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TECHNOLOGY IN BUSINESS



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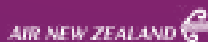
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## From the editor

I am an unrepentant fan of the internet of things. Day-ta (or dar-tah, however you may pronounce it), is flooding the world by the petabyte and actually becoming useful thanks to the connectivity of things, the data they collect and ubiquitous cloud computing. This wealth of connected ones and zeros is making our lives easier and safer and is uniting us as a global civilization. It even allows me to tune in and check on my dog (or cat, guinea pig...babysitter...) if she is home alone.

And the incredible, genuinely useful "stuff" you can do with "things" (good grief) is only going to proliferate over time. As Anthony Doesburg uncovers in his feature on the birth of IoT, IDC estimated around 9 billion connected devices were running in 2013. By 2020 it expects the number to have reached more than 28 billion (p18). The internet of things is moving well beyond us mere humans - Anthony follows up with a pragmatic look at emerging business applications and explains how you can patch in to this new global fabric (p24). We also look to the future of what is being called the 'connected living' market and find out what technology makes up this market segment (p62).

One field where IoT is set to make a major difference is in healthcare. The 'quantified self' is not only helping fitness enthusiasts to monitor their health but is also providing the medical profession with remote patient monitoring capability. Unfortunately, for all the exciting possibilities, technological progress in the healthcare system is often hampered by politics. We asked James Riley to investigate New Zealand's e-health ecosystem and the politics that surround it, and while the overall report card is positive, he dug up some quite frightening revelations (p52).

All of these advances are only possible if you have a laser eye on the specific datasets that are collected and used. New Zealand Rugby's senior scientist Dr Ken Quarrie demonstrates exactly that in explaining how he uses business analytics and visualisation to help current and future All Blacks, their coaches and selectors, improve their game (p36). The hidden patterns and relationships that are buried in mounds of unstructured 'big data' need smart software to be uncovered. Gartner's chief BI analyst Ian Bertram untangles the world of big data, BI and analytics as they evolve towards the end game of process automation (p28).

With all-encompassing connectivity and automation of systems it is, of course, vitally important to accurately establish one's identity. This is where the field of biometrics and behaviourmetrics has been making giant strides in affordability and efficacy in recent years. I take a look at this seemingly sci-fi world and discover that it's not so sci-fi after all, and, like it or not, it is coming to a device near you (p42).

We are not the only ones thinking about the effects of the internet of things. Our regular opinion columnists bring an eclectic mix of views on related topics, including online piracy, new cloud opportunities, ICT infrastructure and the thorny topic of over-inflated IPO expectations (from p72). One thing is for certain, if you have children, I'd suggest they seriously consider data science as a career - they'll be set for life (but you'll have to wait until the next issue for more on that topic!).

Enjoy the read,

**Clare Coulson**

Editor



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### iStart AUSTRALIA EVENTS – Q3 2014

**Gartner Security & Risk Management Summit**  
25-26 August 2014 | Sydney  
[www.gartner.com/technology/summits/apac/security/](http://www.gartner.com/technology/summits/apac/security/)  
**Digital Fraud in Corporate & Government**  
27-28 August 2014 | Melbourne  
[www.arkgroupaustralia.com.au](http://www.arkgroupaustralia.com.au)  
**Big Data & Analytics Innovation Summit**  
17-18 September | Sydney  
[www.theinnovationenterprise.com/summits](http://www.theinnovationenterprise.com/summits)  
**TechEd 2014**  
7-8 October 2014 | Melbourne  
27-28 October | Sydney  
[www.microsoft.com/en-au/teched/teched-2014/default.aspx](http://www.microsoft.com/en-au/teched/teched-2014/default.aspx)  
**CIO Summit Series 2014**  
22 October 2014 | Melbourne  
[www.anz.idc.asia/events](http://www.anz.idc.asia/events)  
**Gartner Symposium / ITxpo**  
17-20 November 2014 | Gold Coast  
[www.gartner.com/technology/symposium/gold-coast/](http://www.gartner.com/technology/symposium/gold-coast/)

### iStart NEW ZEALAND EVENTS – Q3 2014

**GS1 CONNECT 2014**  
21 August 2014 | Auckland  
[www.gs1nz.org/news-and-events/industry-events/connect-2014/](http://www.gs1nz.org/news-and-events/industry-events/connect-2014/)  
**New Zealand PHP Conference**  
27-29 August | Wellington  
[www.phpconference.co.nz/](http://www.phpconference.co.nz/)  
**FROST & SULLIVAN'S GIL 2014**  
28 August 2014 | Auckland  
[www.gil-events.gilcommunity.com/events/](http://www.gil-events.gilcommunity.com/events/)  
**Agile NZ Conference 2014**  
3-4 September 2014 | Wellington  
[agilenz.co.nz/](http://agilenz.co.nz/)  
**Microsoft TechEd New Zealand**  
9-12 September | Auckland  
[newzealand.msteched.com/](http://newzealand.msteched.com/)  
**ITx New Zealand's Conference of IT**  
8-10 October 2014 | Auckland  
[www.itx.org.nz/](http://www.itx.org.nz/)  
**NZ Cloud Computing Conference**  
22 October 2014 | Auckland  
[www.conferenz.co.nz/conferences/nz-cloud-computing-conference](http://www.conferenz.co.nz/conferences/nz-cloud-computing-conference)  
**Microsoft Tech days nationwide**  
1-9 November 2014 | Auckland  
[www.microsoft.com/nz/techdays/location.aspx](http://www.microsoft.com/nz/techdays/location.aspx)

### UPCOMING iStart WEBINARS 2014

**iStart Lunch Box: Best practices on how to integrate online commerce with your supply chain - Panel Discussion**  
27th August | at your desk  
[www.istart.co.nz/lunchbox.htm](http://www.istart.co.nz/lunchbox.htm)  
**iStart Lunch Box: ERP Roundtable: An Expert Discussion on ERP Selection & Implementation**  
29th October | at your desk  
[www.istart.co.nz/lunchbox.htm](http://www.istart.co.nz/lunchbox.htm)

## IDC OUTLINES THE TECH BATTLEFIELDS OF THE FUTURE

**CIOs NEED TO THINK** scale, consolidation, innovation and value migration to succeed in a 3rd Platform world.

IDC chief analyst Frank Gens' has outlined the key challenges for CIOs in the era of the 3rd Platform (the intersection of cloud computing, big data analytics, mobility and social media).

Gens said the 3rd Platform is maturing and 2014 will be the year of the battle for dominance as it enters the 'innovation stage'. Over the next five years the 3rd Platform will account for 100 percent of CIOs' growth in spend, so from a strategic C-suite perspective the 3rd Platform is the only technology that matters.

CIOs need to check their 2nd platform vendors can take them to the 3rd Platform and work with other executive and line of business managers to create a 3rd Platform enterprise. "If you (CIOs) are not becoming experts on 3rd Platform tech, then you're missing where business execs need you to be," he said.

Gens said he sees five key "battlefields" in the 3rd Platform that CIOs need to understand in order to succeed in the emerging landscape.

First, cloud data centres will be key. IDC predicts that cloud infrastructure capacity will double over 24 months thanks to Amazon, Google, Microsoft and others' huge building

sprees. We've recently seen a rash of data centres opening in Australia, but Gens said he expects the market to eventually consolidate down to six to eight global players. Now is the time, he said, to be assessing cloud IaaS vendors as a lot of the IaaS battles will be concluded in next 36-48 months.

While the mobile battle, and what constitutes a mobile device, is yet to be decided, the number of intelligent devices is set to double in the next five years according to IDC, with an explosion of smart gadgets, including wearables. IDC recently said the worldwide market for the 'internet of things' (or IoT) solutions will grow to \$7.1 trillion in 2020 and CIOs need to identify the possibilities within their industry.

On the PaaS front the story is similar to that of the cloud data centre market. Industry platforms will disrupt a third of the top 20 market leaders in most industries by 2018 with the 'Amazoning' of industries. Gens predicted that 80 percent of new cloud apps will be hosted on just six platforms in the near future as they compete for space. The choice of PaaS supplier will be the CIOs next big decision and the deciding factors will be the inclusion of big data and industry vertical data availability. "Developers are going to pick the winners of the big data platform players," he said, "because

people follow the apps".

The next battlefield is in applications where "killer apps" offer a "long tail" of very focused and high-value solutions, said Gens. The creators of these apps are more likely to be industry-experts-cum-citizen-developers who are responding to a gap in their industry's market. These 7.5 million citizen developers (and growing x3) are the Bill Gates of tomorrow. To leverage this innovation Gens said CIOs should keep an eye on what is happening in the "Hang Out garage communities" for their industry.

And finally, in the infrastructure world, cloud infrastructure is where we will see the richest variety of new computing, storage, and application architectures as cloud-readiness is embedded into every piece of ICT hardware and software.

Based on these trends, the watch words for successful CIOs are scale, consolidation, innovation and value migration. For Gens the next wave is a reverse of the digitisation trend we've seen in recent times. The next phase, he predicted, will be "materialisation" where cognitive systems, 3D printing and robotics combine to create physical things about of digital information.

Gens was speaking at the CIO Summit in Auckland.



## SALESFORCE RELEASES DEVELOPERS' KIT FOR WEARABLES

### SOFTWARE-AS-A-SERVICE giant

Salesforce has released the 'Salesforce Wear Developer Pack' which supports developers writing code for Android Wear, ARM, Fitbit, Google Glass, Pebble, Philips, Samsung and other wearable devices and has the hooks to allow data from those apps to be fed into enterprise applications.

Announcing the developers' kit in June Salesforce also conjured up a series of use-cases for wearables such as turning them into payment devices (Westpac is already working on this with Samsung, while Barclays in the UK is reportedly introducing wristbands that can be used for contactless

payments) or hotel room keys.

It suggested that salespeople could also in the future access information from a wristband which might be less distracting to the sales process than opening a laptop or using a smartphone.

"Remote service technicians, such as oil rig workers or medical device reps, will be able to access live data, review plans for the equipment they are fixing and get real-time coaching, right from their glasses as they work. And they'll be able to share exactly what they're seeing – completely hands free."



## DIGITAL POST HALTS MAIL DELIVERY

**DIGITAL POST AUSTRALIA IS** shutting shop after failing to win the level of corporate support that it needed to survive. Although in a newsletter released earlier this year the firm said that it had signed 1000 organisations to send mail through the service (which saw mail delivered electronically on a consumer opt-in basis) it was not enough to sustain the business.

The service ceased delivery on 19th June and consumers were warned to download or print any stored documents by 31st July.

Australia Post and Digital Post Australia had been arch rivals, including fighting a legal case which went all the way to the Federal Court. Last December the Court finally confirmed Digital Post Australia's right to use that name.

Australia Post's own digital mailbox service, MyPost, has had a similarly slow start although Telstra, AMP, Sydney Water, Westpac, Virgin Australia and Brisbane City Council are among the early adopters of the system.

Digital Post Australia was originally established in March 2012 as a joint venture between Computershare, Salmat and Zumbox, which developed the underpinning software. Salmat however swiftly offloaded its stake to FujiFilm, which then sold its stake to majority holders Computershare.

From day one the company had ambitious targets, hoping to snare 25-30 percent of the Australian population as users in the first 18 months of operation.



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## NICTA SIGNS FIRST LIFE-SAVER DEAL WITH TELSTRA

**NICTA IS THE FIRST** organisation to join the Telstra Research Partnership Programme. As part of its research agenda NICTA and Telstra will work together on issues including network media strategy, predictive network demand modelling, data trust and security, and desktop-as-a-service.

Telstra chief operations officer Kate McKenzie said that as part of the research collaboration: "We want to gain further insights into the growing demand on our networks and how that can further inform our overall network strategy and investment approach."

"We're also looking at the security and privacy of the data our customers entrust in Telstra and exploring future products and services that can give customers more control over how their data is used."

Network modelling and data security are particularly pertinent for Telstra given its announcement that it is going to build a national wi-fi network by piggybacking on its customer's broadband connections.

The Minister for Communications, Malcolm Turnbull said of the collaboration announcement: "It is great to see first-class organisations like Telstra and NICTA working together to accelerate innovation. If Australia is to retain its competitive position in the global economy and support the growth of advanced, knowledge-intensive industries, collaborations like this are vital."

Just a fortnight ago the minister was lauding NICTA for its contribution to Australian innovation, but warning that it would "have to stand on its own feet from 2016".



## EXECUTIVES WARN SOCIAL MEDIA HAS MARKETING LIMITATIONS

**SENIOR EXECUTIVES WITH CORPORATE** marketing responsibility have warned that social media offers no silver bullets. Speaking during a panel session at Cebit in Sydney Stephanie Tully, executive general manager of commercial ventures and marketing for Qantas Loyalty, said: "Business people can jump on things and view them in isolation."

"We run 50 marketing campaigns a month. Senior managers at Qantas say 'we need to do more in Facebook'. But why? Social is the one channel where we are not getting the best results from marketing success," she said.

Chris Riddell, chief digital officer for Mars in Australia and New Zealand, said that his company was cautious about using social networks as a marketing medium.

"Our marketing division is trying to keep up and they have agencies banging on the door," said Riddell. He said part of his role was to help educate Mars' marketers about digital advances so they know the questions they should be asking and be able to hold agencies to account.

Kate Vale, managing director of music streaming service Spotify, said that agencies were overworked and agreed they might be overwhelmed by the pace of technological change.

## MICROSOFT RESTRUCTURES, "ELIMINATES" NOKIA

### MICROSOFT HAS ANNOUNCED A

restructuring plan that will eliminate up to 18,000 jobs over the next year as it aligns the recently-acquired Nokia and repositions the business to be a productivity and platform company.

Microsoft CEO Satya Nadella said the first step to building the right organisation to deliver Microsoft's ambitions is to realign its workforce. He said the vast majority of the outgoing roles (about 12,500) are based in Nokia Devices and Services. He added that while Microsoft is "eliminating" roles in

some areas, it is adding roles in certain other strategic areas. The company will also be simplifying the way it works to "drive greater accountability, become more agile and move faster".

The actions associated with the plan are expected to be substantially complete by 31st December 2014, and fully completed by 30th June 2015. There is no indication at this stage of how the announcement affects positions in the A/NZ region. Microsoft's global workforce is around 130,000.







## FEDERAL GOV'T SHOWS APPETITE FOR CLOUD, FINALISES SUPPLIER LIST

**A FURTHER AND FINAL** 24 suppliers have been added to the Australian Federal Government's pre-approved cloud services list, which can be used for data centre services for contracts up to \$80,000.

According to the Government this makes a catalogue of around 1500 different data-centre-as-a-service (DCaaS) offerings available to agencies.

The appetite for cloud in both Federal and State Governments is on the increase.

The Federal Department of Finance has just ended a period of industry consultation and is now deliberating a new cloud procurement model which is intended to be released by October, just as the DCaaS multi-use list reaches its use-by date.

Earlier this year the National Commission of Audit recommended the Federal Government move to a "cloud-first" approach for low-risk computing systems, noting that there were savings of 20-30 percent to be had from this approach.

The Department of Finance has indicated that it is exploring the option of creating a whole-of-Government cloud panel of suppliers, and intends to include all sizes of business on that list.

In a blog post, John Sheridan, the Australian Government's chief technology officer notes that any cloud provider that wants to be considered needs to demonstrate its ability to adhere to the Government's Protective Security Policy Framework and the Information Security Manual.

## REVENUE MINISTER LAYS OUT PLANS FOR \$NZ1.7 BILLION IRD PROJECT

### SIMPLIFICATION AND INDUSTRY

**CONSULTATION** will be key to updating the IRD's ancient computer system said Revenue Minister Todd McClay at a recent event. The IRD Business Transformation (BT) project, which will cost an estimated \$1.7 billion over 10 years, is the largest computer project ever in New Zealand.

At \$80 million a year to run the current system, it is almost costing more to maintain than it will to replace the old system which is becoming increasingly restrictive and expensive to modify.

"One of the things we are doing at the forefront of BT is around simplification first. What concerns me most at the moment is getting that right for the tax system because if we don't we're going to have to come back and fix it," he said.

Deputy commissioner of change at Inland Revenue, Greg James, agreed, saying that the key was transforming and simplifying first and the IRD would "use the policy lever to avoid getting into a Novopay situation".

Both James and Minister McClay reached out to the ICT industry members present to help them to establish an ICT Reference Group to provide expert advice.

## TELECOM JOCKEYS WITH NAKED FIBRE AND 700 MHZ 4G

**TELECOM HAS ANNOUNCED NAKED** ultra fibre services and new 4G services over its new 700MHz spectrum. After launching 4G in the 1800 MHz range last year, both Telecom and rival Vodafone have been extending their 4G footprint and, following the finalisation of the Government's auction of the 700MHz spectrum, are now able to leverage the superior technology.

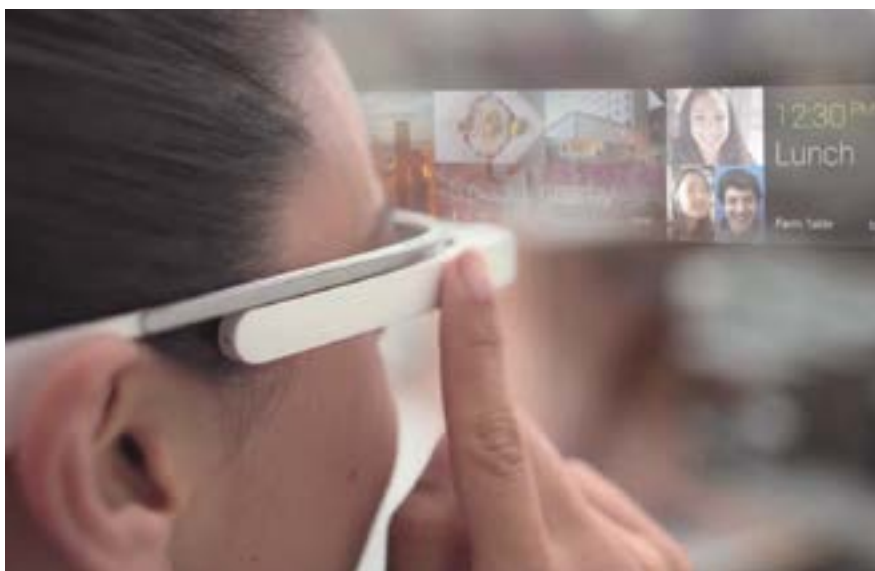
While Vodafone appears to have been the first to launch 4G on the 700MHz, Telecom owns the largest block of 700 MHz spectrum having won the final Government auction in January, investing all-up \$158 million – more

than double that of its competitors.

Interim CEO and board member for the Telecommunications Users Association New Zealand (TUANZ) Chris O'Connell said that despite the launch we are unlikely to see a big spike in 4G uptake until more devices are available, in particular the iPhone 6 and whatever Samsung Galaxy gets 700MHz support.

Telecom also announced it had launched Naked Ultra Fibre, offering customers "lightning fast fibre speeds" without paying for a home phone package from just \$55.





## BANKING ON GOOGLE GLASS AND OTHER SMART TECH

**GOOGLE GLASS AND OTHER** smartware could put paid to banking as we know it and financial institutions need to look lively if they want to survive says banking technology developer Fiserv. The company was showcasing how Google Glass and Samsung's smart watch can be used to make mobile payments and send location-aware push notifications about special offers.

Speaking to media at a live demo, Fiserv senior vice president and general manager of digital channels, Jim Tobin outlined emerging services such as allowing credit cards to be managed by mobile and, if lost, blocked and unblocked remotely. 'Snap to pay' is another that uses the camera to photograph bills and auto-populate fields for easy payment. Credit cards could also be configured for specific regions or for certain types of purchase.

