperwork ("Thank God I don't have to write this up!") and the ability to log in and do reviews from any location – even from home.

"People appreciate that CSB lets them take their time with their responses. They don't have to do their review all at once, but can go and have a think, change things, and add to it later."

A bright future

SCR is now heading into its second review round, and using CSB Analytics data to compare performance across sites.

"CSB will remain very important to SCR as we continue to grow; providing consistency of standards across the company, and giving us easy access to records of the team's growth and development. We're extremely happy with the product – its reliability and ease of access make it a really good fit."

And having taken SCR from no performance reviews to using CSB in less than a year, Johansen is in a perfect position to offer advice to other companies in a similar position. His advice to companies considering a paper-based review system as a cheaper alternative?

He laughs: "The time you will take managing, filing, scanning, emailing, compiling and losing paper-based information will greatly outweigh the cost of implementing CSB. I've already recommended it to other companies in New Zealand and Australia; with what you get for the price, it's a no-brainer."

CASE STUDY//

South Coast Radiology

AT A GLANCE//

INDUSTRY
- Health

LOCATION
- Gold Coast, Australia

BUSINESS OBJECTIVE
- Introduce performance management to a growing team.

SOLUTION
- CSB by Cornerstone OnDemand.

BUSINESS BENEFITS
- Structure around performance evaluations.
- Elimination of any need for paperwork.
- Reduced time pressure on reviews.

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Freelancers take flight

The way we work is changing. The market for recruiting creative and project resources has gone global. With the likes of freelancer.com and oDesk, people can work anywhere and, it seems, anyone can hire the right person to do almost anything. ***Anthony Doesburg*** *investigates the modern way of working...*

When Melbourne business school graduate Xavier Russo set out to launch his first online venture, he did it on the smell of an oily rag. But that didn't mean he had to get his hands dirty.

Russo and his business partner gambled on finding hired help through freelance web service Elance. The pair of budding entrepreneurs could have built their product comparison website themselves, but they decided to trust the work to developers in India and the Ukraine at rates much lower than Australian programmers would have commanded.

"It was an out-of-hours start-up without much cash," Russo says. "We liked the idea of being able to focus on what we did best – coming up with the business model and working out what functionality we wanted – and outsourcing the development of the web application we'd decided to build."

Although the contractors Russo and his partner worked with didn't come via the usual referral channels such as recruitment agencies or LinkedIn, it turned out to be a happy experience. Their site was built for about a sixth of what they would have had to pay local developers and the venture has subsequently been sold.

Along the way, Russo says, they learnt valuable lessons about using freelance platforms, chief among them being that a special set of management skills is needed to get the most from freelancers and remote workers.

"Part of that is being clear about what you want. When you have someone sitting next to you then you can wave your hands and scribble something on paper, but with communications taking place across time zones via email or Skype, we learnt to be really clear in our expectations."

Awareness of cultural assumptions is also important. Russo says interactions that are taken for granted when dealing with people who share your background can need spelling out when operating over a cultural divide.

"It helps to say things like 'if we're making a dumb suggestion or request or you're wondering why we're asking something, tell us — we're fine with that'."

There's every likelihood that using any of the handful of freelance platforms – oDesk and freelancer.com are also prominent – will put you in contact with contractors overseas.

> "We probably would have struggled to build our initial web application if we didn't have access to something like Elance."
>
> **XAVIER RUSSO, ENTREPRENEUR AND FREELANCE PLATFORM FAN**

oDesk, which was launched in the US in 2006 and claims its 4.5 million freelancers have done work worth more than US$1 billion – an average of little more than US$200 each – says its guns-for-hire are all over the world.

Product vice-president Stephane Kasriel says the California-based company knows from its own experience that geography is not a barrier.

"We do what people in this area call 'eating our own dog food' – of our 400 employees, a quarter are full-time staff and the rest are hired through the marketplace."

Kasriel's engineering team consists of 40 employees and 200 freelancers.

"They all work for us full-time. One of the awesome things for these people is because they work remotely, they can live wherever they want. We have people in Jakarta; I think there's one who moved recently to New Zealand. They might live in France for a year, then move somewhere else."

The US, Europe and India tend to be home to software developer talent while business service providers are frequently from Asia, with the Philippines strong in customer services, Kasriel says.

"The types of work done on oDesk have been exploding. We started out primarily as a web development freelancing marketplace."

oDesk is cautious about creating new work categories, based on demand projections and on having a supply of suitable freelancers. "It is not very good allowing people to apply for jobs that don't exist or to post jobs if the freelancers don't exist," Kasriel says.

Roughly half of the listed assignments remain various flavours of IT, but other categories – including writing, editing, translating, design, customer service and sales and marketing – are a growing proportion.

"We focus exclusively on work that can be done online. If you can do it on a PC or tablet and you're connected to the internet – and it's legal or not subject to some other restriction – then it's something we want to go after."

The competition is any organisation that facilitates work between two parties, whether a professional network like LinkedIn, recruitment agencies or other online platforms, Kasriel says. But he says there is plenty of opportunity to go round when the IT outsourcing market alone is worth US$300 billion.

"From that standpoint we are a tiny player in a very big market. However, I think we are very significant for small and medium-sized businesses, for which the traditional IT outsourcing model is fraught with complexities."

One complexity oDesk does away with

is payment: for a 10 percent fee, it connects freelancers and hirers and absorbs international transaction costs.

oDesk claims to be bigger than the rest of the online freelance marketplaces combined, yet Sydney-based freelancer.com proclaims itself the world's biggest on the basis of its 9 million registered 'professionals', made up of freelancers and hirers.

The company, which is pressing ahead with a share float on the Australian stock exchange before the end of the year, has listed more than five million projects with a value of US$1.25 billion.

Freelancer.com's pitch is that as the largest marketplace for small business, users can hire a freelancer "at a fraction of the cost". Low cost seems assured: like oDesk, it lists thousands of people prepared to work for significantly less than US$10 an hour.

Yet the platform managers point out it's not in their interests to foster a pay rate race to the bottom since their fees are based on a percentage of job cost.

Freelancer.com, like Australian competitor 99designs, provides users with another way of getting work done on the cheap. The web services facilitate 'contests' so a business wanting a logo, for instance, can pit freelancers against each other with the creator of the winning design collecting a cash 'prize'.

Freelancer.com's Australia and New Zealand head Nikki Parker says contests, or 'crowdsourcing', are being used for a small but growing number jobs, initially just design, but now in any of the marketplace's 600-plus work categories.

"A contest allows an employer to draw ideas from some of the best in the industry before ultimately picking the winning piece of work," Parker says.

If it's mentoring – or even dating advice – that you are after, another web service and app, Clarity, has more than 20,000 'experts' on its books who can be consulted by the minute at rates of US$1 to US$20.

Matt Cooney, content manager at Auckland marketing and communications company Swaytech, has researched freelance marketplaces with a view to hiring developers and writers.

His impression is that, as when recruiting by more usual channels, it's 'buyer beware', only more so, when using the web services.

"It sounds like it's the luck of the draw – there are lots of great freelancers out there and lots of turkeys."