Tobin warned that newer technology players such as Google, Amazon, Apple and Facebook could be a threat to traditional financial institutions. The challenge, he said, is that it's hard to build trust. Banks already have that trust, so "better to exploit it now".

## DELOITTE: DIGITAL DISRUPTION WIDENS BUSINESS WINNERS-TO-LOSERS GAP

**DELOITTE DIGITAL HAS REVISITED** its landmark Digital Disruption report from 18 months ago and found that in those sectors most impacted by digital change there is a growing gap between the winners and losers. Two thirds of the Australian economy will see significant disruption over the coming five years as digital technologies allow start-ups and new ways of doing business to render traditional business models, if not obsolete, then terminally threatened.

John O'Mahony, director of Deloitte Access Economics, said that in some sectors there had been a 10 percent increase in revenue dispersion (the gap between the revenue growth experienced by the front runners and the decline among the laggards) between the winners and losers. The more digitally disrupted the sector the greater the gap.

"Established players are experiencing revenue decline...new attackers are getting growth," he said.

While many sectors in the first wave of digital disruption (ICT and media, retail, financial services) were already responding, Deloitte said that those organisations which were on a "longer fuse" were about to face disruption. According to Frank Farrall, Deloitte Digital lead partner, this included healthcare, education and government services, areas that, he said, "will see the biggest changes to society".

## INTERNET OF THINGS ACCELERATES

**ACCORDING TO NEW RESEARCH** from IDC a transformation is underway that will see the worldwide market for the 'internet of things' (or IoT) solutions grow from \$1.9 trillion in 2013 to \$7.1 trillion in 2020.

Consumers are already experiencing IoT in the home, car and even as wearables and IDC says that individuals around the world are developing a high affinity for full-time connectivity, which makes the IoT an attractive proposition.

IDC defined the 'internet of things' as a network of networks of uniquely identifiable endpoints (or 'things') that communicate without human interaction using IP connectivity – be it locally or globally. Its research examined the full gamut of the IoT ecosystem, including intelligent and embedded systems shipments, connectivity services, infrastructure, purpose-built IoT platforms, applications, security, analytics, and professional services.

IDC said businesses are intrigued by the efficiencies, business process implications, and revenue opportunities that IoT solutions can generate.

It said that between 2013 and 2020 it expects product offerings will increasingly be differentiated and competition will generally intensify, particularly around holistic solution offerings that incorporate smart analytics and applications.





## KIWI IPOs LAUNCH ONTO TOUGH TECH MARKET

**AS TECHNOLOGY BECOMES INCREASINGLY** pervasive in business, tech companies are flocking to the NZX, but the results remain varied.

Corporate travel booking software developer, Serko (NZX: SER), had a bumpy listing with its shares falling below its issue price of \$1.10 after an initial rise, and languishing below the \$1.00 mark since. On the same day as the launch, Xero dipped to a nine-month low and has seen a downward trend since.

Blair Galpin, senior equity analyst at Forsyth Barr said, "Serko was perhaps impacted by a general fall in technology stocks. Xero is an important part of our market and in a sense is a barometer for other tech companies, however stocks like Trade Me and Diligent are very different from those stocks yet to make a profit. What you are seeing is more a response coming from all markets which is being more careful with technology stock valuations/prices."

Gentrack (NZX: GTK), which develops, implements and supports specialist software for energy utilities, water companies and airports, also listed recently, faring much better with a good 18 cent premium on its \$2.40 issue price at its debut, and has enjoyed incremental gains until a recent profit downgrade impacted.

The success of Xero raising new capital last year then the listings of SLI and Wynyard will no doubt have influenced the decision of other companies to seek a listing rather than looking for other forms of capital.

## GARTNER: MICROSOFT/SALESFORCE PARTNERSHIP "PRAGMATIC"

**MICROSOFT HAS ANNOUNCED A** new strategic partnership with rival Salesforce. The parties will work to create new solutions that connect Salesforce.com's customer relationship management (CRM) apps and platform to Microsoft Office and Windows "so customers can be more productive".

Gartner research VP Brian Prentice said, however, that the move was more pragmatic than strategic. With Microsoft making a big commitment in the cloud, the two companies are going to increasingly run into situations where their joint clients want to know how to integrate the two systems, he said.

The companies plan to launch Salesforce1 for Windows and Windows Phone 8.1 in 2015, which will enable customers to access Salesforce from Windows devices. They are also working on new interoperability between Salesforce and the full Office 365 suite.

"From Microsoft's standpoint they are looking for as many points of validation for Office 365 as possible," he said.

# BECAUSE

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## IT MANAGERS BLAST CLOUD SLAs

A GLOBAL SURVEY OF 740 IT professionals, including 30 from Australia and New Zealand and a further 100 across Asia Pacific, has delivered a damning scorecard on cloud vendor service level agreements (SLAs). Respondents reported that cloud provider SLAs are; "failing to address the needs of customers because they are too simplistic." According to the report which was conducted by Research in Action on behalf of application performance management company Compuware APM: "Vanity SLAs provide a false sense of security and do not capture the true customer and end-user requirements that properly mitigate business risks with cloud infrastructure."

Many respondents noted that the problems were exacerbated in multi-tenanted cloud environments, with 60 percent saying they were concerned about the performance implications of having "noisy neighbours" in the cloud.

The report advised that the most important SLA measures to enterprise IT professionals are end-user response times, availability based on continuous monitoring, real-time SLA reporting, error rate on transactions and actual versus budgeted costs.

## TECHNOLOGYONE GETS TAX DATA SOVEREIGNTY EXEMPTION

"THE IRD'S APPROVAL TO store New Zealand data in Australia is a significant milestone for TechnologyOne," said executive chairman Adrian Di Marco. "There are now no barriers to delivering our enterprise software-as-a-service to our customers in New Zealand," he said.

"Cloud computing is a widely used and misunderstood term," said Di Marco. "It is a confusing term because it is used universally to categorise everything from simple hosting and outsourced infrastructure solutions, to complete software-as-a-service solutions."

"Local cloud hosting providers cannot afford to make the significant investment required to keep pace with the continually evolving cloud. Most of these companies are hand crafting a 'customer specific' solution, which cannot deliver the economies of scale, the long term strategic benefits, or future proof the way forward, as we are able to do" he said.

"When we fix a problem, make an enhancement or add a new feature for one customer, hundreds and thousands of customers benefit – we do it once and everyone gets the benefit. This leads to economies of scale and long-term strategic benefits not achievable by hosting providers."

TechnologyOne stores data for its customers in two data centres in 'active/active' configuration. This secure model provides customers with highly available infrastructure, while removing the need for excessive associated disaster recovery costs.



## NBN CO STARTS FIBRE-TO-THE NODE ROLLOUT

MORE THAN 650,000 AUSTRALIAN premises are now theoretically able to connect to the National Broadband Network, and 210,000 have done so according to a mid-year update from NBN Co.

NBN Co has been trumpeting its success in exceeding "nearly every major forecast set by the company's board of directors for the first time". While it's a laudable achievement it is worth remembering that under the Abbott Government the company and its board has far less ambitious targets than in the past.

The original plan for the NBN was to deliver fibre-to-the-premises broadband connections for the overwhelming majority of Australians, with speeds of up to 100 Mbps.

The current Government's NBN goal is to provide at least 25 Mbps broadband access for all Australians by 2016, provided through a mix of satellite, fixed wireless and fixed lines, the latter largely delivered through a fibre-to-the-node network. By 2019 the Government's

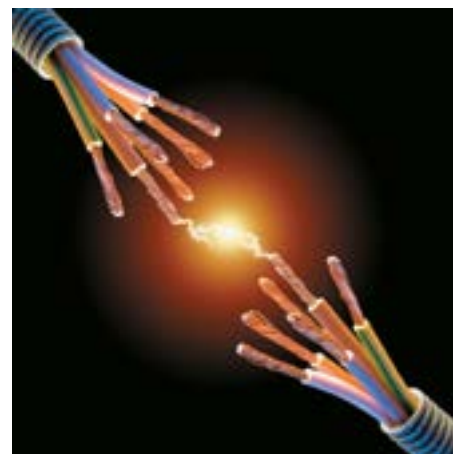
stated intention is that at least 90 percent of consumers with access to the fixed line network will have access to broadband speeds of 50 Mbps or more.

According to communications minister Malcolm Turnbull early trials of the fibre-to-the-node technology, undertaken on NSW's Central coast are delivering 100 Mbps download speeds and 40 Mbps uploads.

Despite an ongoing court battle between NBN Co and Telstra over disputed payments and revised contract negotiations the two organisations have committed to a 1000 node pilot of the fibre-to-the-node network which will provide NBN access to another 200,000 homes.

The trial is intended to test the network design and rollout programme developed by NBN.

NBN CEO Bill Morrow said in a recent interview that: "By the end of 2019, I want to make sure that all homes – and there are



about 12.5 million of them – have access to the broadband network we are building. And about eight million are going to connect by the end of 2019.

"That's going to help us generate over \$4 billion in annualised revenue. And we are going to do all of that within the peak equity funding envelope of \$29 billion, and we'll have to get debt on top of that."



## AUSTRALIAN ONLINE BEHAVIOURS REVEALED IN DIGITAL NATION REPORT

**THE DIGITAL NATION REPORT** from analyst Telsyte, reveals that 43 percent of tablet owners and 29 percent of smartphone owners used these devices to purchase goods or services in 2013, reinforcing the need for organisations to invest in e-commerce platforms that can straddle and support multiple mobile platforms.

*Digital Nation*, published by Telsyte as a 50 page infographic-style book, also says that more than half the population regularly uses Facebook, the average household has around eight connected devices and more than a third of households download at least 100 Gigabytes of content per month.

Besides this insight into e-purchasing trends, *Digital Nation* provides a snapshot of the impact that technology and telecommunications are more broadly having on Australians. For organisations which want to connect to consumers online, the book delivers valuable consumer insights.

The report also reflects on the continued appetite for BYOD and BYOA (BYO apps) with almost 45 percent of Australian organisations of more than 20 employees now allowing BYOD. However, according to Telsyte analyst Rodney Gedda, there is also an additional layer of unsanctioned BYOD: "A further 24 percent of CIOs acknowledge that staff go ahead and do it anyway without permission indicating a strong desire by people to use their own technology for work – inside or outside the office," he said.

This "shadow IT" was not purely an employee phenomenon as business units also continue to bypass the IT department to buy technology and cloud services directly. A third of CIOs have experienced problems as a result according to Telsyte.

Besides choosing their own technology, employees are choosing where they work. More than two out of five organisations report that they have staff working from home at least one day a week. In those organisations which expressly allow teleworking one in five employees works from home at least one day a week.

## PAYMENTS SPECIALISTS SLUG IT OUT OVER ONLINE SALES

**MORE THAN NINE OUT** of ten adult Australians shopped online in 2013, creating a \$A14.7 billion market, with 53 percent using PayPal the preferred online payment mechanism according to the latest HP-RFI Australian Payments Research Report.

Just 19 percent prefer to pay online using Visa or MasterCard credit cards, and 15 percent prefer scheme debit cards for online purchases – even though 89 percent of the population has at least one of the two vendors' cards.

Both MasterCard and Visa are looking to grow market share in their own right. Visa has announced a reworked digital wallet, turning it into a "payments experience" called Visa Checkout. Australia will be one of the first markets to have access to the system which allows users to complete an online payment by simply inputting their logon and password.

Meanwhile MasterCard has announced plans to update its MasterPass digital wallet and from next month will allow merchants to launch in-app



payment buttons that can complete a payment with a single click.

Visa completed separate research of 1000 Australian adults, and found that 44 percent were frustrated at the amount of detail required when buying online, 37 percent had walked away from an online purchase because it was too hard, and 30 percent when they could not recall their password.

Visa suggested this indicated there was still plenty of opportunity for innovation in online payments.

## TOOL SHOWS A/NZ SOFTWARE DEVELOPERS ARE WORLD CLASS

**THE BETA VERSION OF** a benchmarking tool that lets software teams compare themselves with the world's best suggests that A/NZ development teams outperform their peers in terms of quality. Rally Software, a software company that sells tools and services to support Agile developers, has bundled a tool with its systems that allows software teams to track their performance.

Initially four characteristics are being surveyed by the tool; productivity, predictability, quality and time to market. Users of the online tool can instantly compare themselves to their peers, whose results are stored anonymously by Rally for comparison purposes.

According to Larry Maccherone, director of analytics and research for Rally, early use of the tool indicates that A/NZ developed software had up to a seventh fewer defects than software from other markets and software development teams here were 17 percent more productive than the global average.

He said that the tool had already provided valuable insights about what sorts of teams worked well. For example reducing the level

of work in progress for a team can lift software quality fourfold, while maintaining dedicated development teams (rather than chopping and changing them after each project) could double productivity and reduce time to market by 60 percent.

So while a health product maker might be prepared to sacrifice some speed to market in exchange for high-quality software, a toy maker might flip that approach.

In terms of benchmarking he said the tool would allow software teams to discover, say, their rankings in terms of productivity and quality. If the team proved to be in the 90th percentile on productivity but only 35th for quality, the team manager might reorganise to improve quality – but probably not touch productivity levers lest it induce stress within an already high-performing team.

He said that a toy maker in Denmark had used the tool to tweak the composition of its software development teams and was predicting that would generate \$7 million a year in productivity improvements.



## RETAILERS CHASE THEIR E-TAILS

**RETAILERS ARE GRAPPLING WITH** the rise of the tech-savvy consumer who increasingly uses mobile devices to find products, compare prices and consult reviews before making a purchase. While at the same time, most buyers are still making the final purchase offline.

For retailers, there is a clear need to engage with customers online, but remain prepared to sell to them through bricks and mortar outlets.

According to the newly released NAB Online retail survey in the year to April 2014 Australians spent \$A15.25 billion on online purchases – 6.6 percent of total consumer spending. The New Zealand Retailers Association meanwhile has estimated that five percent of consumer spending was conducted online in 2013.

Even though that only represents \$NZ5 out of every \$NZ100, the NZRA questioned whether online retail might be at a “tipping point” suggesting it would only take three extra online purchases a year by New Zealanders to tip the online sales rate to 10 percent.

The importance of mobile devices in the consumer cycle has been confirmed by a newly released survey from xAd/Telemetrics which revealed, in a survey of US consumers, that mobile devices were now dominating the consumer buying decision-making process.

It found that 64 percent of consumers’ online time was spent on mobiles, and 42 percent of respondents reported that mobile devices provided them with the most important purchasing insights.

While the survey was particular to the US, where eight percent of all purchases are made online – a higher figure than that in Australia and New Zealand – it is likely an important herald of a trend heading down under for the connected consumer.

## AUSTRALIA SCORES POORLY ON DIGITAL INNOVATION, 2020 ICT SKILLS SHORTAGE LOOMS

### AUSTRALIAN BUSINESSES HAVE BEEN

handed a series of poor report cards, at least as far as information technology innovation is concerned, with businesses’ ability to digitise, innovate, and even hire the right skills coming in for question.

A survey commissioned by Software AG has found that over a third of Australian businesses still don’t consider themselves “digital enterprises”. While banks and retailers believe they have made the switch, progress has been patchier in other areas such as resources and the public sector.

The main barrier to digitisation was cost according to the survey. However there are other hurdles – for one access to skills.

For example when IT recruiter Greythorn surveyed almost 3000 IT professionals in May it found that only six percent were under 30. When a similar survey was carried out in 2011, 18 percent of respondents were aged under 30.

According to Greythorn managing director Richard Fischer: “IT must be promoted more at grass roots level to ensure there is the talent pool available in coming years. With an ageing population and fewer young candidates entering the IT industry, Australia could face a crippling skills shortage by 2020.”

The Global Innovation Index which was released in Sydney in July measures a series of leading indicators – everything from the number of patents issued through the ease of setting up a business to the number of science graduates a nation produces – to try to rank nations’ innovative-ness.

While Australia climbed from 19th to 17th slot this year, the skills issue was again identified as a major inhibitor to innovation. Australia ranked 73rd in the world in terms of its ability to churn out science and engineering graduates.

## AUSTRALIA POST BRACES FOR FURTHER DIGITAL DISRUPTION

**AFTER 205 YEARS’ CONTINUOUS OPERATION** Australia Post has confirmed its original business model has been savaged by technology, forcing it to re-organise itself and confirming 900 job losses in the process.

Email, social networks and text messages have killed off Australia Post’s original business model. While the company has benefitted from increased demand for parcel delivery as a result of growing online shopping, that won’t be enough to prop up traditional mail services forever.

Australia Post managing director and CEO Ahmed Fahour said that over the last five years letter volumes had dropped by around 30 percent. He forecast that decline would accelerate, predicting that would lead to \$1 billion a year losses “within a few years”, which he said was too large for the parcels business to subsidise despite continuing growth in that sector courtesy of online commerce order fulfilment.

According to the newly released annual survey of Australia Post operations by the Australian Consumer and Competition Commission, Australia Post’s letter delivery service has been a likely recipient of internal subsidies from non-reserved services (parcel delivery) offered by the company since 2009.

But that won’t be enough in the future. Fahour, who has been for the last four years working on his “Future Ready” plan for Australia Post, now plans to reduce the headcount at the company by 900. At the end of the 2012-13 financial year Australia Post had 32,700 employees and a \$311.9 million after-tax profit.

The company this week also announced that it will effectively split into two units; Australia Post focused on the consumer and small business markets and StarTrack, an e-commerce driven logistics business.

## AUSTRALIAN BUSINESSES TARGETED FOR TOP-UP SOFTWARE BILLS

**IN AN INTERNATIONAL SURVEY** of almost 2000 organisations, 84 percent of the 160 Australian respondents report having faced a vendor-initiated software audit in the last 18-24 months versus the global figure of just 63 percent.

The survey, which was conducted by IDC on behalf of Flexera, found that 98 percent were not compliant with licence terms, and 87 percent had to pay extra fees, with 65 percent reporting those fees were for \$1 million or more.

Tom Canning, APAC vice president for Flexera told *iStart* that the problem often arose because of virtualisation which meant some organisations were not keeping proper track of their software use. "This is driving complexity from a licensing point of view." The problem was generally accidental he said, because organisations bought say, five licences, and deployed five copies of the software but then used the "wrong hardware because of virtualisation partitioning".

He acknowledged the problem was a cause of some significant frustration among enterprise users.

Asked why Australian companies seemed to be more of an audit target than their international peers, Canning acknowledged it could be partly due to the generally higher cost of software in Australia. "That could be part of the problem. I don't know the motivation, but the statistics are very clear," he added.

Some vendors are more aggressive in their auditing practices than others. For example, Microsoft was the most frequent auditor, with 60 percent of respondents reporting that they have been audited by Microsoft within the last year. Within that same timeframe, 51 percent report having been audited by IBM, 23 percent by Oracle, 17 percent by SAP, 16 percent by Adobe, and 14 percent by Symantec.

## "PERFECT STORM" FUELS ENCRYPTION APPETITE

**GOVERNMENT AND COMMERCE AWARENESS** of the need for greater vigilance with regard to data protection is the result of "something of a perfect storm" according to Senetas chief marketing officer Simon Galbally. He said that until recently many executives had "mistakenly believed fibre was safe".

Galbally said that Senetas, an ASX listed provider of security solutions, had seen an increase in direct enquiries about its products, particularly from the Government sector which was keen to ensure it met mandated standards of data protection.

The commercial sector took more of a risk mitigation approach to data protection according to Galbally. Although the new privacy rules have created penalties of up to \$1.7 million for enterprises which fail to properly protect data, Galbally said a regulatory requirement that data breaches be disclosed would have provided greater incentive for proper data protection by the corporate sector.

He said that US and European businesses took a more stringent approach to data protection.

Senetas has however inked a deal with technology solutions provider UXC to provide information security solutions for government and large business. Galbally said that UXC will "offer the entire range of high speed encrypters through to defence grade encrypters".

According to UXC managing director Cris Nicolli: "It is often assumed that data networks are inherently safe, but as the list of organisations affected by cyber-attacks continues to grow, it is clear that no company is immune. Data networks are vulnerable to security breaches. To be protected from a data network breach, cyber-attack or innocent routing error, organisations need strong encryption products.

"We expect that our ability to offer an Australian developed and manufactured security solution will be a strong selling point for government and defence agencies as well as corporates across Australia," said Nicolli.



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## APPOINTMENTS AND DEPARTURES



**Adobe** has appointed **Chris Skelton** as Managing Director for Australia and New Zealand based in Sydney. He has been leading Adobe's Digital Media business across A/NZ, Southeast Asia and Korea since 2012, where he worked to build out new markets and verticals in the Digital Media business and ensure existing target industries continue to grow their adoption of Adobe products. He has over 20 years' experience working in senior positions for global organisations including **Insight, SAP** and **Cisco Systems**.

**Jade Software** has appointed a new **CFO Ben O'Grady**, **director of sales A/NZ Ana Sever** and **director of marketing Caroline Francis**, bringing new blood to an organisation that is legendary for its employee retention. Managing director **David Lindsay** told *iStart* that the creation of the roles are a result of Jade's continued global expansion into new markets and continuing significant demand for its products and services. He said he has set aggressive growth targets for the company across its three key lines of business (technology, solutions and logistics) and the additional talent will assist in meeting these goals. "All three roles are new positions in the business and are the result of executing our growth strategy and

expanding into new markets and industries," Lindsay explained.

Listed **Wynyard Group**, a provider of advanced crime analytics and risk management software, has appointed founding CTO, **Roger Jarquin**, to lead the company's **Crime Science Research Institute** in New Zealand, which brings together big data, advanced analytics, crime science and know-how with the single-minded objective of cutting crime. Jarquin will now focus on applying and commercialising advanced crime prevention research, working closely with leading academic institutions, complementary technology companies and Wynyard's financial services and government customers. Jarquin has recently been appointed Adjunct Senior Fellow, Department of Mathematics and Statistics at **University Of Canterbury**. He was previously the chair of the **Software Engineering Advisory Board** and was a prime mover in establishing the **NZi3 Innovation Institute**.

**Greg Miller** has been appointed as local head of **SAP A/NZ's** recently announced **Global Partner Operations (GPO)** organisation (previously Ecosystem & Channels). Miller will be responsible for accelerating the company's growth through new and existing sales channels, particularly for SAP HANA. The GPO organisation will also manage the SAP Business One application set for small businesses, SAP's OEM business, and other strategic partnerships. Miller joined SAP A/NZ in 2012 as chief operating officer. He has more than 20 years of local and international experience in the IT

field, including senior positions at **Unisys, Oracle, Peoplesoft** and **Siebel**.

**Fronde** has appointed globally-awarded marketer and leader in social and digital technologies, **Andy Lark** to its board of directors. Lark is the CEO of **Group Lark** a global consultancy, based in Sydney, that drives brand and digital transformation for the world's leading enterprises. Fronde chairman **Jon Mayson** said, "We are very fortunate to appoint a director of Andy's calibre to the board. He brings more than 20 years' experience in technology, globalising sales and marketing, and driving the adoption of new technologies. Andy brings first-hand knowledge of the Australian market which is an added advantage given its importance following our acquisition of OnlineOne last year." The company has increased director numbers in order for Lark to join as an independent director.



**Mega Limited**, the end-to-end encrypted cloud storage company, has announced **Graham Gaylard** as its new CEO to lead the company in its new growth phase. Gaylard has 20 years' experience in new ventures and start-ups, having set up **Wave Internet** which he sold five years on and **NetValue**

which now employs 45 people. He is also currently a director of **Real Time Genomics** and the chair of **Soda Inc.** Mega was originally established by Kim Dotcom as a replacement for his doomed Megaupload and is exploring a backdoor listing on the NZX via **TRS**. Acting CEO, **Stephen Hall**, would remain in the business to focus on the anticipated listing and merger with **TRS**.

**Mike Bowman**, former executive director of **Bancorp New Zealand** and son of the late **Greentree** founder **Don Bowman**, has been appointed to ERP vendor Greentree's board of directors. Greentree's CEO, **Peter Dickinson** is delighted with the skill and experience that Bowman will bring to the Greentree board and the bonus of the continuing family connection. Bowman has a BSc and LLB and is a specialist in company and commercial law, banking and finance. He has served as a senior solicitor at **Russell McVeagh** and was head of corporate finance at Bancorp New Zealand. He holds several other directorships and today he continues working for Bancorp as a consultant, is an independent investment banking and business advisor, as well as a private investor and company director.

**Hitachi Data Systems** has appointed **Andrew McGee** as Australia and New Zealand chief technology officer (CTO) and pre-sales engineer to drive the company's business-defined IT strategy. McGee is an experienced technologist and will help to drive Hitachi's strategy of helping businesses to more closely match technology with their strategic



objectives. McGee will also manage an Australian-wide team of systems engineers and technical sales people. He joined Hitachi in 2006 and has many years of experience working hands on with mainframe systems, enterprise storage, and supporting customers in industries as diverse as government, banking, mining, manufacturing and insurance.

## DEALS SIGNINGS AND IMPLEMENTATIONS

Cloud business software vendor **NetSuite** has announced that wealth management and financial services company **Yellow Brick Road**, has gone live on NetSuite as its business management software platform. Yellow Brick Road needed a scalable, flexible and easy-to-deploy business management solution for its Sydney head office that could keep pace with its steep growth trajectory. It chose NetSuite to streamline its core business processes, including financial management, financial planning, CRM, and analytics and reporting. Richard Shaw, CFO of Yellow Brick Road, said, "We now have a solution that has the capacity to adapt to our changing needs over the next ten plus years, not just a stopgap measure to get us through the next couple of years".

Not-for-profit healthcare group, **Epworth Health Care**, which runs eight hospitals in Victoria has implemented **TechnologyOne's OneHealth** software to replace a number of paper and computer-based systems that manage 10,000 assets worth more than \$1 billion. TechnologyOne offers a single system to manage financials, supply chain, assets, payments,

governance, risk management, planning and budgeting and the new solution has enabled Epworth to open two new hospitals in Camberwell and Hawthorn without adding more facilities management staff, with a third due to open in Geelong in 2016. It has also helped its biomedical department to manage its \$50 million worth of biomedical assets and pioneer treatments and services for patients.

**TechnologyOne** has also helped the **City of Newcastle** to improve customer service by replacing disparate IT systems with an enterprise solution, **OneCouncil**. The Council launched the first release of TechnologyOne's preconfigured OneCouncil solution covering finance, supply chain, payroll and employee self-service at the beginning of July. Council's IT Manager **Greg Brent** said Council was running early versions of TechnologyOne financials, supply chain and enterprise content management (ECM) along with various other systems and chose to re-implement the full TechnologyOne enterprise solution while adopting the proven processes of OneCouncil. "We needed to shift from a best of breed approach to an enterprise solution, in order to support the internal drive for more effective service delivery."

The **New Zealand Ministry of Education** has selected local IT supplier **Optimition** to deliver a replacement system for its **School Transport Resourcing Administration System (STRAS)**, which records the students eligible for school transport assistance and the details of the contracts with

the providers that transport them, managing \$175 million of student transport payments at the Ministry each year. Optimition already holds one of the largest IT application outsource engagements in New Zealand with the **Department of Corrections** and Optimition executive chairman **Neil Butler** said the company is delighted to be engaged on a significant development project with wider benefits for the local ICT sector and the New Zealand community.



The not-for-profit **Australian Genome Research Facility (AGRF)**, which offers genomic services to academic, applied research and commercial markets, is deploying a high-performance 10 Gigabit Ethernet (GbE) core network by Brocade across its entire estate. The new network will help AGRF to cope with the ever-growing size of big data sets – the latest generation of gene sequencing technology generates data files of over a terabyte off each of its five systems every week. The AGRF's IT infrastructure at the Melbourne node, which is the first to go live, has been upgraded to deliver the compute power, storage capacity and network performance to handle the growing data challenge.

Digital currency platform **igot.com** is in the early stages of securing funding from international investors. Founded by Australian internet entrepreneur **Rick Day** and New York attorney **Patrick Manasse**, and head-quartered in Australia, igot is a one-stop shop to buy, sell, send and request cryptocurrencies safely. It is one of a few digital currency providers to feature BPAY and direct debit facilities. Following an initial round of seed funding, **Jesse Chenard**, a prominent US entrepreneur and co-founder of **Tremor Video**, has been announced as both a major investor and company advisor. Day said: "Although it's early days, securing the support from well-known investors such as Mr Chenard is a positive step forward in our company's growth and our plans to break into the new and emerging market of cryptocurrency."

Australian provider of Workforce Management solutions (WFM) **ComOps**, has been engaged to implement its **Microster WFM** solution for recruitment agency Hays, to completely automate award interpretation of timesheets for in excess of 100 awards. **Hays** said it found the Microster WFM solution to be the only WFM solution able to meet its specific award interpretation and performance level requirements, while being the most capable, flexible and configurable WFM solution in the Australian market. Hays' Asia Pacific finance director, **Phil Allen**, said: "I have been looking at Award Interpretation solutions on and off for approximately 15 years and this is the most capable and flexible I have seen."

Data discovery vendor **Qlik** has introduced **Qlik Sense Desktop**, a free version of its data visualisation application that allows business users to rapidly create interactive visualisations, reports, and dashboards and uncover hidden associations and insights that may otherwise be overlooked. The free Qlik Sense Desktop is available for a standalone installed Windows client. The complete Qlik Sense offering is expected to be generally available in September 2014 and will have key enterprise capabilities and be server-based enabling server-side development from any device, flexible mobile use, collaboration and sharing, custom development and data integration.



New Zealand-based technology entrepreneur and **ex-Localist CEO Christina Domecq** has launched a free cloud-based business navigator, named **Ora**. The software platform is designed to help small businesses do better business via a set of features and algorithms provided by Ora and its partners **Westpac, Xero, MYOB** and **Vend**. Ora tracks all competitor information and activity, market insights, business leads and relevant information from digital, print and broadcast channels, which are all captured and turned in to actionable items within the platform's

centralised feed and dashboard. It also integrates with accounting and banking services. Ora's team of experts provides the best growth solutions matched to the business's specific needs.

**SAP** has announced its first New Zealand adopter of its cloud-based **Business ByDesign suite**, launched a year ago. New Zealand surf and beach lifestyle brand **Coastlines** has chosen SAP's cloud solution and IT-partner Soltius to help it meet the strict supply chain requirements of its heavyweight retail clients. At only 23 people in size, Coastlines is not the usual 1000-seat SAP client, but the implementation shows that the software megavendor is broadening its offering to compete with younger cloud vendors. **Graeme Riley**, managing director of SAP New Zealand said: "To successfully compete in global markets, Kiwi businesses need systems that are up and running fast at a low cost of ownership, while enabling scalable and rapid innovation."



**Inland Revenue** has taken a number of steps forward in its **Business Transformation** project, which will cost up to \$1.7 billion over the next 10 years, and will create a modern system that reduces compliance costs, integrates automatically with New Zealand businesses' IT systems and means people will engage with the

IRD less frequently, more simply, and increasingly online. A couple of months ago it announced the release of its Request for Proposal for a design provider for its core systems upgrade. The closed RFP was released to multi-nationals **Accenture** and **Capgemini**, who were shortlisted during the Inland Revenue's Expression of Interest phase. Both have extensive international experience in delivering tax and technology programmes, and have been working with New Zealand companies during the process, according to Inland Revenue. In July Inland Revenue also announced it is seeking nominations from the New Zealand technology sector for inclusion in an **IT industry reference group** designed to offer a forum where outside perspectives can be shared and views exchanged in a free and frank manner between the ICT sector and the Inland Revenue.

**NBN Co** which is building and operating Australia's **National Broadband Network (NBN)** has renewed a key contract with **Service Stream** for the connection of homes and businesses to high speed broadband. The contract renewal is for a further term of two years and has an estimated value of \$140 million, excluding materials and has two one-year extension options. The announcement continues the momentum of the rollout with 199,067 families and businesses currently connected to the NBN across the various access technologies.

**Millbrook Resort** is the first club in New Zealand to install a state-of-the-art GPS system in its golf carts.

The cloud-based Golf Pilot system by GPS Systems International has features that cater for both golfers and club managers. The interactive system enables players to see where they are on the course, and access pro-tips – in any one of 60 languages. Millbrook has fitted all 50 of its carts with the units. The real-time map shows management where each of the carts are at any given time. Other features include weather and two-way communication. In the future players will also be able to order refreshments to be delivered direct to the golf cart or be ready for when they come off the course.

#### MERGERS, ACQUISITIONS AND PARTNERSHIPS

ASX-listed telecommunications provider **Vocus Communications Limited** has entered into an agreement to acquire 100 percent of the issued capital of New Zealand fibre provider **FX Networks Limited** for an enterprise value of \$NZ115.8m (approx. \$A107.7m). Vocus, which provides data centre, dark fibre and international internet connectivity to service providers across Australia, NZ, Singapore and the US, claims the acquisition will make it the third largest network operator in New Zealand and "the clear leader in trans-Tasman telecommunications and data centres". FX's extensive high-quality fibre optic backbone network throughout the North and South Islands of New Zealand, combined with the New Zealand Government-sponsored UltraFast Broadband network, means Vocus will now have extensive fibre reach to across the majority of New Zealand.

**CallPlus** has purchased local ISP **Orcon**, joining residential ISPs **Slingshot** and **Flip** to take the CallPlus Group to 15 percent market share, with over 220,000 customers. The privately-owned, New Zealand-based group now has more than 500 staff, and a turnover in excess of \$200 million. CallPlus CEO **Mark Callander** said the company is now strongly positioned "to further take on the big boys". The acquisition is part of the on-going consolidation of the ISP market into a shrinking pool of players that are large enough to be able to offer a full competitive suite of products, services and support.

**Mint Wireless Limited** has announced it has secured a new distribution partner and achieved significant operational milestones, including committed orders for 15,000 user licenses from new and existing distribution partners. With the Chip & PIN mandate coming into effect from August 2014 in Australia and October 2014 in New Zealand, the demand for Mint's PCI compliant mobile payment solutions has accelerated. Mint has also entered into an agreement with **WolfStrike** where it will offer integrated payments across multiple mobile devices under WolfStrike's own brand to customers across Australia. WolfStrike's customers will be able to turn their iOS or Android devices into fully-featured credit and debit card payment systems and accept payments anywhere, anytime.

**Australia Post** has chosen the **Captell** solution for IT capacity and performance reporting to give the Australia Post IT team consistent, automated reports across all its IT

infrastructure. Australia Post will use the Captell system to centralise its capacity and performance data from all monitoring software it has in place, including: **SCOM**, **NetApp**, **IBM Tivoli**, **HP/ESM**, event management data, **Service Desk** incident, problem, change and configuration data, **OEM/Grid**, data from **VCentre** and other manually produced data. Captell's ability to build and publish fully automated report documents means Australia Post will be able to implement a capacity management system without a time or cost burden on the organisation.



**Telecom New Zealand** confirmed that it would change its name to **Spark** on 8th August 2014 to reflect the fact the company has moved beyond the home telephone into a digital world. In line with this desire, Spark (Telecom) then announced it had signed a conditional agreement to purchase all of the shares in leading business cloud services specialist **Appserv Limited**. Spark (Telecom) chief executive Simon Moutter said that the acquisition of Appserv adds to the significant investment in cloud services and provides a major new piece in the cloud jigsaw. **Spark Ventures (Telecom Digital Ventures )** has also made a strategic investment in start-up application services business App La Carte in a move that recognises the rapid growth in the use of mobile apps by customers, and to accelerate the company's product development pipeline.



A ground-breaking trans-Tasman partnership will provide New Zealand scientists and researchers access to very high-speed global connectivity, offering capacity for 'big data' transport between New Zealand and the rest of the world. The partnership is between the **Research and Education Advanced Network New Zealand Ltd (REANNZ)**, its Australian equivalent **AARNet** and the **Southern Cross Cable Network**. REANNZ CEO **Steve Cotter** said: "This will allow New Zealand science and research to be at the leading edge of global research and have the same capabilities as their trans-Tasman peers."

Specialist SAP solutions and consulting company **UXC Oxygen** has acquired Australian-based **Clarity Consulting Group Australia Pty Ltd** as part of its plan to extend its customer base and further strengthen its position in the Australian market. CEO, **Stuart Dickinson**, said building its customer base is a fundamental part of UXC Oxygen's strategy to complement its SAP consulting business with recurring revenue activities in the areas of software maintenance and software sales.

**Tele2 AB** and **NetComm Wireless Limited** have entered into a strategic partnership to create new machine-to-machine

(M2M)/internet of things (IoT) opportunities for vertical markets. This will be achieved by transforming asset management capabilities in areas such as industrial automation, security, smart cities and healthcare. The alliance forms part of a broader collaboration between leading M2M/IoT ecosystem partners selected by Tele2 and NetComm Wireless to provide end-to-end solutions easily applied to a broad range of M2M/IoT applications across key industry sectors.

New Zealand integration and EDI company **Flow Software** is expanding its operations in Australia. Flow, which integrates applications and automates business processes, will be establishing a direct presence in Sydney to support its growing customer and partner base. To avoid confusion the Australian distributor of the same name is being renamed and rebranded as **Fusion Factory**, and will continue its existing business as a distributor, implementer and support provider of Flow products.


**Spark/Telecom's** ICT services division **Gen-i** has entered into an agreement with Australian telco **Telstra** which will mean Gen-i will be able to leverage Telstra's services in Australia. These services were previously delivered to its A/NZ customers through **AAPT**, which used to belong to parent company Telecom. The new deal will result in a significantly reduced Gen-i presence in Australia. Gen-i is already working with Telstra and its customers to transfer as many of its existing Australia services to Telstra, where this makes sense for both parties.

# *The* **INTERNET** *of* **THINGS**



**the precipice of a revolution**





*Driverless cars, wearable computers, location-based intelligence; they all rely on what has become known as the 'internet of things.' It is being called a quiet yet profound revolution that will affect our lives and work in coming years. Quiet it may be, but it certainly has people talking as **Anthony Doesburg** discovers...*

**T**he Economist Intelligence Unit, which does market research for the *Economist* magazine, last year asked 800 business executives how often the internet of things (IoT) came up at board meetings.

Two-fifths of them said the subject was discussed at least monthly. Three-quarters were using or investigating the IoT and 95 percent expected their company to be using it in three years.

What are they talking about?

Literally, the IoT is a network of physical objects, many of which - cars and medical devices, for instance - already have sensors or microprocessors. Extending the internet to not only connect humans but objects as well will inevitably disrupt business processes.

Kevin Ashton of the Auto-ID Centre at Massachusetts Institute of Technology is credited with coming up with the term. Gary Hartley, secretary of the New Zealand RFID Pathfinder Group, says Ashton and colleagues' vision a decade and a half ago was of a network of things - freight in transit, for instance - labelled with radio frequency ID tags.

"Cheap, ubiquitous RFID tags would enable the tracking and tracing of these things as their location changed, giving an understanding of the four dimensions - the what, why, where and when," Hartley says.

"Instead of bits and bytes, they realised that

these were things moving through the internet, and therein lay the coining of the term."