The downsides he sees are dubious feedback systems, lack of responsibility on the part of the platforms for freelancers who don't measure up and the platforms' control over the freelance relationship.

"They want to own the relationship, so it's not as though you can then simply engage that freelancer in future."

Russo used 99designs for his venture's logo, although he has misgivings about freelancers working for nothing. His experience of Elance, and later oDesk, was a revelation, however.

"We probably would have struggled to build our initial web application if we didn't have access to something like Elance."

Russo is currently working in an allied field at Envato, a Melbourne company that uses the web to deliver know-how and resources – including themes, templates and typefaces – to a creative community of three million registered users.

In April, Envato launched Microlancer, which "flips the marketplace model": rather than a platform for hirers to solicit bids on jobs, it is a shopfront for freelancers to post their services at fixed prices, says Envato chief executive Collis Ta'eed.

Examples include creation of custom lettering

> "It sounds like it's the luck of the draw – there are lots of great freelancers out there and lots of turkeys."
>
> **MATT COONEY, CONTENT MANAGER, SWAYTECH**

(available for US$250 in four days with two revisions) and app icon design (delivered in three days with five revisions for US$135).

"Hopefully there is a bit of a candy-store effect with the customer discovering things they didn't even know they could get done – having old photographs colourised, for instance, or getting hand-doodled illustrations done."

More than 3000 services have been bought through the marketplace, which takes a 30 percent fee. Services are confined to graphics and web development but will be expanded.

"Our mission is to help people earn and learn online and Microlancer extends the opportunities within the Envato ecosystem."

Ta'eed says a key element of Microlancer is a vetting process that ensures freelancers can provide the services being listed. "It's a quality assurance step for the buyer."

Far from being a saturated market, he believes freelance platforms have a long way to go.

"It makes sense that the marketplace model, which works so well online, coupled with a general shift in the world towards thought workers, would yield a fast-growing sizeable future in this space.

"Even though it's been going for years, I almost feel it's a green field," he says.

J. A. Russell sparks up supply chain

The electrical wholesaler has left the competition behind by integrating its supply chain with Flow Software's B2B Gateway, promoting customer loyalty and improving customer service...

J. A. Russell, New Zealand's largest electrical and data wholesaler, operates some 55 stores from Kaitaia in the North Island to Invercargill in the South, where it operates under the Radcliffe Electrical brand.

Family-owned, J. A. Russell offers electrical, lighting, data and technology products and services to a wide customer base – from one-man domestic electricians, to large industrial and commercial trade contractors right through to national organisations and construction projects.

As part of its efforts to enhance its national presence and improve customer service, J. A. Russell realised the need to update its technology offering and automate its supply chain.

"Ours is a relationship-based business," says Adam Parker, information systems manager for J. A. Russell. "Superior customer service is a focus for all projects we look to implement, and while we wanted to use new technology we didn't want to lose the personal contact we have with our customers. We needed a new B2B e-commerce website but it had to be tightly integrated to our bricks and mortar branches and the systems supporting those for a seamless experience for our customers. The opportunity was there for us to make considerable improvements, and to provide a service and environment that better reflects our brand."

After reviewing the products and solutions in the market, J. A. Russell chose Flow Software to implement its B2B Gateway product providing multi-channel end-to-end business automation. Through a single platform they are now able to engage both their suppliers and customers with automated EDI data exchange and interactive web-based portals.

"J. A. Russell had manually intensive processes and wanted to automate these but was hesitant of losing the personal touch with its customers. Our B2B Gateway offered the ability to automate mundane data processing through EDI but still be interactive for the supplier and customer" comments Flow CEO, Cameron Hart.

The project was delivered in two phases with phase one automating the supply chain by engaging J. A. Russell's suppliers. The largest suppliers exchange data automatically via EDI and the smaller suppliers interact through a new B2B portal for processing purchase orders, invoices, and product updates.

Phase two took advantage of the enhanced flow of information from suppliers, with Flow Software deploying the B2B Gateway for EDI and online e-commerce with J.A. Russell's customers. Customers are now able to self-serve and get the information they need through product searching, real-time stock on hand, online ordering, and invoice/statement review.

"Customer service is important to J. A. Russell so our system had to simulate the experience customers were used to when visiting or phoning the local branch. Customers want answers fast, and if the answers they need are not accessible through the B2B Gateway they will revert to previous behaviours. Flow's vision of end-to-end business automation matched J. A. Russell's requirements and by tightly integrating J. A. Russell's ERP system, and automating its supply chain, we could offer to its customers real-time information through multiple channels like websites, EDI, and web services" Hart explains.

J. A. Russell's new customer web portal, known as the on2Site trade portal, allows customers full self-service in a method appropriate to them. This could mean interacting with the on2Site web portal to search for product information and stock levels, place orders online and access their purchase and customer history. Online ordering means customers can place orders ahead of time, knowing the goods are available, and pick up supplies first thing in the morning on their way to jobs.

Being a company with national presence with major contracts such as Fonterra and the New Zealand Defence Force, J. A. Russell needed to meet EDI requirements which it had not previously been equipped to deliver. The solution has not only provided a B2B customer web portal

but also means J. A. Russell has been able to meet all EDI requirements and increase customer service levels, generating customer loyalty through EDI engagement and investment on the supplier and customer end.

"Flow's B2B Gateway is not your typical e-commerce website but a modular platform for communicating with your suppliers and customers through multiple channels," says Hart. "A website is not something that should be done in isolation as it is only one way for your business to communicate with external parties. J. A. Russell recognised the need to cater for differing customer requirements and saw how important it was for the multiple channels to work in harmony. For instance, as a customer's volume grows they may switch from the web portal to EDI for ordering and invoicing but still want to get their statement through a website."

J. A. Russell's former processes involved manual input almost exclusively, requiring teams of people internally and on the supplier side. Now, with many of the processes automated, J. A. Russell is in a position to grow its business without having to grow its staff numbers.

"This has been a massive step forward for us as a business, and there is always more to do," predicts Parker. "We see this EDI and website project as a work-in-progress. We want to keep adding value and bringing new innovations and services to our customers, allowing them more efficiencies and productivity in their own businesses."

CASE STUDY//

J.A. Russell

AT A GLANCE//

INDUSTRY

- Electrical and data supplies wholesale

BUSINESS OBJECTIVE

- Increase staff efficiency, reduce processing costs and improve customer service.
- Meet the contractual EDI compliance obligations of large corporate clients.

SOLUTION

- Configuration of Flow Software's end-to-end supply chain product – B2B Gateway. A Windows based solution built on Microsoft SQL Server and .NET 4 with integration between EDI and web.

BUSINESS BENEFITS

- Reduction of invoice processing.
- Accurate inventory availability providing surety of supply.
- Enabled true web-based account management.
- Generated customer loyalty through EDI engagement.
- Positions J. A. Russell as an industry leader.