Forecasts of the eventual reach of the IoT give justification to the *Economist* analysts' assertion that a revolution is brewing.

IDC predicts growth in IoT solutions from \$US1.9 trillion last year to \$US7.1 trillion in 2020. Its research looks at the complete ecosystem, including intelligent and embedded systems, connectivity services, infrastructure, purpose-built IoT platforms, applications, security, analytics and professional services.

By the end of last year, IDC estimates 9.1 billion IoT devices were installed and by 2020 it expects the number to have reached more than 28 billion.

The key to such explosive growth is IPv6, the internet addressing scheme that replaces IPv4 enabling 340 billion billion billion billion internet connections. Cisco, a key participant in IoT industry alliances, says devices will extend from manufacturing floors, energy grids and healthcare facilities to transport systems.

**"IDC estimated there were 9.1 billion IoT devices installed in 2013. By 2020 it expects the number to have reached more than 28 billion."**

Already they are being used for tracking everything from export consignments as they traverse the globe, and tagged personal belongings that are prone to going astray, to friends who are out for a run anywhere in the world.

Wearables - intelligent devices such as Samsung Gear Live and Google Glass - are the internet-connected things that capture the consumer imagination. But they're also catching on with businesses: Westpac Bank in New Zealand, for example, plans to offer Glass-based services when the spectacles-like device is available here.

Although privacy concerns are common in relation to the IoT in general and Google Glass in particular - the device can record and upload video of anyone and anything the wearer encounters - the incorporation of wearables into the corporate wardrobe is just a matter of time.

Salesforce.com is preparing for that day. Under the name Salesforce Wear, the cloud-based customer relationship management platform provider has released a developer kit to enable integration of wearables' apps with its enterprise systems.

**“We are at the  
“precipice of a major  
technological shift  
at the intersection  
of the cyber and  
physical world.”**

**James Sztipanovits**, Professor of  
engineering, Vanderbilt University

Underpinning its bid to lead the enterprise wearable computing market is research from US analyst firm IHS that estimates unit sales this year of wearable devices will be 50 million, rising to 180 million in 2017.

IHS defines wearable technology as devices with advanced circuitry, wireless connectivity and independent processing capability that are worn for an extended time and significantly enhance the user's experience.

It divides wearable technology applications into five categories: healthcare and medical, fitness and wellness, infotainment, industrial and military.

For the CRM specialist, a big part of the wearables story is closing sales: the devices “will enable salespeople to be more connected to the digital world while being more present in the real world”, runs Salesforce.com's pitch.

A glance at a smart watch such as Samsung's Gear Live, which runs on Android Wear, could spare a salesperson the distraction of operating a mobile phone or a laptop during a meeting, allowing him or her to “provide the necessary information without losing focus”.

Salesforce.com's initiative has the support of a heavyweight of the healthcare information services market, Philips, which makes sensors for use in wearable devices that are integrated with cloud-based services.

The Dutch company's healthcare informatics business head, Jeroen Tas, says he sees “great promise” for cloud-connected wearable devices and potential for working with Salesforce.com.

Another Salesforce Wear backer is Cambridge-based low-power microprocessor maker ARM,

which is part of an effort under way in the UK to create a protocol for IoT interoperability.

UK government-funded HyperCat, which also involves IBM, BT and dozens of other companies, universities and local authorities, aims to create an online metadata catalogue that devices of various sorts will be able to automatically interrogate to locate useful data.

HyperCat is the latest of several IoT groupings. The AllSeen Alliance of Qualcomm, Cisco, Symantec and numerous consumer electronics and appliance makers was formed last December and the Industrial Internet Consortium was founded by AT&T, Cisco, General Electric, IBM and Intel in March. Both bodies have more than 50 members.

Similar to HyperCat, the AllSeen Alliance is working on an open-source framework of modular services that enable adjacent devices to discover and pair with each other.

The Industrial Internet Consortium is framing its activities in dramatic terms. We are at the “precipice of a major technological shift at the intersection of the cyber and physical worlds”, says Janos Sztipanovits, a professor of engineering at consortium member Vanderbilt University in Tennessee.

Humanity can gain substantial benefits from the “industrial internet”, Sztipanovits says, with the consortium ensuring frameworks and standards “come together into a cohesive whole”.

Not the least of the challenges will be soothing security concerns. A survey of 250 Australian small businesses in April found vulnerabilities resulting

from the IoT were a concern of more than half of the sample.

They saw risks from internet-connected phones, closed-circuit TV systems, smart TVs, factory equipment and sensors.

Yet the survey, part of wider research by online security firm AVG Technologies, also found more than 80 percent of respondents consider the IoT an opportunity. The Australian businesses were among a total sample of 2000 in the UK, the US and Canada.

“We as vendors now have a responsibility to demonstrate to them that IoT will give them mobile access to a 21st century world of devices and data that, if managed safely and efficiently, will radically enhance their day-to-day operations,” says AVG Australia security adviser Michael McKinnon.

There's a receptive market out there, says IDC.

“Businesses are taking the necessary steps to gain a deeper understanding of IoT and the overall value,” says Vernon Turner, the analyst firm's head of IoT research.

“Technology vendors are evolving their solutions in a supply-driven market that's edging towards becoming a more demand-driven market.”

All the signs are demand will be insatiable. **f**



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## New Ricoh HQ all about vision

Ricoh New Zealand has been undergoing significant change – change which is about to culminate in the opening of a head office in Auckland that will embody Ricoh’s principles of sustainability, efficiency and openness. **iStart** caught up with Ricoh New Zealand’s senior management and discovered the new building is just the foundation of a bigger concept ...

**“N**ew Zealand is a rock star in the world of Ricoh,” says Mike Pollok, managing director for Ricoh New Zealand. “We are well beyond thinking about product along the lines that Ricoh has traditionally. We really focus on the customer’s needs – the hardware and software offerings, and more recently commoditised IT Services, come second.

“After four years of having the consulting division in place, our sales team is now going into businesses with a very good listening ear, they approach things with a ‘how can we work with you to fix these problems’ attitude, rather than ‘do you want to buy this machine?’ as has sometimes been the case in the past,” says Pollok.

Marketing manager Murray Clark says it has often been a case of educating the market about what Ricoh stands for. “We have made an effort in recent times to explain the wider capability that the business now brings to clients. The cheeky campaigns around the ‘I didn’t know Ricoh did that’ line have started to change how the company is viewed, as has the ‘we run the

things that run your company’ radio campaign for IT Services,” Clark explains.

“New Zealand is a small market and we pick up things really quickly, we can trial things easily and find out what works. The Ricoh Solutions arm has been one example that has delivered significant growth to the business and been a poster child for Ricoh worldwide. Our relationship with Laserfiche (the document management and workflow solution provider) is another example – Ricoh NZ won an international award from Laserfiche two years in a row,” he adds.

The new office environment will ultimately demonstrate Ricoh’s diverse capabilities by showcasing how they have been embedded into Ricoh’s own processes. “We want to say ‘let us show you how we use it’ and open up our internal processes,” says Pollok.

“These concepts are a vision. We need to change our own processes to bring them up to a level that can be showcased, so we have a way to go ourselves,” says Pollok. “What we are doing with the office has created focus and



***“Automating processes, storing data and documents in the cloud, failsafe IT systems...these things all add up to providing resilience and sustainability to our customers, and we think that’s really important.”***

**Mike Pollok**, Managing Director,  
Ricoch New Zealand





Conceptual image of Ricoh's head office design.

momentum on completing our internal change initiatives.”

Pollok says the new premises are being designed with Ricoh's very high standards regarding work efficiency and sustainability in mind. “We now have over five years of extensive metrics on sustainability, and by that we mean true sustainability – actually measuring the environmental impact of everything that we do, so that we can deliver better results,” he says. According to Pollok, there is only one other organisation that has a similar level of metrics – Toyota. “The sustainability initiative came from head office, but Ricoh NZ, being the nimble Kiwi firm that it is, has done it better and done it quicker. A central vision for Ricoh globally is ‘imagine change’ and we have really embraced that here.”

In one sense, the fallout from the Christchurch earthquakes has helped redefine the meaning of sustainability for New Zealand's business community, advancing it from narrowly focused environmental initiatives to a more holistic sense of business sustainability. There is a strong interest in creating resilient business processes, and that translates into sustainable business. Pollok elaborates: “That sense of being in for the long haul is central to the Japanese heritage behind Ricoh as a company, and is core to the sustainability focus we have in everything we do,” he said. “Automating processes, storing data and documents in the cloud, failsafe IT systems...these things all add up to providing resilience and sustainability to our customers, and we think that's really important.”

Pollok reinforces the message of continuous

improvement by quoting Ricoh CEO Kiyoshi Ichimura: “There was a quote from Ichimura that was used at the global sales conference a couple of years back which has stuck with me. His words were, ‘The reputation you earned in the market two years ago may not be what the company is now,’ which to me really embodies our challenge as a company. By showcasing ourselves – opening our internal workings in quite a public way – we will deliberately be demonstrating our journey and our vision for the future.”

Clark explains that the ‘One Ricoh’ global initiative has created momentum for New Zealand's head office project. “One Ricoh, for us, has coalesced in this idea of a single office demonstrating everything that we do and stand for.

“The new tenancy has come about because of our growth. We ran out of space in Stanley Street and have been forced to spread our divisions across several sites, which is not ideal, so to consolidate onto one site will bring together the business both physically and literally.”

The new site is under wraps, so to speak, with the refurbishment project under way inside a large construction wrap at 200 Victoria Street West in Auckland's CBD fringe, but it will accommodate 220-plus staff across three floors, one of which will be the showcase open for clients and prospects to browse through various live business processes using Ricoh's solutions.

Looking at the plans, the new digs will make quite a statement in the Victoria Street landscape. **■**

For more information:  
[www.ricoh.co.nz](http://www.ricoh.co.nz)

# How to plug into the internet of things

*Need to track your vehicles? Monitor water levels? Or keep on top of athletes' performance? The internet of things delivers an extraordinary opportunity to connect and network all manner of things, but how? **Anthony Doesburg** looks into the practicalities of deploying an IoT solution...*

The internet of things enables any object that can be represented digitally to be controlled from anywhere. That object might be used to monitor a production process and can help improve operational efficiency and safety. Or it might be used for home security - currently one of the hottest IoT consumer markets - where a rapidly expanding range of devices integrated with cloud services and smartphone apps is designed to alert you to anything untoward on the domestic front, no matter where you are.

But how? Simple: a motion sensor and webcam connect through an internet router to a web server, which sends a message to the property owner based on a set of rules. He or she can then take a look at what's going on via a web browser or app.

The essential components of these networks are sensors, a communications link over which sensor signals are relayed and a server to translate the signals into a web-friendly format.

Although conceptually simple, there are plenty of 'gotchas' in patching in to the internet of things, from ensuring equipment can withstand the weather and other environmental hazards to designing resilient power supplies and network links.

This guide describes some successful IoT implementations.



## Sensors

No one likes to be thought of as a thing. But in IoT terms, humans are potentially just as much things as the billions of other objects that can be connected to the internet.

That's precisely what Melbourne-based Catapult Sports does. The company, which sprang from the Australian Institute of Sport in the mid-2000s, hooks up thousands of athletes from hundreds of clubs and institutes covering dozens of sporting codes to the internet.

The New York Giants, AC Milan, Brisbane Broncos and Canterbury Crusaders are among its illustrious customers.

Catapult's early expertise was in sensors, says sports scientist Michael Regan. The monitors it attaches between athletes' shoulder blades are about half as long and one-and-a-half times as thick as an iPhone.

Yet they carry 11 sensors, including accelerometers, gyroscopes, magnetometers, heart rate and GPS trackers, and they process and store data.

"They measure whole and micro body movement," Regan says. "The GPS measures when you go from A to B, but at the elite sport level it becomes vitally important how you move, which is measured by the other sensors."

With the exception of the GPS, which samples data at 10 times a second, the sensors sample at 100Hz, transmitting the data by radio frequency to a receiver up to 200 metres away.

Because sports arenas are often enclosed and partially roofed, a standard GPS chip would not be up to the job, so the monitors communicate with two satellite constellations.

A GPS receiver is about as simple as an IoT sensor gets, but Auckland company Argus Tracking has built an entire business on them.

A typical customer, says managing director Aaron Muir, is the IHC, which has a fleet of 700 three- to 12-seater vehicles.

"The goal is to get data from those vehicles and turn it into meaningful information that customers can use to cut operating costs," Muir says.

In the IHC's case, simply being able to map drivers' routes as they ferry service users around has cut the non-profit organisation's fuel bill by 16 percent, or \$800,000 a year.

In truth, Argus Tracking's vehicle sensors do a little more than just report location. They also record speed,

**"No one likes to be thought of as a thing. But in IoT terms, humans are potentially just as much things as the billions of other objects that can be connected to the internet."**

G-forces and driver-inputted data such as vehicle occupant numbers.

Another customer, Ports of Auckland, has cut crash rates by half by using Argus Tracking's system to disable vehicles ranging from straddle cranes to utes when unauthorised drivers – identified by radio frequency ID, or RFID, tags – attempt to get behind the wheel.

## Communications

At the heart of the internet of things is the internet protocol, or IP. Network equipment maker Cisco says a common first step for organisations towards the IoT is converting proprietary protocol-based networks to IP.

But the network demands of IoT devices are not typically huge.

Argus Tracking's GPS sensors rely on Vodafone's relatively slow 2G network, which Muir has been assured will continue to be supported until 2025. It is perfectly adequate for the job – each SIM-equipped device, the total number of which Muir won't disclose for competitive reasons, sends a small amount of data.

But it adds up: collectively they transmit 13 million position updates a day, he says.

Catapult, working in either confined indoor or outdoor sports arenas, transmits sensor data via RF links from the athlete-worn monitors to a receiver-equipped laptop.

Regan says each monitor collects about 1000 data points a second, but the actual transmitted data stream is reduced by on-board processing.

"The amount of data we're producing is extraordinary, which is where the communication and presentation challenge comes in."

### Displaying data

To a greater or lesser extent, extracting useful information from the internet of things depends on standards.

In the world of RFID tags, standards are everything, says Gary Hartley, secretary of New Zealand's RFID Pathfinder Group, which is driving adoption of the technology. The group is allied to GS1 New Zealand, Hartley's employer and part of an international supply chain standards organisation.

As proof that there is an infinite variety of things on the internet, GS1 has just completed a trial tracking a shipment of halal meat products from a meat processing plant near Greymouth to Malaysia.

At 11 points along the way, including port of departure Lyttelton and Port Klang in Malaysia, where the edible offal was landed, each carton of the consignment was scanned making detailed information about the contents and their origins accessible online.

Where the IoT is used for freight tracking, standards are crucial, Hartley says. The key to deciphering the RFID meat shipment data was use of electronic product codes, unique numbers that at each scanning point displayed “what, where, why and when” information for each carton.

“Once you get down to that granular level you can start making supply-chain decisions based on whether goods are where they're supposed to be and that the consignment only contains the items it should.”

If an unrecognised product code appears, that implies a breach of the supply chain and potentially counterfeit goods, with the danger that represents for the supplier's reputation.

“If you use whatever number you like and I use whichever one suits me, we'll never agree on what the item is, so the killer app in my view is the sharing of standardised data.”

In the money-driven world of professional sport, however, you can forget standards. Catapult's competitive edge comes from developing ways to display athlete sensor data just as the customer wants it.

For the coach of an American football team, that might be knowing just how hard to push players during practice so that they can still perform in the next game. The team manager, meanwhile, might be more interested in relating athlete performance to bums on stadium seats.

Regan says he has been asked that very question by a US team official: “I was giving

the spiel about how our technology can help with injury prevention and improving performance and he said ‘stop, what in your data equates to a higher number of season ticket holders, higher ratings and more merchandise sales?’.”

Regan says Catapult can't deliver that yet, but that's the goal.


“We have to embrace the analytics wave because what we measure does have links and application for a whole football programme or business.”

Catapult's OpenField software is the first analytics programme designed from the ground up that begins to offer that level of customisability.

“Our industry is trying to take econometrics and that sort of thing and sandwich it into sport. But what we're aiming to do is build something that is sports-specific in terms of analytics and deep data integration.”

In the end, says Argus Tracking's Muir, it all comes down to the internet – in the first place to aggregate sensor data, then to provide customers access to the information it represents. The next step is big data analytics.

“As recently as two years ago we couldn't have contemplated that because the tools were too expensive. Now we could get an open-source tool for nothing and develop what we want to.”

That opens the door to benchmarking of fleet performance and customised reports. 

**“Once you get down to that granular [tracking] level you can start making supply-chain decisions based on whether goods are where they're supposed to be and that the consignment only contains the items it should.”**

**Gary Hartley**, secretary of New Zealand's RFID Pathfinder Group



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# Analytics untangled: BI, BA & big data

*The terms business intelligence, business analytics and big data tend to be unceremoniously bandied about without much consensus on what they are. Gartner's **Ian Bertram**, who heads up the global analytics and business intelligence research team from Sydney, separates the myth from the truth...*

**B**I or BA: what is the difference between business analytics and business intelligence and should we care?

In simple terms, business analytics is the new term that describes the activity or capability within the organisation to turn data into actions. Business intelligence has been part of those activities and capabilities and, while still a relevant term today, many use this to describe just the reports that feed the decisions that will lead to an action.

## The business of analytics

Analytics is a discipline that applies logic and mathematics to data to provide insights for making better decisions. Many still struggle to understand the different analytical capabilities that can be leveraged.

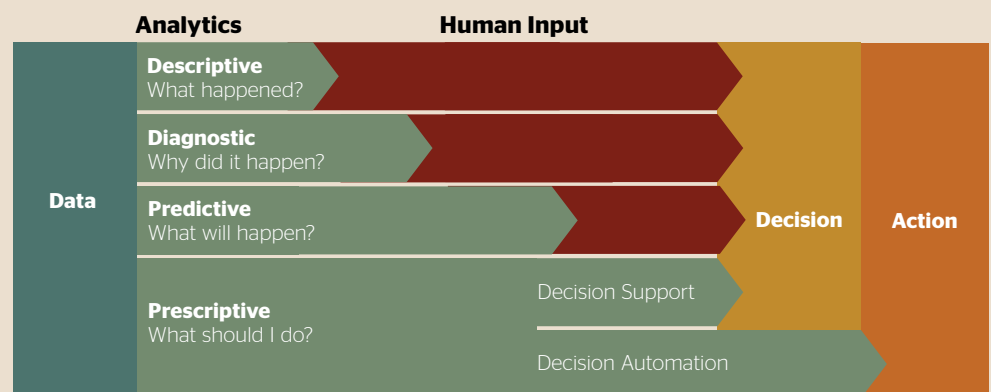
In 'Extend your portfolio of analytics capabilities', Gartner defines four styles of analytics: descriptive, diagnostic, predictive, and prescriptive (see figure opposite).

Descriptive analytics shows what is currently happening or has happened. It applies decision-making, so needs a human to be involved. All those reports that have been generated over the years - what some would call business intelligence - are actually descriptive analytics in practice.

Diagnostic analytics helps us understand why outcomes, events or trends occurred. This involves

techniques such as visualisation, which leads to more questions and more insights, bringing you closer to a good decision. In business intelligence terms, this is known as Service BI, delivering discovery capabilities to different users within an organisation.

Predictive analytics anticipates future behaviour or estimates unknown outcomes. It tells us what



Source: Gartner

will happen, anticipating future outcomes based on patterns that have been modelled, generated or detected. Some predictive analytics can even learn, giving us hints towards the right decisions that need to be made.

Prescriptive analytics specifies a preferred course of action. This applies both to situations when a human is in the loop, and for decision automation, when a system automatically carries out an action.

What many knew as business intelligence is really just the first two layers described above. It's important to develop a portfolio of capabilities, often used together to address a wide range of problems.

### The big data mess

By adding the term 'big data' into the mix, the waters get increasingly muddy. There is still a lot of ambiguity around what big data actually is and what value it brings to an organisation.

In a recent blog post I wrote after visiting clients in Asia, I responded to a question about how big the big data market is by pointing out there is actually no such thing as a big data market. It's not a product or a service or a solution. It's a concept that refers to a large volume of unstructured data which cannot be handled by standard database management systems.

However, there are technologies already

accounted for in other areas that have the potential to make up a solution that deals with big data. For example, hardware components cater for high-volume storage and high movement of data. Organisations could be using these components today and not calling it big data. Big data technologies supplement – but do not replace – existing information management and analytics systems.

The starting point for any organisation is to work out what outcome it is trying to achieve. By knowing the desired outcome, you can reverse engineer the process to come up with the relevant questions that need to be asked. This then generates the relevant information needed to help give insight into the question.

I deliberately used the word 'relevant' because the challenge of handling big data is only going to continue to grow for many organisations, but will start to become easier once users understand what information is relevant to understanding the situations their business is facing.

Big data investments continued to rise, with 64 percent of organisations investing or planning to invest in technology for big data. However, fewer than eight percent have actually deployed that technology. Investments were led by organisations in the media and communications sectors, followed by banking and services.

When it comes to big data projects, unlike most

business intelligence projects, the benefits are not just in decision making. Rather, these projects are geared to generate deeper business insights and optimise, automate or even design new processes. The range of uses spans marketing and sales growth; operational and financial performance improvement; risk and compliance management; new product and service innovation; and even direct/indirect data monetisation. Most often, value comes from combining diverse data to uncover patterns, links or phenomena that hasn't previously been seen before.

The real question is: what value are organisations obtaining from looking at their data sources differently? **fi**



#### ABOUT IAN BERTRAM//

Ian Bertram is managing VP of Gartner's analytics and business intelligence research team and head of research for Asia Pacific. Based in Sydney, he leads a global team of analysts who publish research and advise clients on analytics, business intelligence, information management, big data and performance management. Prior to joining Gartner, he was with IBM for 10 years.

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# BI Buyer's Guide 2014-15

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Key Reference Sites Case studies highlighted in <b>Orange</b> can be found on the iStart .co.nz or iStart.com.au websites	<b>Easiyo</b> , <b>Griffith Equipment</b> , Halifax Vogel Group, BGH Group, Matilda Equipment, <b>Parmco</b> , Carers Victoria, Hydrosteer, <b>John Hart</b> , <b>Eurotec</b> , <b>Ryman Healthcare</b> , <b>Ivoclar Vivadent (NZ) Ltd</b>	<b>Apple Gove Restaurants</b> , <b>Baker &amp; Taylor Inc</b> , <b>Meijer</b> , <b>Universal Studios</b> , <b>World Vision</b> , Commerce Bank, National Foods, Singapore Petroleum	Gough Gough & Hammer, Transpacific AllBrite Limited, Royal New Zealand Plunket Society (inc), Turners Auctions, Ministry of Foreign Affairs & Trade, NZ Correspondence School, <b>Taylor Preston</b> , <b>Flybuys</b> , <b>Buckle Belts</b> , Cancer Council QLD, IKEA, Mercedes Benz YMCA Brisbane, Catholic Homes, Peter Lehman Wines, BMW, <b>Amnesty International</b> , Eye Care Partners.
Multidimensional Analysis	Y	Y	Y
Flat file Reporting	Y	Y	Y
<b>Enterprise Performance Management</b>			
Budgeting	Y	Y	Y
Forecast Planning	Y	Y	Y
Predictive Analysis	Y	Y	Y
Key Performance Indicators	Y	Y	Y
Scorecarding	Y	Y	Y
Dashboards	Y	Y	Y
Advanced Visualisation Techniques	Y	Y	Y
Ready build reports	Y	Y	Y
Customised reports	Y	Y	Y
<b>Cloud Enablement</b>			
Web based read/write	Y	Y	N
Web based reporting	Y	Y	Y
Mobile Enabled	Y	Y	Y
<b>Database</b>			
Databases Supported	Greentree	SQL, Oracle, SQL Analysis Services, Infor BI OLAP Server	SQL 2000, 2005, 2008 & 2012, Oracle, SQL Analysis Services, ODBC Compliant
Applications Supported	Greentree	Infor ION provides integration to all Infor ERP solutions and any back-end system	Specific functionality for Microsoft Dynamics AX, NAV & GP, SAP Business One. Application independent
Operating Systems Supported	Windows, Windows server	Windows	Windows
Metadata Management	Y	Y	Y
Data integration/ETL	Y	Y	Y
Microsoft Data Centre Certified	N	Microsoft Gold Certified	Microsoft Gold Certified
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# How business and IT professionals view business intelligence differently

*The global internet population grew 14.3 percent from 2011-2013 and now represents 2.4 billion people. Data is being created every minute of every day and business intelligence software helps us to make sense of it...*

Given how much information is floating around these days it's tempting to talk about big data only in terms of size. Big data describes the massive avalanche of digital activity pulsating through cables and airwaves, but it also describes all the things we were never able to measure before. With every status share, every article we read and every photo we upload, we are creating a digital trail that tells a story and business intelligence software helps to make sense of that story.

It's no secret, however, that business executives and IT professionals see the world differently and it's no different when it comes to the way they view their needs and requirements for business intelligence software. When asked in a recent survey about their current business intelligence deployment, IT professionals had a rosier view of its success than business executives. Asked if it was difficult to find information 76 percent of IT professional said no while 55 percent of business executives said yes. Asked about whether 'just the right amount of information' was available, 10 percent more IT professionals answered "yes".

It's these very differences, however, that provide an important balance of priorities that keeps organisations moving forward smoothly and intelligently. Though their priorities may sometimes be at odds, business and IT each bring a valuable perspective to business intelligence deployments. Understanding both and fostering collaboration provides the best opportunity for long-term success. Businesses that are paying attention to crucial decisions about the future would do well to take both sides' opinions in to account.

Here is a look at how business executives and IT professionals perceive differently the value and need for business intelligence solutions.

## WHAT EACH CARES ABOUT IN A BI SOLUTION

- |   | <i>Ease of use</i>  |
|---|---|
| 1 | Business executives don't care about pivot tables. They want BI software that is intuitive.   |
| 2 | <i>Speed and agility</i><br>Business users are typically impatient and expect speed from every piece of technology they use.                    |
| 3 | <i>Clear and concise information</i><br>Executives need their most important information to be readily available in a clear and concise format. |
| 4 | <i>Sustainability</i><br>Training is costly and time consuming, so it's important that the technology can endure over time.                     |



**BUSINESS  
EXECUTIVES**

## VS

- |   | <i>Rock-solid security</i>   |
|---|--|
| 1 | The foremost concern of any IT professional is the safety and protection of the network.   |
| 2 | <i>Access controls on data</i><br>IT professionals implement access controls to prevent data breaches by unapproved users.               |
| 3 | <i>Compliance with regulations</i><br>IT professionals need to make sure they aren't collecting data in an unethical or illegal fashion. |
| 4 | <i>Ease of integration</i><br>They may love servers, but not even IT professionals want to spend days on end reconfiguring the network.  |



**IT  
PROFESSIONALS**

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## WHAT EACH EXPECTS FROM BI SOFTWARE

*Is the BI software self-service?*

- 1 If executives have to call IT every time they need a report, the process will become too cumbersome to be useful.

*Are the reports easy to consume and convey?*

- 2 Reports must be consumable and compelling for business users, clients and managers upon viewing.

*Does the software provide insightful data?*

- 3 BI reports must inform and guide decision-making. If they cannot do so the system is worthless.

*Is the software available on a variety of mobile devices?*

- 4 Business executives are frequently on the go and their BI software must be accessible from their smartphones and tablets.



**BUSINESS  
EXECUTIVES**

**VS**

*Is the software flexible enough to meet the needs of the business?*

- 1 It is the job of IT to assess whether the software is capable of servicing their particular organisation's needs.

*How easy is it to integrate with existing infrastructure?*

- 2 IT professionals shouldn't need to reinvent the wheel just to install BI software.

*How many vendors must I manage?*

- 3 Managing too many vendor relationships can make it difficult for IT to quickly diagnose issues.

*Can the software be integrated with the current security model?*

- 4 BI data will be collected and stored from customers and employees, making network security a top priority.



**IT  
PROFESSIONALS**

# In the hands of those who need it

*Senior scientist for New Zealand Rugby **Dr Ken Quarrie** explains how he uses data to improve player performance and get an edge on the opposition...*

Most people are aware that rugby has changed dramatically since the sport became openly professional in 1996. One of the most radical changes, and perhaps the one that is least widely understood by the public at large, is the degree to which decisions regarding player selection and coaching, and the development and application of team tactics are now data-driven.

Coaches, players and referees in the modern game now spend many hours analysing their performance and that of the opposition. Administrators need information about players for purposes of contracting, remuneration and personal development. New Zealand Rugby (NZR) is an accredited employer under the ACC scheme and collects information about player injuries for the purposes of treatment, rehabilitation and injury prevention research. Information regarding player strength, fitness and body composition is also routinely collected.

The field of performance analysis in rugby is developing rapidly. Much of the player-related information held by NZR has, in the past, been stored in bespoke systems and reported using off-the shelf products such as Microsoft Excel. NZR has recently been trialing an enterprise-wide data visualisation and analysis system (SAS Visual Analytics) with the intention of providing

information to those who need it more quickly; developing a new suite of reports based on greater integration of various data sources; and enabling end-users a greater degree of interactivity with respect to reports and visualisations.

NZR has obtained in-depth 'code' for over 250 top-level matches every year since 2000. Commercial coding organisations record every action that takes place on or near the ball, where on the field it occurred, when it happened, and which players were involved, along with various 'qualities' of the action. Each match results in 2000 to 4000 observations, or lines of code.

The information gathered is used in two main ways. Firstly, the code is linked to video of the matches. Multiple views are typically available for each match, and coaches and players can select any given element of a match as required – for example they can look at all of the tackles made by particular players in a match, or the attacking tactics their opposition have used from scrums over all of the matches they have played in a given competition.

Secondly, the data obtained is aggregated into databases, and analysed using various statistical software products. Information about the relative performance of players by position, by team, and by match is made available to coaches via a series of reports and dashboards.

Although some of the statistics are similar to



those shown to television viewers, many are quite different.

For example, a raw count of tackles made by a player provides no information about the context of those tackles. Were the tackles a player made effective and did they help the defensive team shut-down the opposition attack? Did the player miss tackles, or was the tackle a heroic effort to save what another player had missed?





Photo credit: New Zealand Rugby

Often the information is used as a means of quickly identifying potential issues. The best coaches and players recognise the strengths and limitations of the data, and their decisions are informed accordingly.

As with most other businesses, NZR operates in a highly competitive environment. Having the right information in the hands of those who need to make effective decisions as quickly as possible

is essential. The challenge for us is to stay abreast of, and hopefully ahead of, our competitors by converting the large amounts of information captured into useful, relevant and succinct reports to assist decision-making. The better we are at doing that, the better chance our teams have of staying on top of their game. **fi**



#### ABOUT DR KEN QUARRIE//

Dr Ken Quarrie is the Senior Scientist for New Zealand Rugby, and has been with NZR since 2000. Ken is responsible for analysing and reporting information on player and team performance, and patterns of injury. He lives in Wellington.

# LandCorp get a bird's-eye view on projects

Land management project dashboards have aligned both senior management and project staff on reporting and processes...

**L**andCorp develops land and infrastructure on behalf of the Government of Western Australia. Its focus is on enabling growth in a planned and sustainable way through regional development, urban revitalisation and strategic infrastructure development.

The agency is responsible for managing many types of land development projects through the phases of acquisition of land, development of residential, commercial and industrial estates and the subsequent release/sale of land. As such, there are a number of connected projects on the go at any given time and information about each of these projects needs to be accessed by multiple departments within LandCorp.

## Data going to no man's land

Working in such a wide variety of projects, with a statewide mandate and a portfolio of an average of 150 active projects at any one time, being able to plan and analyse the progress of each project is key to LandCorp.

The agency had been implementing the portfolio management suite Clarity PPM, incorporating business reporting using SAP's Business Objects tool; and were using standard data portlets and reports that weren't giving a good overview of the business.

NTT DATA Business Solutions (NTTD) came to the rescue by further leveraging the BusinessObjects tool set to create a number of different dashboards to analyse the flood of information to maximise LandCorp's IT investment. The implementation has allowed the agency to report activity across multiple projects and provided management a bird's eye view of the entire business.

"NTTD have worked with us for 15 months and the dashboards were of particular business value for the organisation," says Robert Pascoe, Perth-based senior project manager at LandCorp, who looks after all IT projects at LandCorp and knows the importance of getting clear data to keep track of the different stages of each project.

## A bird's eye view

NTT DATA developed a customised solution utilising the BOBJ tool set for LandCorp after analysing the environment and data the agency had access to. The challenge was incorporating the land management side with the project portfolio side - something LandCorp hadn't yet been able to achieve which required a tailor-made solution. The portfolio of projects is simultaneously broad but also quite unique, spanning residential development to big industrial and commercial facilities.

LandCorp can now pull data from different sources and projects to get updates on finances, operations, business development, marketing and virtually all other aspects of business.

For Pascoe, one of the greatest benefits of adopting the solution is the ability to monitor the different projects in real-time, enabling them to keep a close eye on timeframes, budgets and all other aspects of the business.

Project delivery wasn't without its challenges. The team encountered some issues with the compatibility of versions of software that LandCorp was running, which limited the upgrades that could be made.

However, strong support from the top level in the organisation helped with ensuring it was a success.



***"Senior executives were inspired to make sure what they were looking at in the dashboards actually tracked that way"***

**Rob Pascoe**, Senior Project Manager, LandCorp





“The buy in and the sponsorship from the executives at LandCorp was remarkable,” recalls Willemien du Toit, senior Business Intelligence consultant at NTTD. “Management were executing the dashboards in their weekly meetings and getting their managers to use it while providing progress updates on their projects.”

#### High visibility


While the initial goal was to get senior management up-to-date with data from all projects, the end result was somewhat unexpected: it turned out everyone, from top to bottom, wanted access. “People saw the value in the dashboards, we had to roll them out to everyone who could potentially use them. We initially thought it would just be something for senior executives but it turns out that there was value across the board,” says Pascoe.

As a result, the management team also

started taking a far more active view of what was going on with the information system. “Correspondingly, it drove the user adoption significantly, because the senior executives were inspired to make sure what they were looking at in the dashboards actually tracked that way. Adoption improved the data quality throughout the entire process and had a significant effect, not just by providing KPIs,” he added.

In implementing the portfolio management suite at LandCorp, we identified the opportunity to present information simply and easily on the state of the business and its multiple projects.

“Now we have the ability to pull a dashboard up in a meeting and drill into the data and ask the hard questions. We get a closer feel for what is going on in the organisation,” says Pascoe.

The agency has been using the dashboards for over six months and is planning to have additional dashboards incorporated over the upcoming year. 

#### CASE STUDY//

LandCorp Australia

#### AT A GLANCE//

##### INDUSTRY

- Government agency, land management

##### LOCATION

- Western Australia

##### BUSINESS OBJECTIVE

- Develop Business Intelligence dashboards to allow greater visibility of all projects for senior executives; to be able to review data related to multiple projects and multiple aspects of each project.

##### SOLUTION

- Clarity PPM with Business Objects dashboards customised to LandCorp's needs.
- Development and implementation provided by NTT DATA.

##### BUSINESS BENEFITS

- Improved capabilities to monitor and track the progress of each project against its KPIs.
- Real-time project monitoring.
- Ability to interrogate data for any project and across different projects.
- Better visibility of where the company is going.

#### FOR MORE INFO//

##### NTT DATA BUSINESS SOLUTIONS

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# Data served fresh at Nosh

Access to timely information is a critical tool for decision making at this fast growing retailer, and Yellowfin has delivered the goods...

**I**n the fast moving consumer goods (FMCG) retail industry, accurate, up-to-date information on sales, inventories and orders is critical to a successful operation. After recently implementing a new business intelligence tool, analysts and managers at Nosh Food Market can now track all of these metrics, in near real-time, which has allowed them to see exactly what is going on across the company.

## Poised for growth

Nosh Food Market first opened its doors in 2006 in Glen Innes and has been expanding in Auckland, Matakana and the Bay of Plenty. Nosh is poised for more growth and will be opening new stores around the North Island. "We had been capturing detailed transaction data from our point of sales system," explains Natalie Ah Num, chief financial officer of Nosh Food Markets. "We had contracted a third-party to prepare reports for us on a weekly basis and that was fine at the time. But, as we grew, we realised that we needed a more responsive mechanism to serve up better, more up-to-date information from our data."

Nosh IT manager, Martin Graham, had helped implement a BI system in a previous role and was tasked with identifying options. "Velocity Global sponsored a BBC radio broadcast that I listen to on a regular basis," says Graham, "so they were at the top of the list. I looked into their company and BI solution, Yellowfin. I liked what I saw. They were local, they had plenty of experience, Yellowfin was a fully-hosted BI solution and offered pretty much all of the functionality we needed. I called them up and started the discussion."

"We are closer to our customers," says Ah Num, "we can monitor what is selling and more accurately predict what we should be ordering. Before we implemented Yellowfin, we received reports once a week. Now we can drill down into up-to-date information from our desktops and get the answers we need. Fast."

## Specific requirements

"We knew what we wanted to achieve with a BI solution," continues Ah Num. "While we were happy with the reports we already had, we wanted more flexibility with creating new reports. We wanted a dashboard interface that would give us a snapshot of the business and we wanted the ability to drill down into the data. And once we had the basics covered, we wanted to be able to build our capabilities as we expanded."

"We provided a set of sample data to the team at Velocity Global," explains Graham, "and gave them specifications on the reports we wanted as well as our dashboard and query requirements. They came back with a prototype that gave us a comprehensive window into our business."

## ROLAP for advanced processing

"Yellowfin is able to utilise a ROLAP (relational online analytical processing) data schema which gives it more flexibility than multi-dimensional BI cubes," says Chris Morris, chief executive officer at Velocity Global. "This gives us the ability to map structured data into the Yellowfin database, which is hosted at a local data centre, quickly and easily. We have developed a library of reports and dashboard templates for Yellowfin so we could show the team at Nosh



***"We have near real time metrics that help us fine-tune our ordering processes."***

**Natalie Ah Num**, chief financial officer, Nosh Food Markets

exactly what they could expect. We have built a number of Yellowfin implementations so we knew exactly what to do."

"We were impressed with their prototype," says Ah Num. "Yellowfin did what we wanted, we liked the team at Velocity Global and the software-as-a-service (SaaS) model reduced our risk. The cost-per-user was well within our budget and we wouldn't have to purchase any additional hardware. After looking at all of the



facts, adopting Yellowfin as our BI platform and Velocity Global as our implementation partner was an easy decision to make.”

#### Fast implementation, immediate benefits

“It took Velocity Global less than two months to get us up and running on Yellowfin,” says Graham. “We worked closely with them to refine the report formats and dashboard configurations. We also had to restructure the data schema and redefine pathways to a certain extent, but by and large, the set up went very well. And now that we are live, we are continuing to add more capabilities and reports.”