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Disruptive acquisition

Directors and boards are used to navigating post-acquisition IT roadmaps, signing off on piles of cash to standardise information systems and deliver the sought-after cost efficiencies. But too often in the process they stifle the innovative systems and processes of the acquired party, throwing the metaphorical baby out with the bathwater. ***Clare Coulson*** *investigates and finds a new approach is needed to foster and nurture the tech nuggets that are capable of disrupting business and magnifying future success...*

When Google bought digital ad-serving provider DoubleClick for US$3.1 billion back in April 2007, in what was its second largest acquisition of all time, it wasn't because it liked the roses planted in the front garden. Google recognised that DoubleClick's technology would be a critical component in creating AdSense, the engine that serves Google ads onto its partner network sites. The result has been a core revenue engine for Google, generating around US$13 billion in annual income – about 23 percent of Google's total. It's an acquisition that has paid off in spades.

Yes, it's a tech company buying tech capability, but the lesson is that we should look more deeply into acquisitions as opportunities to buy technical or digital capabilities we lack.

A foreign future

As the article '*Man, Machine and the Productivity Story*' on page 14 demonstrates, "the past," as the famous quote from LP Hartley goes, "is a foreign country: they do things differently there". And so it is with the future. It is clear, however, that advances in technology are what will drive and shape that future, and have significant implications for business success.

An economic forecasting model developed by Australia's National Institute of Economic and Industry Research was recently used to predict the difference that technology can make in business. It looked at how organisations that embrace technology early will fare out to 2025, and the extent to which technology followers will lag. It argues that by 2015 most business sectors will have been substantially affected by global digitisation, and those who don't take advantage of the step changes that technology can make will find themselves limping far behind.

For example, if the NIEIR model is applied to a hypothetical 'leader bank' with $15 billion in revenues today, and a 'follower' bank with $12 billion of current revenues, they should expect their revenues to diverge massively to $32 billion and $17 billion respectively in 12 years. Over the same period the market capitalisation of the leader bank would rise to $69 billion, while the valuation of the follower would actually shrink to $22 billion by 2025.

In response to the NIEIR results, Jenifer Westacott, chief executive of the Business Council of Australia, said that boards now needed to challenge their thinking and determine whether they have the technology skills and the imagination to ensure they will be leaders rather than laggards.

David Moss, CIO of Vodafone New Zealand, says "IT is changing rapidly and is the driver for improved efficiency. If you look at every industry the internet is changing the way that we do business, our selling models. We're not talking about incremental change, we are talking about step change – you can reduce your costs in certain areas by 50 to 90 percent. If companies aren't looking at those trends and leveraging them they could find themselves very quickly going out of business."

»

Vodafone recently purchased fellow Kiwi telecommunications company Telstra Clear and Moss says that IT was at the forefront of the acquisition plans, stemming from the recognition that a great deal of value could be gained by combining Vodafone's mobile business with Telstra Clear's fixed-line business.

Stuck in the mud

Moss says that as a technology-centric company, Vodafone was inherently focused on making sure that technology had a high profile throughout the merger and acquisition, but he recognises this may not be the case in other industries.

Robert Hilliard, Deloitte's managing partner for technology consulting in Australia, says that boards in the A/NZ region are "somewhat undercooked" on average in terms of their level of technology expertise.

"It's generational," he says. "The information technology profession has been rapidly growing over 40 years. If you think about IT in the seventies, eighties and nineties the first priority was back-office systems. And if you look at what boards are composed of, it's largely from the revenue earning functions of businesses. So there can be a sense on many boards that they are comfortable with information technology as an enabler of business [...] and about thinking about the major systems in terms of the back-office enablement and the return that they provide on the investments. Where they get a whole lot less comfortable is where it becomes a lot more complex and you start looking at rapidly transforming technologies that are actually core to the value proposition of the business."

For Damien Tampling, Deloitte partner and M&A advisor, boards need to be looking at technology from a strategic standpoint and asking questions about how merged technology will fulfil their organisation's strategic goals over the coming years.

"The people on the board should be asking if the business has a set of technologies that allows it to compete in the market and that position it adequately for the future," he says.

For him, those people on the board don't need to be IT experts, instead he puts the importance on experience in disruptive technologies to complement other board members who may have a finance or legal background.

"The key is having someone who has had a lot of exposure to the impact of digital disruption. To have gone through true digital disruption in all its glory as an executive or as a board member of another company is highly valuable experience as there is so much to be garnered from how you need to reshape your business, change your costing models and innovate."

> ***"[Boards] need to understand how critical IT is to the revenue earning activities of the target business and assess the gap between the revenue earning potential and the way the technology is enabling that potential today."***
>
> **Robert Hilliard,** managing partner - technology consulting, Deloitte Australia

Mavericks pay off

Virtually every organisation now has its own way of earning money through digital technology and channels. Six years ago, for example, Domino's Pizza saw the big picture and invested heavily in e-commerce, despite only one percent of its orders being online at the time. It is now Australia's number one digital retailer.

"Our Group CEO saw that online was going to be the future so invested millions of dollars. At the time some people thought we were crazy, but we invested ahead of the curve and now it is paying off," explains Andrew Rennie, Domino's Pizza CEO for A/NZ.

Today, the company processes 50 percent of its orders online and it expects that to grow to 80 percent in Australia and New Zealand over the next couple of years. As a result of its investment, Domino's has created its own intellectual property around technology, such as its Pizza Tracker.

Other businesses will have different innovative ways of servicing their customers online, or will find innovative ways to manage their staff and make them more productive.

"In doing this, these organisations have developed intellectual property," says Hilliard. "That intellectual property is a core asset of the organisation that is being acquired and there is a risk that it gets bundled up and blends in with the back-office IT. In fact it needs to be prised apart, because it really is an important part of understanding the value proposition of the acquisition."

If the board doesn't have an understanding of the intellectual property that is potentially tied up in technology, Hilliard says there is a danger that the true value of the acquisition could be missed or, worse, erased by being standardised to fit the acquiring company's current systems and processes.

Life lessons and opportunities

Vodafone's Moss has plenty of experience in this domain and says that both Vodafone and Telstra Clear had learnt a lot from their previous acquisitions.

"The big lesson that we learnt from the iHug acquisition, which was basically taking a small company and essentially disseminating it into a larger organisation, was that in doing that process (putting iHug finance people in the finance department and HR people in the HR department), we actually broke a lot of the fundamental processes which were operating inside iHug at the time, because the formal structure and the way they operated was completely different. So we were very conscious of making sure that that didn't happen [with the Telstra Clear merger]."

This time Vodafone is using the integration as an opportunity to transform its businesses and make a step change, re-working key processes, rather than simply replicating what it already had.

"There are huge amounts of benefit to be gained from simplifying the processes inside our organisation [...] We can offer a far more productive set of systems and processes and management capabilities for our customers. We are changing our internal model by consolidating our systems, probably in a very similar way to [recent bank merger] ANZ/National did," says Moss.

Auckland Council, which went through a merger and a separation that saw it move from eight separate councils to one central organisation in 2010, is also taking the opportunity to reconsider its technology and processes. CFO, Andrew McKenzie explains how Mike Foley, head of information services, and his strategy team went through an exercise of asking what the future could look like.

"We had a look at the things we were trying to do to make sure that we were really cost effective, that we took complexity and risk out of the business, that we gave people the opportunity to become more customer focused, and that we had a good fit with the services that Councils require."