Already the solution is providing benefits. “We can now align our forward purchase orders more closely to sales figures,” says Ah Num. “We have near real time metrics that help us fine-tune our ordering processes. Because we sell fresh produce, we need to be able to accurately predict sales and inventories. Having the right facts and

figures on our managers’ desktops means they can make more accurate decisions on what to buy, in what quantities and when to schedule deliveries. This is a key business process for us and Yellowfin has given us a huge boost.”

#### Platform for the future

Yellowfin is now a strategic component of Nosh Food Market’s future. “We are adding more capabilities on a regular basis,” says Ah Num. “The support and development that we have received from Velocity Global has been outstanding. Now that we have more experience with the system, we have designated our business analyst to modify and create additional reports and help customise dashboards. Plus we are planning to make use of the mobile features in Yellowfin to provide smartphone access to the team. We are just scratching the surface with what we can do and are looking forward to extending our capabilities.” 

#### CASE STUDY//

##### Nosh Food Markets

#### AT A GLANCE//

##### INDUSTRY

- FMCG Retail

##### LOCATION

- New Zealand

##### BUSINESS OBJECTIVE

- Enhance transaction visibility across the organisation.
- Improve buyers’ decision-making.
- Flexibility with reporting and query capabilities.

##### SOLUTION

- Yellowfin business intelligence solution implemented by Velocity Global.

##### BUSINESS BENEFITS

- Fast implementation, with no infrastructure overheads or risks.
- Software-as-a-service cost effective per-user pricing.
- Internal capabilities for customising reports, dashboards and ad hoc queries.
- Future extension onto mobile platforms.

#### FOR MORE INFO//

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# SCANNING THE BIOMETRICS MARKET

*Security analytics, biometrics and behaviourmetrics all seem kind of Doctor Spocky, but they are rapidly migrating from sci-fi movies into the real world. **Clare Coulson** looks at what is possible in the complex world of security and crime prevention, and what is being used to protect us – whether we like it or not...*

“The FBI has been in the biometric business nearly a century.” That’s according to the FBI’s senior technologist of the science and technology branch, James Loudermilk, who recently spoke at an international biometrics conference about the bureau’s latest updates to its biometrics programme. While we tend to think of biometrics as being the height of whizz-bang technology à la Hollywood and CBS, fingerprinting for identification purposes has been in practice since the 19th century. According to the FBI’s website its Information Division was established in 1921 by an act of Congress to be a national repository of law enforcement fingerprint records. Today, as Loudermilk explained at the conference, the bureau’s current automated fingerprint identification system is in the midst of being upgraded to the faster ‘Next Generation Identification’ (NGI) Program – a ‘multi-modal’ biometric data repository that not only holds fingerprints, but corresponding criminal histories; mug shots; scars and tattoo photos; physical characteristics like height, weight, and hair and eye color; and known aliases. The NGI Program isn’t due for completion until later this year but Loudermilk says that as of autumn last year it

already had a searchable dataset of more than 17 million legally-collected facial images.

The reasons for the upgrade are outlined on the bureau’s website, where it says the future of identification systems is progressing beyond the dependency of a unimodal biometric identifier towards multimodal biometrics and the NGI Program will advance the integration and indexing of additional biometric data that will be required by a multimodal system.

A biometric system that relies on measuring a single biometric trait is said to be ‘unimodal’ while a biometric system that measures several biometric traits is ‘multimodal’, explains Gartner analyst Anne Elizabeth Robins in her paper ‘*Applying Biometrics for User Authentication*’. She confirms the FBI’s assertion that multimodal systems are the future of biometrics. “Today’s biometric systems measure a broad range of biological and behavioural traits. These traits include fingerprints, iris structures, vein patterns of the retina, geometry of the hand, palm and fingers, geometry of the face, characteristics of selected locations of DNA, dynamics of typed keystrokes, dynamics of movement when signing, dynamics of gait when walking, and acoustics of the voice.”

## THE ETHICS EQUATION

The New Zealand Data Futures Forum is a group of academic, private and public sector experts that has explored how New Zealand businesses, government, researchers, and the public can safely share data and use it to build a prosperous New Zealand. It has produced a discussion document that presents some principles to guide data users and gatherers in a constantly developing environment so that the benefits of data use and sharing can be realised safely.

The New Zealand Data Futures Forum says it is of the view that an approach that emphasises data use rather than data ownership will be better suited to dealing with these new, innovative developments and meeting some of the challenges.

The Forum proposes four principles for safely managing and optimising data use in New Zealand in the future – these are intended to guide solution development and ensure we are achieving the best outcomes in terms of harnessing the benefits and maintaining trust and protection:

1. Value – use data to drive economic and social value and create a competitive advantage.
2. Inclusion – all parts of society should have the opportunity to benefit from data use.
3. Trust – Data management in New Zealand should build trust and confidence in our institutions.
4. Control – Individuals should have greater control over the use of their personal data.

To find out more, visit [www.nzdatafutures.org.nz](http://www.nzdatafutures.org.nz)

## On the market

The biometrics market is big but is rapidly growing bigger. Latest market data from Transparency Market Research indicates that the global biometrics market is expected to reach a value of \$US23.3 billion by 2019 at a CAGR of 20.8% from 2013 to 2019.

The research says that increasing security concerns due to the rising terror attacks and crimes have created a need for high level security

capability. In addition, the rising government initiatives such as e-passports, national identification programmes and various border control projects have helped to boost the market. The report identifies privacy concerns and the high cost of biometrics systems as constraints to future growth. It also highlights the increasing usage of multi-modal biometrics to enhance security levels, and says this is expected to create huge opportunities for this market in the upcoming years. North America accounted for 32.1 percent of the overall revenue share in 2012 but the Asia Pacific region is expected to grow at the fastest CAGR of 22 percent from 2013 to 2019, thanks to numerous evolving economies in this region including India, China, Australia, and Japan.

The report showed that the transport, visa, logistics and government segments together accounted for more than 50 percent of the overall biometrics technology market in 2012, due to the increasing need for examining traveller's credentials. As a result, it said it expects this end user segment to dominate others by 2019. Conversely, the increasing usage of internet banking for transactions, means biometrics technology is largely being deployed in the banking and finance sector and this segment is therefore expected to grow at the highest CAGR during the forecast period.

## Screening the screen

Biometrics has come a long way since its birth in the surveillance technology world. John Kendall, managing director of securities programmes for Unisys APAC, says it has gone from simple pattern recognition and reactive, after-the-fact analysis, to combining biometric trait readings with real-time analysis.

"In particular what we are seeing is that surveillance is now combining up with analytics and biometrics to do far more than it was ever able to do.... some of the more interesting things we are seeing now is video analytics doing behavior recognition," he says.

This is several steps further on from facial recognition, which has attracted a lot of press and is in use on the SmartGates at Australia and New Zealand's international airports. Behaviour recognition software identifies behaviours of interest, maybe suspicious behaviours, and is becoming increasingly widespread in airports and high security facilities for doing things like perimeter intrusion, he says. The software scans

multiple video feeds in real-time and can be programmed to send an alert if, for example, anything one metre-plus and human-shaped enters a particular area; or it can look for a human or vehicle loitering or tailgating; for unattended or removed objects; for vehicles going in the wrong direction or too fast; and so on.

"Those types of automated behavior recognition are in real-time, so basically rather than having someone stare at the feed to figure out when something suspicious is happening, an alert will go out and automatically show the feed where that suspicious behavior is happening, so you can decide whether activity is required or not. That's a lot more useful than the guy with his coffee mug and feet up on the desk staring at the screens," says Kendall.

The software can be integrated with other business systems and can even identify the type of threat and alert the people with the right skills to deal with it on their mobile devices, while informing head office of its actions.

## Voice your approval

As Loudermilk said in his recent speech at the IBIA, a lot of work is being done in the area of voice biometrics, which he called one of the oldest automated biometrics, dating back to the 1940s. "A tremendous amount is being done with speech today and it's very important."

The popularity of voice biometrics research is likely being driven by the demand for internet and mobile banking, noted in the Transparency Market Research report.

Joshua Feast, CEO and president of Cogito Corporation, which specialises in voice biometrics and has a product that gives callers real-time feedback on the progress of their conversation, explains: "At the moment the way that businesses are using voice biometrics is to a) secure transactions and b) to make sure that the person who is doing it is actually authorised to do so."

Michael Steinman, director of technology for another voice biometrics company, Nuance Asia Pacific, says research shows that 80-90 percent of people typing a password into their phone make mistakes and it's frustrating. Banks, enabled by the ubiquitous presence of microphones on smartphones, are therefore moving towards voice authorisation via the phone to help fight fraud and offer a seamless experience across all devices. "Your voice print is unique so the phrase doesn't need to be," he says, adding that passwords and

PINs are really not secure.

Voice identification is based on the underlying physiological characteristics of the speaker's voice tract, not on behavioral characteristics like accent or emotion so speakers are identifiable even when under stress or attempting to disguise their voice. The next step for voice biometrics, however, is trying to understand psychological state. For example, Feast says, how can you automatically tell if someone is trustworthy? And, to take it further in to the realm of behaviourmetrics, how can you use the 'self as a sensor', which analyses involuntarily reactions, to help understand situations more implicitly?

### In business

In April this year a report by Gartner asked 'Are Mobile Biometrics Ready for the Enterprise?'. The report authors, Anne Elizabeth Robins and Trent Henry, came to the conclusion that although options for using mobile biometric technologies for

user authentication are increasingly available, this availability doesn't necessarily mean they are viable for enterprise use. Many biometric solutions still lack maturity, and most don't yet meet the end-to-end requirements for a robust enterprise authentication solution. Added to this, most enterprises are not yet willing (or, in some cases, able) to adopt these new solutions, and so default back to more traditional, even if less intrinsically secure options.

Robins and Henry recommend that enterprises that are not yet ready watch competitors in their industry to get an idea of a roadmap, and consider doing small-scale pilots using cloud-based solutions. For those who are ready, they recommend amongst other things choosing a proven and accessible biometric mode and addressing privacy and compliance issues "early and often".

### Future projections

Feast says there is a lot more to come in the biometrics market. "It's a very immature market I

think - it's been around for a long time but it's only really reasonably recently [in the last five years] that we've started to get good results collectively as an industry."

He says one of the biggest problems for business is "insights versus interventions". In his early days at Cogito they used to generate reports and tell clients which of their customers needed more attention but that required their clients to go away and spend money to do something about it. Today, he says the best technologies are ones that have both insight and intervention so users get the benefits just by deploying the solution.

And, it goes without saying, that you need to figure out what you are trying to achieve. "We understand these technologies can be used for all sorts of things, but it's not always appropriate that they be used because you start getting to the point where it is an invasion of privacy," warns Kendall. "Are there other, less intrusive ways to achieve the same result?" he asks. ■

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## Coin supplier rings up sales

Downies Coins and Collectables has taken coin sales online with a SAP-based coin subscription service...

**D**ownies Coins has been in the numismatics business for over 80 years, dealing in coins and collectables through retail, mail order and auction channels handled by a team of around 90 permanent staff. "We just celebrated our 80th year of buying and selling coins," says Chris Sealey, director of sales and IT. "The firm was started by our current managing director's father in 1932. Since then the Downie family has steadily grown the business to become the largest coin dealership in Australasia. We have a

string of retail shops, conduct four major auctions a year and have a healthy mail-order business.

With the growth of the internet, however, the coin business has become more competitive. "We saw an opportunity to embrace the web and offer a new service, a subscription-based model where collectors agree to purchase individual pieces of a set on a monthly basis," continues Sealey. "We have a close relationship with a German company that had developed a similar offering and they had been quite successful. But we realised that

the additional workload - we anticipated a huge uptake of the service - would put a lot of strain on our existing systems."

Downies had been operating a SAP BusinessOne solution for a number of years.

### Platform for the future

Downies strategy was two-fold. First it needed to set up the subscription side of the business - including upgrading its warehouse, customer record keeping and logistics processes - and then upgrade its back-end ERP to handle the additional workload. "Again we looked to our German friends for guidance," explains Sealey. "On a site visit to their facility, they showed us how they had set up a more comprehensive SAP solution. They used SAP R3 but suggested that we could support our current and future growth plans with SAP All-in-One."

The decision was made to upgrade to the SAP



***“But more importantly we wanted a company that we felt comfortable with. This would be a major undertaking for us and we wanted to be sure that we could connect on all levels, including commitment, communications and approach.”***

**Chris Sealey**, director of sales and IT, Downies Coins and Collectables

All-in-one platform. The next step was to prepare an RFP for a partner to assist with the migration. “We asked for a company that had the skills and track record for delivering projects on time and to budget,” continues Sealey. “But more importantly we wanted a company that we felt comfortable with. This would be a major undertaking for us and we wanted to be sure that we could connect on all levels, including commitment, communications and approach.”

After a thorough evaluation and due-diligence process, Downies Coins selected NTTD DATA Business Solutions as their SAP transition partner. “Our initial decision to partner with NTTD for the SAP migration has turned out to have been the right choice,” says Sealey. “Over the course of the five month project NTTD have worked very closely with us – they’ve had a steady stream of consultants and developers come on site – and they have delivered exactly what they promised within one percent of their proposed fee. On a project of this scope and complexity, that is an impressive result.”

“They checked all the boxes,” says Sealey. “They knew the SAP solution inside and out so we had no worries when it came to the technical aspects. Plus we liked the way they handled their

bid. They sent developers and consultants to our site as they were preparing their response. Other firms, by comparison, relied on sales people. We talked to NTTD’s current and past clients and they were all satisfied customers.

#### **Avoiding ‘scope creep’**

“The reference sites all pointed out how SAP migration projects could be prone to ‘scope creep’ and associated cost blow-outs yet NTTD made it a point to stay focused. All of those factors added up to, in the end, an easy decision to select NTTD as our partner,” he said.

“The implementation has gone exactly as planned,” says Jason Nicholl, senior account manager at NTT DATA Business Solutions. “We have redesigned their databases to reflect the additional applications for the data and added a number of enhancements to their business processes. One particular area has been warehousing and logistics. We added capabilities for more bar-code scanning and ‘pick and pack’ support as well as reporting. Downies will be pushing many more coins through their warehouse and dispatch facility and now they have the tools in place to scale accordingly.”

#### **Going live**

Downies’ solution went live on July 1. “Based on NTTD’s performance so far, the successful German model that we used to design the upgrade and the encouraging uptake of our coin subscription service,” concludes Sealey, “we are excited about our entire initiative. We’ll have plenty of capacity, both physical and digital, to support additional opportunities as they occur. Any disruptions to our current operations have been kept to a minimum and the costs have been kept in line. In fact, the only additional expenditures have been due to our adding a few extra tasks during the design phase.

“But most of all we are pleased with the service NTTD have provided. Nicholl and the NTTD developers have been responsive and open. Any businessperson will tell you that it is the people who make a successful partnership. That has proven to be the case with NTTD team and is why this project has been so successful leading up to the roll-out.” ■

#### **CASE STUDY //**

**Downies Coins  
& Collectables**

#### **AT A GLANCE //**

##### **INDUSTRY**

- Numismatics

##### **BUSINESS OBJECTIVE**

- Reduce risk while upgrading ERP and adding new services.
- Incorporate ‘best practices’ into business processes.
- Increase process visibility across organisation.

##### **SOLUTION**

- SAP Business All-in-One.
- Professional services from NTT DATA Business Solutions.

##### **BUSINESS BENEFITS**

- SAP migration costs came in at 1% variance of original bid.
- Significant capacity increase for coin subscriptions and fulfilment.
- Complete transfer of all operations to the new system, with cleansed data and enhanced processes.
- SAP’s scalability provides a platform for further growth.

#### **FOR MORE INFO //**

##### **NTT DATA BUSINESS SOLUTIONS**

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# Mazda parts system a model for others

Greentree was a key component in transforming an empty building into an integrated parts ordering and distribution system...

**B**rett Todd is the National Parts Manager for Mazda New Zealand, serving a nationwide dealer network of 47 outlets. With thousands of Mazdas on the road, both NZ-new and used imports, there are thousands of spare parts that have to be listed and stored for quick dispatch.

What's more, car parts are constantly evolving, through both engineering and supply changes. A single part can be superseded by several others, or several parts can become one. In each case, a new part number is assigned. Picture this happening every day, with a worldwide database of more than a million parts.

"The tracking of this information is critical to supplying the customer with the right part at the right time for the right vehicle," explains David Hodge, Mazda's CFO. "If you get it wrong, it could be a disaster."

"You have to be on top of it and your systems have to be able to cater for it," adds Todd.

## Filling a big empty space

Mazda had previously shared a parts management system with Ford, but when ties were severed between the two companies, Mazda NZ followed its Asia-Pacific counterparts and opted to build its own system. They had five months to turn an empty building into a warehouse, train staff to manage it, and implement a business system that would fit their special needs.

Greentree was a natural choice for distribution, since Mazda was a long-time user of its Financial Management suite. A challenge in the process was being able to import large parts files from Mazda Japan.

"Mazda Australia warned us that we would need specialists to analyse those files and they were going to be a headache," Hodge recalls. "They contain lots of data, order confirmations, product information, pricing updates, shipping information and much more."

Greentree's data import manager handles those incoming files from Japan, and the Greentree partner worked with Mazda to configure Greentree's Webstore module into an efficient ordering tool for Mazda dealers nationwide. "It was a really collaborative effort," Hodge says. "Getting this wrong could have had a huge financial impact," says Todd. "We'd never had to do a project like this before, creating a warehouse from the ground up. Without the teamwork involved throughout, it would never have succeeded."

## Live global parts view

Greentree integrates with a specialised warehousing system and the inventories in both are updated simultaneously as new parts are scanned into the database. As parts are dispatched to dealers, Greentree processes the invoices and is on the alert for any needed re-stocking. Through Webstore, dealers are able to replenish their stock requirements with parts sourced from Japan, South-east Asia and Australia.

Mazda's parts distribution system today enables best work practices and further business development that will enable even stronger growth.

"With the help of the Greentree partner, we believe we've created a distribution product that can be a model for the automotive industry and for other businesses," Todd says.



***"The tracking of this information is critical to supplying the customer with the right part at the right time for the right vehicle - if you get it wrong, it could be a disaster."***

**David Hodge**, CFO, Mazda New Zealand



“Our key indicators show that we’re performing better than ever,” adds Hodge.

Mazda also made a point of getting its dealers acquainted with the new system. They welcomed the opportunity to state their requirements, and the result is total dealer buy-in.


“It didn’t take them long to get comfortable with Greentree because it’s so intuitive,” says Todd.

“If you can place orders with Amazon.com or any other online shop-style website, you can place orders with us.”

#### Great implementation recognised

The project won Greentree’s New Zealand implementation of the year prize in 2014. In its award nomination form, the Greentree partner referred to the ‘Mazda Methodology’, which it believes can be applied to other complex projects. This involves layering new complexities and controls as the customer becomes more familiar

with the use of their system. The philosophy bodes well for Mazda’s continuous improvement strategy.

“To get a project like this going you need to have the right people and the right mentality, and you can do anything,” says Todd. 

#### CASE STUDY//

**Mazda Motors New Zealand**

#### AT A GLANCE//

##### INDUSTRY

- Automotive Wholesale & Distribution

##### LOCATION

- New Zealand

##### BUSINESS OBJECTIVE

- Systems support for Mazda’s new parts warehouse.
- Handling many thousands of constantly changing parts numbers.
- Deliver parts efficiently to its dealer network.

##### SOLUTION

- Financial Management, Supply Chain & Distribution, CRM, Manufacturing, Workflow, eReporting, HR & Payroll, Business Intelligence and Greentree Secure.

##### BUSINESS BENEFITS

- Mazda dealers can check parts availability and order them online.
- Processing of huge daily database updates.
- Processes thousands of parts orders with improved speed and reliability.

#### FOR MORE INFO//

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# Australian auto industry supplier proves resilient

In a cut throat auto industry, Disc Brakes Australia relied on the agility of Abel's ERP system, to not only survive, but thrive...

**F**ew sectors change as relentlessly as the auto industry. Peter O'Connor, the General Manager of Disc Brakes Australia, recalls how 15 years ago the majority of cars in his home market were locally made.

Today that balance between local and imported models has reversed with more than 60 brands in the Australian market. It's not only the car makers who have felt the change, with the emergence of China as the world's factory, component suppliers have either gone under or have had to find new ways to keep up.

It's a measure of Disc Brakes Australia's resilience that it is Australia's only remaining dedicated disc brake rotor manufacturer. But rather than just survive it has thrived. Smart thinking has created worldwide success for this niche innovator.

Founded 40 years ago, the company has grown strongly in recent years, with continued growth in the last 12 months against the trend. Already strong in Australia and New Zealand, it is now selling more rotors globally, focusing on high performance and military vehicle applications that need something extra to stop fast.

From their Silverwater office near Sydney's Olympic Park, Peter lists a simple formula for success: quality, availability, breadth and depth of inventory and pricing. But like any good recipe the trick is in mixing the ingredients. Four years ago they sat down and decided two changes were vital: reduce costs, and tighten control over ordering and production.

Committed to quality, they decided to become a sought-after niche player. With continued growth in volume Disc Brakes Australia is no

small player. But with Chinese giants producing discs by the tens of millions a year they were never going to compete on scale. They also had to target several niches at once.

Many customers just want better value, others want performance. Disc Brakes Australia provides performance disc rotors to companies involved in all sorts of different activities including businesses that helped Top Gear drive to the North Pole, various formula type cars, "Radical" race cars, Dakar entries, rally drivers and Bathurst V8s (a video on their website shows Disc Brakes Australia's discs running white hot around Mt Panorama). By conducting their own in-house track testing Disc Brakes Australia understands the demands their customers place on the products and they collect a whole host of data to keep the innovation alive.

With the large number of brands in the market locally and the need to be well placed to service the global performance market, the variation in parts has mushroomed, from managing 400 components, Disc Brakes Australia now manages over 7,500. It makes discs in Sydney and runs a production line in China. "As the business has evolved," Peter says, "so the level of complexity has grown."

In managing all this complexity he adds: "I hate to think where we might have been today without Abel."

Before they shifted to Abel three years ago, compiling a large replenishment order for their warehouses was a three-day nightmare. Spreadsheets had to be individually compiled and compared against orders and inventory. There was a risk of doubling-up or running out. Because they were such a chore, purchase orders



***"Abel encompasses our business. Once you configure Abel to suit your business processes, it just delivers."***

**Peter O'Connor**, general manager  
- Disc Brakes Australia

were done only once a month.

With Abel, compiling, reviewing and finalizing a purchase order only takes an hour instead of three days using their old process. Abel automatically identifies parts that need to be ordered. "We are now placing purchase orders once a week. Abel never misses a trick, we no longer have to build a mountain of inventory,





wait for it to run down and then build it again. Now we just build a small hill and keep populating it.”

Managing manufacturing was just as laborious, as supplier components had to be individually checked and ordered. Customer management relied on emails – lose one and you also might lose all previous transactions.

At a single click, they see the history of every customer transaction. Constantly tracking demands, Abel conducts its own “micro-management” and updates the system as it goes. It runs all their finances, automatically converting between multiple currencies.

Disc Brakes Australia needed a business management system that was as fine-tuned and fast as the performance components they make. Peter says Abel has delivered beyond expectations. It has allowed Disk Brakes Australia to cut costs and waste, and reduce staff hours spent on

inventory management by more than half.

“Abel encompasses our business. Once you configure Abel to suit your business processes, it just delivers. You get a system that can handle a very high level of complexity which would cost a lot more if you went anywhere else.”

And Disc Brakes Australia can do more with Abel. They recently started using Abel’s attachment architecture to store background images and technical drawings against every part number for easy checking.

Now they are planning another big step – Disc Brakes Australia will shortly launch an e-commerce website. Driven by Abel, this will connect them directly to customers all over the world, automating every step from customer selection to dispatch and delivery. It’s an exciting development, but also one where they remain well positioned to manage the demands and succeed. **■**

#### CASE STUDY//

##### Disc Brakes Australia

#### AT A GLANCE//

##### INDUSTRY

- Automotive

##### LOCATION

- Sydney HQ, 6 Australian offices, global sales.

##### BUSINESS OBJECTIVE

- Cut costs and get tighter control over all production sources.
- Manage production, importing and re-exporting globally.

##### SOLUTION

- Automating all financial, ordering, manufacturing and customer management processes using Abel ERP.

##### BUSINESS BENEFITS

- Time spent on ordering, production control and CRM has been cut from days to hours.
- Automated inventory control has cut man-hours by more than half with improved accuracy.
- Full visibility of key business operations at any time, all in one place.
- A new e-commerce website will enable direct sales globally.

#### FOR MORE INFO//

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# the politics of e-health





*The benefits of digitising health are undisputed, as is the need to reduce healthcare costs with our aging populace. But e-health initiatives get bogged down in politics and cost way more than they should. We sent **James Riley** to take the temperature of e-health and its politics in New Zealand...*

There isn't a health system on earth that does not face difficult challenges. In fact, these are the words that often define the portfolio everywhere – difficult and challenging.

When it comes to developing and implementing a supporting e-health strategy, the challenges grow exponentially. E-health is one of the most complex public policy areas in government.

But for all the difficulty and all of the challenges, e-health gives policy-makers tremendous opportunities for better services and better outcomes at lower costs. And for innovators, e-health is a fast-growing global market.

Defining an e-health strategy, for all its complexity, turns out to be the easy part. It is the roll-out and implementation phase where these best laid plans can come unstuck. This is where multiple data sets, legacy systems, privacy protection issues and the many powerful and competing interests of the health sector converge.

So cost overruns in e-health projects are not uncommon, just as project delays are more frequent than anyone would like. And occasionally a

project will result in a giant technology hairball that can literally take years to pick apart. It happens the world over.

It would be optimistic to think that New Zealand could undertake a strategic e-health programme of the size, scope and ambition of Health Minister, The Honourable Tony Ryall's without coughing up a hairball of just such distinction.

And at least one project being undertaken at Health Benefits Limited – the Oracle back-office financials implementation – has taken on the melancholy characteristics of a project in deep trouble.

The signs are not difficult to spot, and they are remarkably similar no matter where in the world they occur: a whistle-blower, a quiet management reshuffle, and a series of stories about delays, cost blow-outs and eye-watering fees from global management consultants are the common signs.

The Health Benefits Limited Oracle implementation underpinning its Finance Procurement and Supply Chain (FPSC) programme of works is ticking all these boxes, and can add to that list a somewhat paranoid Minister's office.



**“The reason health IT can end up as such a hairball is that everyone wants to throw money at the problem to fix it once with a new system implementation.”**

**Graeme Osborne**, director, IT Health Board (NZ)

With an election looming in New Zealand, the Oracle project's shortcomings – and even its worthy ambitions – are about to come under the intense glare of campaign politics.

But in politics as in life, you take the good with the bad, and in New Zealand e-health, there is a great deal that is good, and that is working. It is unarguable that the nation can claim genuinely world-class expertise in the delivery of technology in the health sector.

And under Minister Ryall, New Zealand has also created an industry structure that has enabled local innovation to float. This structure has created an e-health ecosystem that has allowed local New Zealand software developers to build products that have flourished in international markets.

The structure has allowed for decentralised decision-making through a national framework. It includes not just the National Health Board and the IT Health Board, but also the New Zealand Health IT Cluster and its co-operative links into industry and into the Trade Ministry.

And of course it includes the District Health Boards. Whatever level of frustration the competing interests of health might engender in New Zealand, it is hard to argue with the fact the structure has, in broad terms, delivered value for money in terms of e-health to its citizens.

Minister Ryall can rightly take credit for the current wave of activity in e-health. And certainly he is highly regarded for having brought with him a pragmatic enthusiasm to the portfolio – which was certainly important in the lean times for the health sector that followed the Global Financial Crisis.

### **Long live the National Health Index**

New Zealand's long-term prowess in e-health runs deeper than Minister Ryall. Orion Health chief executive officer Ian McCrae says the platform that has enabled both the delivery of e-health and the creation of world-class New Zealand innovation was the launch of the National Health Index number in the early nineties.

While much of the rest of the developed world is only now grappling with the complexities of a single patient identifier, New Zealand's NHI gave the nation's healthcare sector a head start in taking advantage of the low-hanging fruit of e-health.

Whatever advances have come later owe much to the creation of that single identifier. “One of the key things that put us here was that government put together its National Health Index,” McCrae says. “That really set a fire under things as far as automating patient information goes.

“It meant every patient had a unique identifier. They linked all of the hospitals into the National Health Index, and ultimately also got all of the GPs using that unique identifier as the patient identification number.

“It meant that medical records could be tied together, so that you can see all of the data related to Jane Doe. And that [the NHI] has been a great starting platform,” McCrae said.

As the CEO of a New Zealand company that continues to enjoy global success as a provider of e-health software and services, McCrae is naturally bullish about the way the New Zealand sector has responded to e-health challenges.

But when he looks at the e-health future for New Zealand, McCrae sounds a cautious note. Because for all of the current e-health expertise in New Zealand, and for all of the enthusiasm within government for implementing best practice solutions, he says authorities have not yet understood the dramatic changes currently occurring in Health IT (see sidebar).

These changes move well beyond the kind of process automations that have improved the efficiency of clinical supply chain issues and instead include data intensive preventative health issues that range from genetic profiling and genomics to wearable data monitoring metrics.

“I certainly don't think we can rest on our laurels

in New Zealand. Because what we have seen in the past 20 years has been incremental ... but the changes that we will see in the next 10 years will be absolutely transformational,” he says.

These are exciting times for the sector, McCrae says, with challenges and opportunities for the nation being presented in equal measure. But while the wranglings over complex technology implementations are one part of an overall picture, McCrae says policy-makers have to keep one eye on the future.

### **An IT Board of clinicians**

With a unique patient identifier in place, policy-makers were able to see the cost savings and efficiency gains that could be enjoyed through better use of technology.

When Minister Ryall took over the Health portfolio in 2008, he made structural changes that boosted the priority profile of IT in the health sector. The creation of an IT Health Board – as a kind of subset of the National Health Board – was a fundamental part of that change.

As IT Health Board director Graeme Osborne tells it, Minister Ryall quickly came to the conclusion that while the nation had some innovative e-health strategies and programmes, they had not delivered the level of benefits and cost savings that had been hoped for.

The response was not to reduce the policy attention to e-health, but to increase it – and the creation of the IT Health Board was a part of that process. And it has worked. Osborne made sure he stacked his board with clinicians, researchers and CEOs from other health organisations, rather than IT professionals (although the board is chaired by perennial technology ‘safe-pair-of-hands’ Murray Milner, the former Telecom New Zealand CTO).

It seems counterintuitive to stack an IT Board with non-IT directors, but Osborne says this approach has been the key to getting New Zealand's e-health focus on to outcomes, rather than individual solutions.

“The reason health IT can end up as such a hairball is that everyone wants to throw money at the problem to fix it once with a new system implementation,” Osborne says.

“But that's not the way to win this game. You've



actually got to do the foundation work, and then you've got to get the core data sets in place, and then you want to implement the systems that use those data sets consistently well," he says.

"That's a challenge, but you've actually got to turn [the issue] on its head and get the clinicians to design the health system the way that they want it to operate."

Health information is one of the most complex of data sets. The health supply chain involves a myriad of different partners and professionals who need to share information – from the GP to the specialist, to the hospital administrators, the private sector radiography company, the insurance company, the pharmacist and the various levels of government.

And of course the patient needs access to all of this data, and all of the historical records behind it. The complexity of data being generated by so many different sources is further complicated by an overlay of privacy and personal choice. Health information is intensely personal and is guarded by strict privacy regulation.

For Osborne, the idea that you can have a single system delivering an electronic health record is a fallacy. "What you have got to realise is that you've got to deliver a core set of health information that is a bit like the web itself – it brings together information from a range of sources that paints the picture of someone."

The IT Health Board has stopped calling it an electronic health record, instead referring to this patient information as an electronic health view, to get across the notion that it is a curation rather than a repository. And this is where New Zealand has made great progress – if somewhat laborious – through its Patient Portal undertakings.

The criticisms of the IT Health Board and its activities have centred on the length of time it has taken to deliver projects. Osborne says the criticism is unfair. Everyone wants faster progress, he says, but a huge amount of work has been performed over four years in making sure the data was accurate and standardised.

"The key point is that the data has got to be trusted. The only way that we were going to be successful with e-health was if consumers were confident about what they were looking at," Osborne says.

## Drowning in data or swimming in information?

Orion Health chief executive Ian McCrae knows better than most what is happening in eHealth technology developments around the world. Since founding the Auckland-based company in 1993, Orion Health has grown to a 750-employee eHealth stronghold, with operations in 18 countries.

And what is happening in global eHealth right now are dramatic and transformational changes.

McCrae says the sector is being swept up by the same forces that have transformed whole industries, like banking and finance, and music and entertainment. Ubiquitous connectivity, cheap devices, low-cost compute power, commodity storage, cloud services, the internet: this is the laundry-list of generic technology that is underwriting fundamental change across the economy.

In the past two decades there has been incremental introduction of supply chain automation in parts of the health system, but in the next ten years it will undergo a radical makeover.

Orion Health's core competency is in-hospital information systems, patient record systems and collaborative care systems.

An example is New Zealand's South Island Alliance which is implementing a new Patient Information Care System (PICS). The system will manage the patient information from all hospitals and specialists in the region, allowing it to capture patient information at the point of care.

PICS will co-ordinate care between different hospitals and providers, greatly reducing the clinical errors and backend processing costs that can result from poor record-keeping.

McCrae highlights three changes: the impending deluge of data, the rise of genomics, and the demand-side pull of consumer services.

The immediate challenge will be finding ways to handle vast volumes of data. McCrae points to platforms like Apple and Android and others that are offering new and better ways to pull health data off devices. Devices are getting cheaper, and



more "wearable".

"These will be pulling down health information all day, every day, and sending it to the cloud. When things go off track they will send messages to doctors and patients and specialists," McCrae said.

There is currently an estimated 500 petabytes of health data generated globally. That number is expected to grow to 25,000 petabytes by 2020. "That's a 50-fold increase, and the systems today aren't really geared-up to ingest that volume of data."

McCrae says genomics will, as one example, enable a better understanding of why some drugs are more effective on particular patients, so that the most effective prescription is written the first time rather than through trial and error. Genomic analysis will also enable doctors to more easily diagnose rare diseases.

"Consumers are expecting the same things to happen in healthcare as happened in the banking, music and travel industries. It is inevitable that over the next 10 years we will see this kind of change in health."

In both Australia and New Zealand e-health has been an area of relative strength. "But I think it would be a big, big mistake to dine out on that too long," McCrae said. "Because the world is about to change and it is going to change really, really fast."

Whatever criticism exists about the tardiness of e-health projects related to patient records, there is little doubt that New Zealand has built genuine expertise in the area. From the Patient Portal to Orion Health's Patient Information Care System and Simpl Health's New Zealand ePrescription Service (NZePs), this is real capability.

The real benefit and the real cost savings of these measures will become more obvious in the next 12 - 24 months, as projects become more integrated.

The harder sell for Prime Minister John Key and the National Government in the run-up to the September election is related to Health Benefits Limited. This wholly-owned government shared services entity was projected to save \$700 million over five years.

Even the most optimistic observers say it is

unlikely to meet this target. But the critics say pushing back the timetable for meeting a savings target is the least of HBL's problems. The HBL core Finance Procurement and Supply Chain (FPSC) implementation, they say, has gone awry with cost blow-outs already in the tens of millions of dollars and climbing. It is a mess.

### **Tony Ryall bids farewell to politics**

In April, HBL chief executive Nigel Wilkinson was quietly replaced by David Wood, a former New Zealand Treasury deputy secretary. No fanfare, just a new CEO at a critical moment in the implementation of a key technology supporting platform.

Accusations have emerged of serious pressure being applied to the DHBs to book savings and to push any issues related to FPSC implementation

problems beyond the September election.

It doesn't help that Tony Ryall is not re-contesting his seat, having announced long ago his retirement from public life at the next election. No wonder Annette King is looking at the Health portfolio and e-health in particular as an issue of competitive advantage for the Opposition (see below).

At least one New Zealand software provider says the pressure is being felt across the sector. He declined to be quoted in this story, saying the risk that complaints would be met with payback was too great in the current environment. Everything was being viewed through the prism of the looming election.

This source points not only to incredible waste, most notably HBL's acquisition of 20 Oracle instances on behalf of DHBs when many were

### **The HBL sting is in the tail**

The problems at Government-owned shared services provider HBL will certainly be an election issue, with deputy opposition leader and health spokeswoman Annette King already flagging e-health as a key battleground. Labour says the HBL issues resonate with voters because health touches everyone - and because King says the Government has not been upfront about rollout problems.

The sting is in the tail. Already into year four of a five year savings programme, HBL will need to book spectacular savings at the back-end to meet its \$700 million target.

These are not ephemeral technology problems or intellectually distant issues, King says. Government had promised that savings from the programmes would be ploughed back into the delivery of health services, and voters understand that without the savings, spending on health services will go backwards.

HBL is home to two large IT projects that make up a huge portion of the overall savings the shared services agency is expected to deliver. The first consolidates the IT hardware needs of the 20 District Health Boards and offers an Infrastructure-as-a-Service platform, the bulk of which is being

undertaken by IBM. This project consolidates more than 40 active data centres currently in service.

The second project is the FPSC; the back office financials based on the Oracle software platform and being implemented by HBL. This financials project was to provide the centralised back-office grunt that would enable a more streamlined procurement process across the whole of the New Zealand health sector and was to have delivered the bulk of the HBL cost savings.

Warning bells about the project were first sounded when in March a collective group of District Health Board chief financial officers sent a letter to the Chair of the DHB chief executives. The letter was leaked to Annette King.

When a disgruntled employee unloads on the boss, or a politically motivated opponent leaks unsubstantiated damaging material it can rightly be taken with a grain of salt. But these are a group of accountants putting voice to concerns about the implementation of a financial management system. They are hardly revolutionaries.

In the letter the DHB National CFOs Chair Justine White complains about a lack of transparent and timely information from HBL in relation to material changes to the FPSC implementation programme, including to costs,

benefits, impacts and risks.

"Specifically, we are increasingly concerned at advice we have received from HBL in relation to benefits erosion, which HBL remain unable to quantify at this time," the letter said. "Cost escalations have also been signalled, but they too remain unquantified at this time.

"A potential delay of at least one, and up to two years for full programme implementation has been advised by HBL, with no available assessment from HBL of the risk that this poses to the continuity of FPSC functions across the health system in the wake of the restructuring which has already occurred."

"Additionally, we are very concerned at the diffuse and opaque accountability for programme decision-making."

These are not the out-of-anger remarks of a political opponent with an axe to grind. They are the considered words of a concerned group of key stakeholders.

Since then, details have emerged that in the two years since the business case for the FPSC programme was developed, its costs have grown from \$87 million to \$130 million, and the sector is said to have no confidence that it won't further increase significantly.



already running Oracle at the back end meaning HBL has duplicated costs in some cases rather than reduced it. He also catalogues missed opportunities for automating other parts of the health supply chain – the low-hanging fruit of manual processes conducted for any number of internal functions inside hospitals.