Foley adds: "This was no standard merger or acquisition because normally you have a primary partner that takes over somebody. This was fair and equal. We picked what we believed to be the best solutions to drive us forward based on scale, longevity and the investment that we had previously from those old legacy councils."

Since going live with its core services in time for day one of the new council, the local government body has promised reduced complexity, improved service quality and improved IT services to the rate payers of Auckland. But at a price tag that various estimates put at up to NZ$500 million it is not something that is coming cheap.

Risks and rewards

"People tend not to do due diligence on things to look at opportunities," says Deloitte's Tampling. "Whoever is looking at it is looking from the risk perspective, but maybe isn't as open- minded to what the opportunities might be there."

While he doesn't believe it is the role of the board to identify opportunities he does question whether board members are sufficiently skilled to ask the C-suite the right questions. "It's a question of looking at the board and asking if we have the right skill sets on the board for this day and age. It's a big question. I think it is more than technology and digital – it's about disruption and it's about change."

Seeing that disruptive element can be as easy as looking at the IT systems from a different standpoint. Typically the board will have a map of all the IT systems – ERP, CRM, financials etc. – against which they make assumptions, but this only paints one, quite limited picture. Opportunities can be identified by changing the viewpoint and seeing a technology map in terms of the customer, staff and supplier experiences and interactions, or as an enterprise value map.

"I think more often than not boards come to the IT due diligence and the IT question and ask, 'is IT going to be a problem or be an obstacle to the transaction?' and that's the missed opportunity here," says Hilliard.

"A board's job is to challenge management and make sure they are asking the right questions and challenging bias. They need to understand how critical IT is to the revenue earning activities of the target business and assess the gap between the revenue earning potential and the way the technology is enabling that potential today."

To the future

Digital disruption is an inescapable fact. Deloitte itself is preparing for its effects, reportedly seeking to build a $1 billion business through newly-acquired digital capability and reshaping its corporate strategies.

Management is not always so forward thinking. It will show boards technology in terms of what it does today, without understanding that the lifetimes of what it is offering are five, ten and 20 years, says Hilliard. "If you think about what the customer experiences of technology were five, 10, 20 years ago, it was so radically different, it's a reasonable assumption that it's going to be significantly different again," he explains.

As Domino's Rennie says, "You want to avoid investing in yesterday's technology. You've really got to be investing in tomorrow's technology, so don't get caught up in investing in what's hot now you've got to invest in what's hot next year."

The acceleration of technical innovation that we have witnessed over the last decade will certainly ensure the future will be a foreign place in today's eyes. Boards that recognise the opportunity to accelerate change by looking at acquisition targets as sources for technology disruption will be setting their companies up for success.

Nobody 'goes online' anymore

The internet has become so pervasive that people don't think they are on it anymore, even when they are. ***Gerry McGovern*** *considers what that means for technology providers and users...*

An online study by Forrester Research of 58,000 US adults found that in 2011 they were spending an average of 21.9 hours online, while the following year they were only spending an average of 19.6 hours online. Can that be true? No.

"Despite the fact that they always have connected devices and are always online, they don't really realise they're online," said Forrester analyst Gina Sverdlov. "They're using Google Maps or checking in on Facebook, but that's not considered online because it has become such a part of everyday life."

Most of the time, you just can't trust what people tell you. You have to observe what they do, not what they say they do.

For most people does 'online' and 'offline' even exist anymore? When someone's phone is always online are they always online? Are they only really offline when they're asleep? And does it matter?

I hear a lot of debate these days about what to call the intranet. Many intranets have got a really bad name among employees. They are a place where you waste time at work trying to find that thing that's hidden among layers and layers of unsearchable and unnavigable junk. So, we need to change the name of the intranet to something like 'digital workplace' and maybe we'll start getting some respect.

But does it really matter what we call the thing? Does it really matter if it's an app, tool, content or whatever? When is a website not a website? And just what is mobile anyway? Is a laptop mobile when it's sitting on your desktop? If you keep your mobile phone in your office does it stop being a mobile phone?

Customers tend to focus on the task. When they want to book a flight they're thinking about where they want to fly. They don't think about the tool, app, or content. When they want to check the weather they're not thinking about how they'll go online to check the weather. They're just thinking about checking the weather.

In the early days, the web, the internet, tools, apps, content, websites, search engines; all these things can seem exciting because they are new. But as we go online more and more, the act of going online becomes more and more invisible.

While the customers' world is becoming more intertwined, organisation structures and disciplines are becoming more siloed. There's customer experience, user experience, information architecture, app and tool designers and developers, graphic designers, content strategists, managers and editors, people responsible for social content and marketing content and support content.

The customer doesn't think like most organisations are organised. They're just doing stuff; keeping in touch with friends, solving problems, living their lives, trying to get some work done. Neither online nor offline, neither with content nor apps.

To succeed in the customers' world you need to organise your business around them and their tasks. Sure, it's easy for a writer to focus on writing and a coder to focus on coding. But the big opportunities lie on the outside in the world of the customer.

ABOUT GERRY MCGOVERN//

Gerry McGovern is an expert in customer-centric technology, CEO of Customer Carewords and a five-time published author. He helps large organisations become more customer centric on the web. His clients include Microsoft, Cisco, VMware, IBM, Atlas Copco and Tetra Pak.

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MOBILE BUSINESS

BYOD DRIVES SHIFT TO PER-USER BILLING

INTEL SPIN-OUT LANDESK Software, which sells end-user focused IT service management tools, security support and mobile device management software, is responding to the increasing propensity for users to have more than one device. In the past its customers – which in Australia include the likes of Cochlear, Charles Sturt University and Bunnings – have paid on a per-tool per-device basis. But a "one price per end user" model which has been deployed internationally is proving more popular in organisations where BYOD is rife.

The company claims that this "per end user" rather than "per device" pricing focus is important for large enterprises, citing Cisco statistics that suggest that by 2020 business users will have on average 6.58 devices – many of which are likely to be connected to the corporate network directly or via the internet. Susan Lang, ANZ country manager for LANDesk said that traditional licensing per device models were still available for some customers but acknowledged that "it can get expensive" as end users increasingly accessed corporate systems from multiple devices.

For new Australian customers, or when existing licenses come up for renewal, organisations will be able to pay $170 per user for access to the full suite of LANDesk tools, with an ongoing annual maintenance fee of about 20 percent of their total initial outlay.

The company claims that users typically achieve a return on investment approaching 700 per cent over three years thanks to labour savings associated with streamlined and automated update, patch and security management.

Geoff Masters, Asia Pacific managing director, said that LANDesk's suite of tools could handle the lifecycle management of desktops, mobiles and servers from; "Unpacking it, tracking the asset, managing software licences, keeping track of calls" through to "managing the reliability of the device, and software patch updates." He said some customers used just one element of the suite of tools – for example to handle migrations - where others used the entire range of LANDesk functions.

The system has also been designed to support ITIL practices, although Masters noted that it was up to the CIO to decide how far to push end users. While some might rigorously control systems access, others might sacrifice some rigour in favour of greater flexibility.

SMARTPHONE APP DISRUPTS MARKET RESEARCH

PRICEWATERHOUSECOOPERS SET UP ITS Australian innovation squad of 110 people with the express intention of exploring market disruption and new revenue models, often in partnership with its clients.

According to Sammy Kumar, managing partner for strategy and transformation at PWC, the organisation understands that it needs to continue to innovate or risk being eclipsed by nimbler rivals.

One of the first fruits of this initiative is the newly released smartphone and tablet app AskU which has been designed with the intent of disrupting the consumer survey market.

Developed in collaboration with The Australian Charities Fund (ACF) the app allows organisations to pose questions to consumers for 20 cents a question. Ten cents of the fee paid for every question answered – essentially the profits available after running the service according to PWC – goes to a charity selected by ACF.

Free on iTunes and Google Play, the app is available for iOS or Android smartphones and tablets. People who download the app can be asked a range of general (unpaid) questions which will help build a profile of the individual user and the AskU community. According to PWC this will allow companies using the service to accurately segment a cohort of people for market research.

Companies can then use the app to pay for specific questions to be asked and answered. They can choose whether to ask the entire AskU community, or a specifically defined subset who would be provided with a unique log on to access the questions.

AskU community members are rewarded by knowing that every time they answer a question a donation will be made to a charity nominated by ACF.

PWC claims that the approach will be much faster and cheaper than conventional market research. Also because the app sits on people's smartphones or tablets it will be possible to push out market research questions at specific times in order to gauge immediate consumer response to an issue or event.

BNZ DEVICE TURNS SMARTPHONES INTO PAYMENT TERMINALS

BNZ HAS PARTNERED WITH Australian developer Mint Wireless to launch PayClip a compact card readers device that transforms smartphones into mobile payment machines to solve the problem of cash flow for SMBs. The device, can be attached via the audio jack to most Android and iPhones, allowing businesses to quickly and securely receive payment over the internet from Visa and Mastercard credit and debit cards.

BNZ is the first bank in Australasia to offer technology such as this to businesses. For now customers must authorise the payment with a signature on the smartphone screen, but in phase two, scheduled for 2014, chip and pin, and NFC-enabled payments will also be available.

BNZ's head of small business, Harry Ferreira, says BNZ knows the number one pain point for small businesses is cash flow. "This technology allows businesses to take payments on the spot and funds will be in their account as early as the next business day. We believe this will transform the landscape of payments for small and medium businesses in New Zealand."

In the past, price has been a major inhibitor for retailers adopting mobile eftpos, with fees typically being between $65 and $150 per month. BNZ is offering the device for a nominal $10 per month rental fee plus a middle-of-the-road 3.25% merchant service fee (MSF). The device is linked to the user's merchant banking ID and to the smartphone or tablet with which it will be used. It will be inoperable if plugged in to a different device and the bank can disable the device remotely and dispatch a replacement in the event of loss or theft.

The backend merchant portal allows users to manage their account, including resending receipts or adding a new staff member, and shows a history of transactions that can be downloaded as a .csv file for business intelligence purposes.

While Ferreira says it hasn't been a cheap exercise, he believes that BNZ is getting ahead of the curve with a device that can deal with chip and PIN whereas others in the market are swipe only, and he hopes to have "tens of thousands" of customers in the next 12 months.

LACK OF INVESTMENT DOES DAMAGE

A GLOBAL ENTERPRISE MOBILITY survey by Dimension Data has revealed only 29 percent of companies executing a mobility strategy have tested how well their core applications work on mobile devices.

The troubling results show many organisations are not dedicating the resources necessary to fully enable users to leverage existing business applications in ways that increase productivity. Sixty-one percent indicated that employees are unable to access core applications necessary to perform their job functions from their mobile devices, and only just over 30 percent have addressed troubleshooting mobility or conducted security audits of applications touched by mobile devices. Support resources for mobility appear to be an after-thought for many organisations.

"This figure is startling," says Matthew Gyde, Dimension Data's global GM for security solutions."IT departments could be at risk of delivering sub-optimal user experiences that will inhibit adoption."

WESTPAC LAUNCHES NEW DIGITAL PLATFORM

WESTPAC HAS ANNOUNCED ITS new mobile-first strategy, unveiling its re-engineered banking platform that puts the customer front and centre.

Cisco research shows a fast-increasing willingness of customers to bank online, while predictions from Juniper Research say 200 million customers will make banking transactions via tablet by 2017. Westpac itself has experienced a 457 percent increase in mobile logins in the last 12 months and now has more logins via mobile in a day than calls to its call centre in a month.

The result of Westpac's new strategy is a $15 million, 18-month programme aimed at delivering customers the best digital and mobile banking experience in New Zealand. General manager of retail banking, Ian Blair, calls the platform "very ambitious" but is confident. "Our strategy is to be different to our peers, but only because we believe that is the way that our customers are interacting with us more and more and we want to deliver the best digital solutions for them."

The "different strategy" is a centralised, responsive platform, that offers customers access to their full online banking features no matter the device used to access it. This is a first for Australasia and Westpac is one of a few banks globally to offer it. The platform will also be available as a wrapped banking app, eschewing the need for a multitude of task-based apps in the future.

The contextual platform has moved away from the traditional task-based model, and puts customers' top requirements within easy reach. Contacting a real person at Westpac is also made easy, thanks to smart technology including a decision engine that can triage customer contact and route it appropriately.

Westpac aims to have it available to all customers by early 2014.

END USERS WIN UPPER HAND WITH APPS STORES

RES SOFTWARE IS FINALISING its IT Store, a system designed to put more technology control into the hands of users.Scheduled for launch in early 2014 the rules-based engine allows users to put in a request for access to software, services, data or peripherals – and, depending on their status and role in the firm have that automatically delivered to their workspace.

IT Store can handle other user requirements, such as a request to wipe a lost mobile device, or for access to a cloud service. "This allows the employee to self-serve," according to chief executive officer, Klaus Besier, who was in Australia in October.

Salesforce announced a similar concept last week with the release of its Private App Exchange which allows enterprises to create a catalogue of applications which can be made available to employees according to their job description and devices. The company said it was an attempt to provide IT departments with the ability "to mimic the experience consumers have (with apps) in their private life".

Salesforce's tool exclusively focuses on software applications however, where RES' IT Store is intended to provide access to a broader sweep of materials including services, peripherals and data.

Besier said IT Store was a logical progression from RES' workspace virtualisation tools which operate in conjunction with IT service management tools such as Service Now or Remedy.

The company set up an office in Australia three months ago, which will be the beach-head for a push across Asia Pacific. It already has a couple of local clients – Adecco and BAE Systems, both outposts of global enterprises which use RES Software internationally, and the Reserve Bank of New Zealand.

TELECOM CONSIDERING 10,000 WI-FI HOTSPOTS

LAST MONTH TELECOM NEW Zealand announced its plans to rapidly expand and commercialise its extensive national wi-fi network to encompass 2000 hotspots by mid-2014. Now, it has revealed that the response to its free trial period has been so positive it is considering shifting it aspirations towards 10,000 hotspots.

Some hotspots have been available for use at selected public phone boxes since they were first trialled in a number of holiday locations last summer, numbering 700 by the time of the nation-wide launch in October.

The wi-fi network was developed and implemented by Telecom Digital Ventures, the lean incubator-style business unit at Telecom designed to develop new and innovative business opportunities. Ed Hyde, SVP of mobility for the Digital Ventures team, says that since the nation-wide launch, "Feedback has been fantastic. Our wi-fi network has already attracted a huge number of smartphone users – both Kiwis and visitors – who have enjoyed the ability to do more things on the go.

"We always suspected that the wi-fi network would be popular, because it's not just a great way to re-use the old phone booths; we also know that wi-fi is becoming increasingly popular world-wide as a way to use smartphones and connect to our digital lives."

Post-trial the wi-fi hotspots continue to offer 1GB per day free to all Telecom mobile customers on pay-monthly plans and on the $19 and $29 pre-paid packs. Other Telecom customers, customers of other mobile networks and visitors using a New Zealand or Australian mobile can continue to access the wi-fi network for a flat fee of just $9.95 per month. Users need only register a device once, and they will automatically.

AUSTRALIAN ENTERPRISES AT RISK IN GLOBAL MOBILE RACE

WITH THE DEVELOPMENT CYCLE for mobile devices and software down to 8-16 weeks, organisations which don't embrace Agile methods are putting themselves at a competitive disadvantage because they simply can't keep up according to Jeff Findlay, Micro Focus's Borland architect for the region.

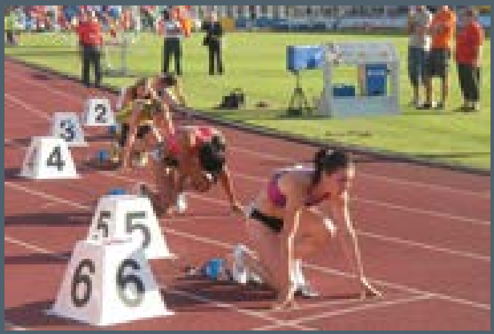
"Australia and Asia haven't embraced Agile as much as they should have and as much as the rest of the world has," he said, adding that this was leading to enterprises facing higher cost and slower release cycles. The more iterative approach of Agile allows problems to be identified and fixed much earlier in the development cycle he noted.

According to Micro Focus a recent Vanson Bourne survey of CIOs found that CIOs were on average only able to release mobile updates every five months, which was out of kilter with the 8-16 week mobile technology cycle.

Organisations that cling to waterfall development are at a competitive disadvantage because "they can't adapt quickly enough to the changing market," said Findlay. According to him there are no signs of the pace of change slowing, with millions of new applications being developed each year.

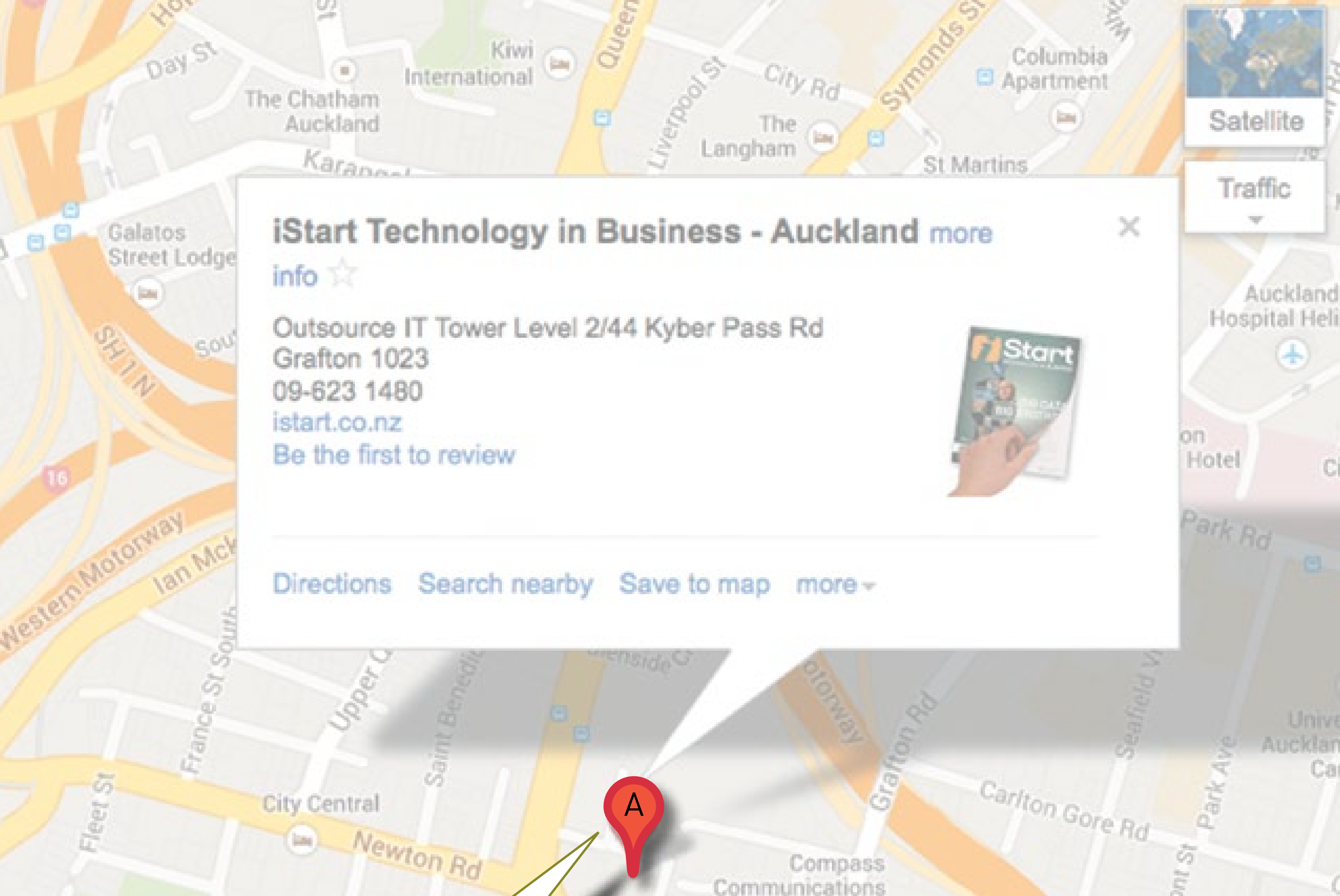
According to new statistics released this month by the Australian Bureau of Statistics almost 20,000 terabytes of data was downloaded using mobile devices in the June quarter – 6000 terabytes more than the previous quarter. The number of smartphone users meanwhile increased 13 percent in the first six months of the year reinforcing consumer appetite for mobile internet services.

But Findlay said statistics showed that the majority of mobile apps being used by consumers were not formally tested.



Besides testing early and often, he said companies which turn out successful mobile applications understand the demographics of the audience they are attempting to reach. "The younger set is using devices which are not more than 18 months old – but older age bands hold onto their devices for three or four years," which also needed to be factored into effective testing programmes.

Get your business on the map



In this 'social, local, mobile' world we live in, being able to pinpoint where we are, what is in our immediate vicinity and how to get there, is vital. If your business is not on the map, and you are not leveraging that data, you could be missing out not only on an effective marketing opportunity but operational and sales efficiencies too. ***Paul Di Francesco*** *finds out more...*

Have you always wondered how Google puts local businesses on the map? Some time ago search results started presenting more and more details about the businesses that we were searching for. The listing would appear on the side of the search engine result page which displayed a Google map for directions, pictures, address, contact information, trading hours and even customer reviews. It's pretty nifty, but it didn't, and still doesn't, happen for every business. We thought it must be because it cost a fortune, but we were wrong. It turns out that by using Google Places for Business, any business owner can submit their detailed information with ease at no cost.

Here's how to do it, using the example of the well-known Bar Reggio, an authentic Italian restaurant based in Darlinghurst, Sydney.

Like many restaurants, Reggio's customer base comes from traditional means such as word of mouth, reviews in third-party magazines or the average punter walking past who willing to try something new. These are all still viable channels, but that doesn't mean it shouldn't also leverage its free listing on Google Maps to the max. Doing so may seem like a small thing, but it can have a big impact for a local eatery like Reggio's. By adding more information and enticing imagery, you can give potential customers a sneak preview of what will be in store for them and begin to set the scene and build a rapport with them before they have even stepped through the door. The seed of trust in your brand is established. And of course the more relevant information that you include then the better the search engine optimisation and the greater the traffic to your listing. So here is how the painless process works. »

Get on the map – start here

1

Go to Google and search for *Places for Business*, which allows you to submit and add all the relevant information that you as a business owner want to appear on your Google listing.

2

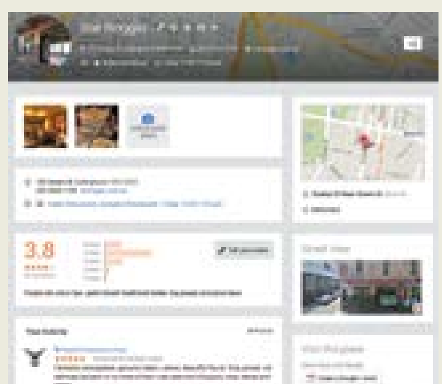
Select the relevant country for the business you are listing and add a current and active phone number.

3

You will be taken to the basic information page where you can start to add all the main details of your business such as its name and address (for Google Maps), contact details, industry categories, website, hours of operation, payment details and of course a description of the business. Your description has a maximum limit of 200 characters, so make it short but effective.

8

When your listing is complete Google automatically creates a Google+ page for your business. Once your listing is live users can click on the 'more info' link on it to be redirected to the Google+ social network page which is an attractive interface that brings the listing to life using social media principles. As such it includes customer reviews, directions, and also the ability for users to share information and create a Google+ event at your business location so you can start to really take advantage of being on the map.



As the business owner you can upload promotional material to your free listing (a maximum of 10 photos, 5 videos). In the case of Bar Reggio, new customers reading the listing can get an idea of the meals, atmosphere and what the restaurant looks like. We live in a visual world of information overload but generally if people like what they see, they will give it a go.

4

5. After you have filled out all the necessary business information, submit the information to confirm your listing and go through Google's verification process. There are three ways you can validate your listing, all of which require you to enter a PIN. You can choose to verify by phone, SMS or postcard. If you chose the phone option Google will call you on your listed business phone number almost instantaneously and tell you your PIN which you enter online. The process is the same if you chose the SMS option.

5

You can choose to verify by postcard, in which case Google will send a card containing your verification PIN to your business address (generally takes two to three weeks). Once you receive the postcard, you will need to go back to your Places for Business listing to enter the 4-digit PIN. Your listing will not go live until you do so. If you are only offered the postcard verification, this generally means that the phone number that you provided does not match the listing – that's to say that Google's records conflict with the information that you have provided.

6

Once your business is verified, you are good to go! Within a few days, your business listing will be live and displayed on Google.

7

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Getting your business on to Google Maps is just the start. In October Google also announced a new, free, professional mapping tool, Google Maps Engine Pro, which helps you to visually transform your data by charting it on a map. By collecting business information and putting it in a visual format that can be shared across multiple devices, you can make better sense of your data in relation to real-world surroundings and therefore make potentially better business decisions. Importing information like addresses, names, office locations and sales leads from various file formats onto a map means you can now can edit, analyse and share the information in a simple format.

"Google Maps Engine Pro can be as easy to use as creating a document and it gives businesses an added productivity tool to help make decisions, organise information, and plan operations using Google Maps," says the search engine giant.

Pure Fix Cycles, a distributor of custom, fixed gear bikes, uses Maps Engine Pro to identify sales opportunities across target markets, helping to expand its business.

Maps Engine Pro is built as an application on top of the Google Maps Engine platform, which provides businesses with cloud-based technology to help organise large datasets and create more complex maps. Once again, Google offers the application for free, with full access to the Maps Engine product and API, only limiting table and query limits. There is an enterprise-level account that offers extended table and query limits and enterprise support for a small fee. The Maps Engine APIs open up the platform for developers to build applications powered by Maps Engine such as store locators, crowd-sourced maps, or asset management apps.

As Google's new application shows, maps can take businesses far beyond the realms of the marketing department. Ian McLeod, Chief Executive of Ergon Energy in Queensland shared his story about using Google Maps to save his business operations budget on Google's enterprise blog. Here is what he had to say:

"Queensland is known as Australia's 'sunshine state', and Ergon Energy is responsible for keeping its power running all day and every day. We distribute electricity to 700,000 people across a vast expanse of 1.7 million square kilometres that reaches 97 percent of the state's population. From the dry regions of the west to the tropical reaches of the north, 150,000 kilometres of power lines stretch across almost every part of Queensland, held up by twice as many poles as we have customers.

"One of the most common issues we manage is tree vegetation growing close to these power lines, which, left unchecked, causes power outages and safety issues for customers. Managing vegetation to fix and prevent these outages used to cost us $90-100 million each year. With a distribution network this large, we had a good understanding of the condition of our assets, but we could not see the risks to the assets from the surrounding environment or measure the value customers got from our vegetation management plans. With long distances to travel inspecting, cutting and then auditing vegetation, workers often have their hands full.

"We decided that there must be a better way, and undertook a project called 'Remote Observation and Automated Modelling for Economic Simulation' (ROAMES) to uncover it. ROAMES collects high resolution digital photographs and accurate three dimensional LiDAR (Light Detection and Ranging) scanning data to model every wire and power pole across the whole of regional Queensland. We collect this data by flying specialised high-tech aircraft fitted with high-tech gear over the top of these power lines.

"To create the ROAMES imagery and integrate it with customer and network reliability information, we turned to the Google Maps for Business and the Google Maps API to incorporate ROAMES's high resolution 3D imagery with Google Maps and Street View to provide a view of our entire infrastructure. This allows us to identify and predict when trees are growing too close to their power lines and send our field crews out to cut intruding branches. This has significantly reduced the environmental impact of our vegetation management activities and minimised the number of outages for customers.

With Google Maps, we are not only delivering better customer service, but also saving money and handling huge amounts of data. It enables our field workers with a reliable, intuitive tool that helps our bottom line. We expect to save up to $59 million over the next five years using this technology."

Perhaps its time to start plotting your way to chart success.

Why broadband black spots are damaging the economy

Filling in broadband black spots would boost productivity says ***Rob Stummer**...*

With all the talk of speeds and feeds for homes and businesses surrounding the National Broadband Network during the recent Australian federal election campaign, not enough attention was paid to the issue of filling in broadband black spots. Yet addressing this will potentially add more to national productivity than any other communications issue.

With the mining and resources industries currently in slow-down mode, a major challenge and focus for companies' management teams is to continually review their operations and establish how they can improve them to boost productivity and remain competitive. This is particularly critical for the engineering, procurement and construction (EPC) services firms that have grown so spectacularly in recent years but are now bearing the brunt of the slowdown.

The value of resource projects (based on total project cost at completion) is poised to peak in 2015. According to the Bureau of Resources and Energy Economics (BREE), new project commitments are not keeping pace with completions. However, the value of committed projects remains high, reflecting rising costs. BREE estimates that higher costs account for about 11 percent of the value of committed projects. Projects at the feasibility stage are being cancelled or deferred due to concerns over construction costs, uncertainty relating to demand and lower prices. BREE estimates that projects worth about $150 billion have been delayed or cancelled over the past year.

As a supplier of ERP software to the mining and resources sectors, we are talking to a number of companies about how technology can support better productivity. What we are trying to do is stimulate continued and sustained investment into these projects, by promoting the use of agile technology to work smarter in Australia and make it attractive for the big companies to invest in projects here, rather than, say, Africa or South America.

The number one way they can do this is by more effectively capturing and sharing information throughout the enterprise to better use both assets and workforces. And we're not just talking about head office operations in the capital cities. A critical part of this is better capturing and provision of data in the field using mobile devices like smartphones and tablets.

We have several customers that are itching to deploy mobile solutions to give them the productivity they need to win or maximise projects. Mobile devices with inbuilt GPS can now run business apps for things like work orders, fault reports, confirmation of delivery routes, even workforce scheduling and optimisation. Being able to capture data and access information wherever you are, including a remote mine site, is key to managing operations in real time.

Systems that can talk in real time to head office from these remote locations will significantly benefit the bottom line. It will improve decision making around when assets need to be repaired or replaced, for example, or whether there are too many people on-site that could be redeployed elsewhere. Field workers can take photos and attach diagrams and upload them to someone in another location to make decisions on the spot, rather than lose days or even weeks in some cases before returning to head office.

Right now, however, many companies are hampered in their ability to share information because of the poor quality, limited capacity or complete lack of communications infrastructure. Communications services exist at selected remote locations – using satellite connectivity to mine sites, for example. But many remote locations in Australia – including major transport routes – remain broadband black spots for mobile devices.

Providing connectivity to these black spots would allow companies to use technology to save hundreds of thousands if not millions of dollars in their operations. Given that broadband connectivity in places like Africa and South America is far less sophisticated, the improved productivity it facilitates will be a major factor in bringing construction and overall operational costs down to a competitive level in Australia, therefore supporting a much more robust business case to ensure that projects go ahead.

ABOUT ROB STUMMER//

Rob Stummer is managing director, Australia & New Zealand, for global enterprise applications company IFS, achieving significant growth over the last five years. He holds a Masters in Information Technology from Melbourne University and has consulted to many of Australia's Top 500 companies.

Auckland fibre: too hard, too slow

Paul Brislen discusses why other cities have got the technology edge on New Zealand's largest conurbation...

I know there are plenty of you yet to be convinced there are any benefits to living in Auckland, but that doesn't stop the migration to the city being well above national average.

As a home owner in Auckland house prices is the first thing that springs to mind. You can get much more house for your dollar in Hamilton or Dunedin than in central Auckland and if the work you do is flexible enough, why would you pay more for office space in the CBD?

Lifestyle choices, cost of living, commuting times, there are many reasons to move out of the big cities and now we can add "getting fibre to the home" to the list.

Currently, we have four LFCs (Local Fibre Companies) building the network. Chorus has the bulk of the build – Auckland and Wellington, predominantly – but in Northland the job has been given to Northpower, in the Waikato it's gone to Ultra Fast Fibre and in Christchurch and surrounding areas the network is being rolled out by Enable.

All three LFCs are ahead of projected rollout dates and Northpower looks set to finish Whangarei by the middle of next year.

Today you can get UFB connectivity in Tokoroa, Cambridge, Nelson, Rolleston and a raft of other smaller centres around the country. You cannot get UFB at my house in central Auckland and won't for several months, if not years to come.

I understand. Not everyone can be first and someone's got to wait. By the end of 2019 we should all have access to UFB and that's a very good thing.

This transition period is a golden opportunity for regional New Zealand to really get stuck in to the whole digital economy and to prove that you don't need to be based in central Auckland to run a world-wide business.

For far too long that wasn't the case. If you wanted first world connectivity, you needed to be based in a central city office block and pay

extortionate rates for fibre.

The cracks in that model started to show some years ago when Wellington City Council and others set up CityLink, a "metro area network" around Wellington's central business district. Competition on fibre pricing meant better service and better pricing, albeit for a lucky few.

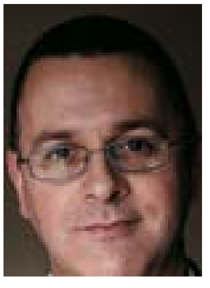
Now we're deploying fibre to schools, hospitals and businesses and soon we'll be deploying it to most of the nation's homes as well.

It's an important project – a once-in-a-lifetime network upgrade that will set us up for a long time to come.

Fibre is very much the best way forward in this regard – it's almost infinitely upgradeable and can deliver some astonishing speeds. In Hong Kong, where multiple fibre networks vie for customers, you can already get 100Mbit/s symmetrical (that's upstream as well as down) and customers with this kind of service are asking for 1000Mbit/s (also known as gigabit speeds).

Sadly, the UFB entry level price only gets you 30Mbit/s download and 10Mbit/s upload, but that's a lot better than you've probably got today for a similar price point. There's also the hope that once customers see what they can do with 30/10 they'll move up to 100/50 and beyond as quickly as they can.

Regional communities stand to benefit hugely from the digital revolution, but have always struggled for connectivity. With the UFB nearly 75 percent of New Zealanders will be able to get ultra-fast speeds by the end of the decade. That still leaves 25 percent for whom speeds beyond 5Mbit/s are just science fiction. That's the next battle ground – making sure we don't build a two-tier internet with rural New Zealanders being left in the dust. Today we have the Rural Broadband Initiative (RBI) but that only gets us so far. It's time to start thinking about what will bring rural New Zealand up to speed so we can unleash pent-up demand for ultra-fast broadband.



ABOUT PAUL BRISLEN//

Paul Brislen is the Telecommunication Users Association of New Zealand (TUANZ) chief executive.

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