“There are so many areas that can be unlocked, but this great behemoth [of a project] has gobbled up all the funding,” the source said.

“Sure let’s save as much money as we can in the back office. But in doing that, let’s make sure we utilise the existing applications and services where appropriate, and then direct better funding towards internal parts of the supply chain that also have huge costs.”

The source is especially concerned that the District Health Board chief financial officers felt compelled to put their concerns into a formal document when they wrote to the Chair of the DHB chief executives. (The letter was subsequently leaked to Annette King.)

“They are a pretty conservative bunch, and for them to be coming out and saying there is a

total lack of accountability and transparency ... for a bunch of CFOs to be saying that, you’d have to be pretty concerned, wouldn’t you?”

Minister Ryall declined to be interviewed for this story. Instead, through a statement he said simply that information technology was transforming the way doctors, nurses, pharmacists and other health professionals care for patients in New Zealand.

More and more patients are benefiting from quicker and safer care by allowing health professionals to better share their medical information, he said.

“One of the priorities of this Government is to deliver better, sooner, more convenient healthcare – IT initiatives, including patient portals, shared care records, electronic prescribing, e-referrals and telemedicine, are helping us achieve this,” his statement said.

“Much of this innovation is a result of the National Health IT Plan. The plan describes the work that needs to be done to provide better information sharing across the health service and improve the quality and safety of healthcare in New Zealand.”

“It’s about having IT systems which talk to each other and allow patients to have the tools to manage more aspects of their own health.”

### **The health of NZ Health**

Health IT and e-health in New Zealand is in pretty good shape despite the emerging troubles from within the HBL shared services programme.

Even the Government’s harshest critics acknowledge that there is a lot that the nation’s health sector gets right in relation to its technology.

The proof is in the selling: there are few sectors that can boast the level of success that local software providers have enjoyed, both in New Zealand’s health sector, as well as those offshore – most notably Australia, Canada and the United Kingdom.

The Minister is probably looking forward to a fond farewell from the Health portfolio where he has been highly regarded. He is unlikely to get it in relation to e-health.

Politics is a tough game. And for all of the positives in the New Zealand e-health sector, there is a giant hairball on the horizon. **fi**



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# How technology trends are helping Life Sciences

*The experts at UXC Eclipse say there is one overarching technology that is driving the Life Sciences market forward...*

Research and businesses in the Life Sciences industry have given us many breakthroughs over the years. With the challenges associated with quality control and regulatory compliance, where failure is non-negotiable, and continual pressure on margin that leaves little scope for innovative business strategies, things are getting more difficult. With these challenges come opportunities for manufacturers to use technology as an enabler of business strategy – as a means, for example, of innovation, or to simplify and improve business processes to better meet industry and regulatory demands.

Technology savvy business leaders and CIOs are already adopting new technologies that directly align and support their more nimble business strategies. In the Life Sciences field the most popular technologies are as follows:

## 1. Cloud technologies

Medical device manufacturers are leveraging cloud solutions to gain greater business agility, faster deployments, predictable investments and even moving expenditure from CapEx to OpEx. Whether they are communication and collaboration tools or mission critical business systems such as enterprise resource planning (ERP), supply chain

management (SCM) or customer relationship management (CRM) applications, every system is being considered for deployment in the cloud. Life Sciences manufacturers are also becoming more decentralised.

However, scaling IT resources to every new location, or delivering IT support services across time zones and cultures creates a services challenge and cost burden. Using cloud solutions to offload application installation, operation and support across locations can help to manage costs, improve services and rid a non-core competency.

## 2. Lean manufacturing

Since the 1990s, lean manufacturing has sought to eliminate waste and non-value added expenditures from anything in the production process that doesn't create value. However, only in the last several years have the market leading manufacturing business systems fully enabled this production practice from a technology perspective. This technology enablement is now being adopted by medical device manufacturers in a big way.

For example, manufacturing systems such as Microsoft Dynamics ERP have enhanced their project accounting and cost accounting modules thanks to deep integration with both finance (receivables, payables, ledger) and core

manufacturing processes (master planning, shop floor control, WMS, TMS, etc.) to identify waste and thereby preserve value with less work.

## 3. Supply chain optimisation

According to Gartner, the supply chain management software market grew 7.1 percent to reach \$8.3 billion in 2012. While that's solid growth, the real technology trend here is the continued morphing of manufacturing systems and supply chain management systems into single solutions. In fact, this trend is part of an even bigger trend in which best-of-breed business applications are being replaced by integrated business suite solutions.

Manufacturers are increasingly turning to the supply chain to reduce cycle times, lower inventory (and related working capital), accelerate customer







fulfillment and decrease distribution costs. ERP business applications are enabling these more strategic goals thanks to their strategic capabilities. These include such things as leveraging customer segmentation for improved demand planning, integrating multiple supply chain strategies (including Responsive, Agile, Lean and Replenishment) for more accurate forecasting, and simulating buying patterns and modeling 'What-If' analysis to better align the supply chain with current market conditions.

#### 4. Customer relationship management

Manufacturing companies have a reputation of using CRM systems for the bare minimum. Essentially they are used as 'systems of record' for prospects and customers. However, in medical fields where patients are now more connected with others

in the same boat, are more informed and have more options than ever before, companies must rethink their CRM strategy, processes and software.

For example, patients are now more active in determining what medical equipment, surgical instruments and surgical appliances they believe are right for them. They are sharing their findings with other patients and entire online communities in social networks and internet forums. To meet these patients where they congregate, CRM software systems have evolved to include 'social CRM' tools that leverage social listening and collaboration apps to better identify and engage with patients where they digitally congregate. Early adopters are using these engagement techniques to acquire new customers and deepen their relationships with existing customers. Laggards are sitting on the

sidelines, not knowing that customers are talking about them and their products and unaware as to why they are losing customers to competitors.

#### 5. Business intelligence

Business intelligence (BI) solutions have evolved. Historical BI systems have fallen short of delivering (near) real-time information with easy-to-read analytics and actionable insights. But that's changing. The scope of BI has advanced from simple dashboards on the frontend and sophisticated data warehouses on the backend to also include rapid and self-service BI.

Like all technology trends, this advancement is heavily dependent upon business process and, in this case, knowing what measures most impact business performance. Life Sciences manufacturers that can identify the most salient metrics, and deliver the right information to the right people at the right time, will empower those people to make better business decisions, and the company will improve its business performance.

While each of these technology trends delivers specific benefits, there's an overarching trend that seeks to leverage their collective advantages in an all-encompassing solution, while at the same time avoiding the decades-old problems of inefficient, disparate and siloed information systems.

This change has led to increased adoption of packaged ERP systems because they are able to deliver the benefits of cloud, lean manufacturing, SCM, CRM and BI without needing to create and maintain complex system integration and software customisation. ■

#### MORE INFORMATION//

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# Lights, action, CRM!

Film industry experience has helped Action Traffic make an art of traffic management, with the assistance of an elegant job management system...

**I**n 2003, Andrew Seavill took on the challenge of combining his knowledge of safety in the film industry with his desire to be his own boss.

He decided that the art of traffic management for film events could extend into a wider business.

His success at improving the way traffic is handled involved building strong relationships with the Council, Police and local communities. This opened doors far beyond film and local events, and business support soon extended into construction, roading, motorway work and utility companies.

## Second time round

A few years ago Action Traffic implemented Microsoft Dynamics CRM with a local partner, but the solution failed to gain traction and the business reverted to spreadsheets.

Subsequently David Bell, the new IT manager for Action Traffic, welcomed the decision to revisit CRM. "The company was so busy, and the rate of growth so rapid, that it was crucial to us that we didn't sacrifice quality for volume."

The primary issue for Bell was the centralisation of data. "The way we collected data around our customers, contacts, projects and teams evolved organically as the company grew. The result was data spread through a combination of spreadsheets, Word documents, shared folders and Outlook," said Bell. "What I wanted was for a client to be able to phone us and ask for something, and that regardless of who took the call, they would get the client's information quickly," he said.

## Déjà vu

After discounting a custom-built approach, the decision was made to revisit their original Microsoft Dynamics CRM solution to see if anything could be salvaged.

Dynamics CRM 2013 had been recently released, and Bell, along with Seavill's business partner Mike Chatterley, were impressed with the fresh new look and added functionality. They resolved to recommit to the solution, but with a new partner. After some research and positive recommendations they decided to appoint Koorb Consulting.

"Koorb had a very professional approach to planning, service and support," said Bell. "They came with quite a different approach."

## Making successful plans

Action Traffic spent a considerable amount of time planning out their requirements which helped when it came to articulating their processes to Koorb's CRM consultants.

"We were always happy to take their advice," said Bell, "but our processes were already pretty tightly defined. Mostly, we just needed them to make it happen. We have been demanding at times, but they have always come back with a workable solution. They've been good. Really good."

## On the job

Action Traffic has a team of people dedicated to managing job bookings. A high level of accuracy, attention to detail and organisational skills are required to follow the company's stringent processes.

The team generate quotes, which once approved by the customer are turned into jobs. The dates, times, locations, people, cones, trucks, and Council permissions are scheduled, booked and monitored through to completion. Reconciling quotes against the final invoice and timesheets was a cumbersome spreadsheet process that took an hour to complete every day.

Koorb used the customer service and service scheduling module to automate Action



Traffic's business processes. The CRM takes the user through a set of steps which replicate the company's processes so that no detail is missed, and no action omitted.

Action Traffic's account managers can now view and report on the up-to-the-minute status of any of their client's jobs at a glance as well as click directly through to any attached details, such as Council permissions.

Reports can easily be generated directly to list outstanding actions, including overdue Council approvals, quotes which haven't been approved or actioned, client enquiries which haven't been followed up and job plans which haven't been completed. This has given the company's management and staff alike considerably more visibility into their performance, which is a valuable tool for further enhancing their service levels.

## User adoption

After hearing about the issues with user uptake



the first time around, Bell was cautious in his plans to transition the team across to the Dynamics CRM solution. Action Traffic is a company with a high staff retention rate, so many of the team remembered the previous experience and were understandably anxious about the new one.

“I was being positive and allowed a one month transition period from go-live to a total move from our spreadsheets to using CRM,” said Bell, “but in the end, it only took two weeks.”

Ironically, it was the rather reluctant users who drove the rapid transition as they soon saw the benefits the new CRM offered, and quickly abandoned their ‘just-in-case’ plans to enter data in both solutions.

#### Bells and whistles

Now that all their job management data is in one place, Bell is keen to move on to the next phases of their plans for Dynamics CRM.


“We are very keen to cut out the need for our

crews to handle paper completely,” said Bell. “The plan is to send them out with approvals in digital format on a tablet, and with an eForm timesheet to complete and send back to head office with a single click. At our end, their time will be automatically entered into the payroll, logged against the job and applied to the client’s invoice,” he said.

Bell is also keen to integrate SMS and Navman into the CRM to help improve crew efficiency.

#### Here we are

This has been Bell’s first CRM project, and it’s one that he’s enjoyed. The outcomes Action Traffic expected have been exceeded, and their confidence in the solution restored.

“We trusted Koorb to do a good job and that there would be a hands-on relationship that would continue after the solution was live, and I guess - here we are!” 

#### CASE STUDY //

##### Action Traffic

#### AT A GLANCE //

##### INDUSTRY

- Transportation

##### LOCATION

- Auckland

##### BUSINESS OBJECTIVE

- Ensure a single source of customer data.
- Track quotes through jobs to invoice.
- Schedule resources and council approvals.

##### SOLUTION

- Microsoft Dynamics CRM 2103 implemented by Koorb Consulting.

##### BUSINESS BENEFITS

- Reminders for overdue tasks.
- Immediate visibility and reporting of job status.
- Positive user uptake eliminated spreadsheets.
- Future improvements to a paperless field process.

#### FOR MORE INFO //

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# Defining the connected living market

*Massive technology-led disruption across all industries globally, driven by the rapid proliferation of connected devices and services, is moving everyone and everything towards a state of 'connected everything'. Research firm **Frost & Sullivan** gives an overview of the nascent 'connected living' market...*

In the not too distant future, the average 'digital native' - a person born or brought up during the age of digital technology - will have at least

10 personal connected devices at home and access to over 80 billion devices. It is expected that by the time we are into the 2020s, tens of millions of people will be connected by trillions of things and applications as a result of connected industries.

'Connected living' is defined as a world in which consumers use many different devices to experience compelling new services that integrate video, voice, and data services to provide access and ubiquitous connectivity anytime and anywhere. In the future, smart and connected everyday objects and appliances will be able to monitor the environment, report statuses, receive instructions, and take action based on the information received from PCs, smartphones, and tablets.

This evolution towards connected living began in the 1970s, which had specialised computing activities driven by proprietary equipment and mainframes. In the '90s the advent of PCs and the internet led to increased productivity, and since 2010 we have had bursts of disruption and innovation through cloud computing and mobile capabilities.



Mark Dougan, A/NZ managing director for Frost & Sullivan says:

"Mobility and cloud computing have brought about significant changes in the ICT industry.

Cloud computing, big data, mobility and low cost sensors are driving the internet of things and connected industries. The internet of things is forcing transformation

and innovation across connectivity and convergence of people and industries, giving rise to the connected home, connected workplace and connected city. The consumerisation of the information and communication technologies (ICT) environment is forcing companies to converge and offer ICT-blended solutions. This is creating a whole new market of connected living solutions and services."

To understand the development and growth of the 'connected living' market Frost and Sullivan looked at the micro market level for the new products and services that are being taken up by consumers in the context of where we spend most of our time - at home, at work and out and about in the 'city'.

Frost & Sullivan forecasts the total connected living market will reach \$731.70 billion by 2020 as the importance of the internet and digital solutions grows in the overall economy. The 'connected city' segment, which is comprised of e-governance, e-citizens, smart transportation cards, e-learning, mobile banking and digital classrooms, remote education services as well as digital libraries, will contribute the largest percentage at 54 percent, equating to an estimated market potential of \$392.94 billion, with smart governance and education services making up 50 percent of growth in this segment.

Dougan says: "Connected cities will be driven by connected consumer services for mobility, governance, education, and banking and financial services. Data is the essential game changer and e-services such as e-payments, e-exchange, e-sharing, etc, will empower citizens with real-time access to personal data and related services. Smart governance and education services will transform access to information and learning. More than 60 percent of citizens of smart cities will have full access to e-Services in the next 10 years."

The 'connected work' segment comprises 31 percent of the connected living market, contributing \$228.44 billion. Connected work encompasses mobility (mobile email, enterprise mobile apps, people location, bring your own device), communication (unified messaging, remote desktop access) and networking (web-based project

collaboration tools, cloud-based file sharing services). Connected work solutions (communication platforms, enterprise mobility applications, social media tools) will offer alternate working styles through fully integrated, software-focused architectures.

More mobility solutions will eliminate the need for physical space through technologies such as augmented reality and virtual holograms. Instant language translation, virtual reality interaction and shared platforms will truly enable decentralised operations.

**"cloud computing, telepresence and simultaneous speech translation will flatten the structure of global companies"**

"Connected workplace technologies such as cloud computing, telepresence and simultaneous speech translation will flatten the structure of global companies and enable workers to connect with each other and share information in real time any place any time. Already, IBM's SmartCloud is a virtual business with key processes taking place in the cloud. The levelling of the global playing field for talent will widen the traditional growths and now these new connections will drive significant change. Productivity will rise as organisations become more global and collaborative, adopting a 'zero' approach to management, hierarchy, leave and working hours," states Dougan.

'Connected home' accounts for the remaining 15 percent at \$111 billion and incorporates home automation; smart meters and smart thermostats, intelligent lighting, remote monitoring and control as well as home health i.e., remote diagnostics and wearable health devices. Connected homes will be controlled through smartphones or wearable technology and monitored through a web of sensors, devices and intelligent infrastructure such as smart lighting, virtual touchscreen windows, energy management systems and remote home health services. Power, heating and light will be automated and supplied based on movement and need. Security systems will be controlled through highly intelligent technologies such as voice, face or fingerprint recognition.



Frost & Sullivan predicts that by 2025, the rise of connected living will see 3.7 billion smartphones, 700 million tablets, 520 million wearable health-related devices and 410 million smart appliances in the connected person world. The connected worker world will see 90 million IP telephones, 400 million laptops and over 60 million unified communication platforms.

"Frost & Sullivan expects that nearly 80 percent of US enterprises will adopt BYOD, 30 percent of populations will access office networks remotely, and 90 percent of organisations will offer mobility to workers," remarks Dougan.

Meanwhile, the connected citizen will have access to 15 million interactive kiosks enabled by 25 million cloud servers servicing around 1 billion smart government and ID cards. Around 500 million smart transportation cards and 50 million contactless payment cards will be issued and an estimated 35 billion will subscribe to location-based services (LBS) devices by 2020.

Dougan elaborates: "The value chain of smart solutions to service all the components of connected living is extremely fragmented with no clear 'one stop shop' solution provider providing end-to-end solutions. There are many players, ranging from module/component providers to device vendors to network and platform providers to system integrators. Within these groups are big name players such as Sendum, Gemalto, Apple, Samsung, Telefonica, AT & T, Cisco, SAP, Oracle, IBM and Accenture. Early entrants are exploring ways to monetise opportunities in connected

living. First movers in the market are taking one of three approaches: a single purpose solution, a partnership alliance or a broad platform-based offer. Partnership alliances are being formed between different providers."

A key factor in the development of the connected living market is the ability to combine hardware and software so that new products and services can be offered. The current and future connected living market could be exploited by companies in two ways: by creating new opportunity or by capturing market share from others. A key dynamic is the wide opportunity this market represents to non-conventional companies.

***"Data is the essential game changer and e-services...will empower citizens."***

"While the ecosystem of players is complex, there is no denying that collectively, the market potential is huge and presents immense opportunities. Manufacturers will drive value from smart factories, retailers will derive value from digital retailing and advertising, utilities will derive value from smart grids. This is truly a market where being successful means often transformative improvement and legacy means almost nothing; the number of new market entrants is expected to be significant," finishes Dougan. ■



# VTNZ changes the game on inspections

How do you make customers smile when they have to make what can only be described as a ‘grudge purchase’? ...

**W**hile people respect that vehicle inspections help ensure their safety and keep the road toll down, for most of us having our vehicle inspected is a costly inconvenience we would rather do without. So much so, that the Government recently legislated to reduce the frequency of mandatory vehicle inspections.

So when you are the country’s largest vehicle inspection service provider, how do you respond? Less inspections, more competition, and a new

owner thrown into the mix.

Greg O’Connor, operations general manager at Vehicle Testing New Zealand (VTNZ), says the strategy is to embrace the fact that, behind people, information is its second most important asset. “We wanted to improve our service, add value and improve productivity, while reducing costs - all at the same time,” O’Connor says. “And now that businesses are waking up to the value of information, we saw the opportunity to change the game in what we provide our customers”.

Throughout the country, all vehicle inspection service providers access the New Zealand Transport Agency (NZTA) vehicle and driver licence management system, which is called LANDATA. Whether you are a garage, vehicle engineering services provider or a specialist inspection service provider, you update LANDATA via a web portal. A Warrant of Fitness (WOF) is issued when you have a compliant private vehicle (such as a car, motorbike or trailer). The Certificate of Fitness (COF-A) is for light commercial vehicles (such as taxis, rentals cars, vans and small trucks), and COF-B is for heavy commercial vehicles (such as large trucks, trailers and buses).

In New Zealand, every year there are around 5.6 million Wof inspections, 85,000 COF-A inspections and 275,000 COF-B inspections. With the average age of vehicles at 6 years, the maths around the change in regulation will see these volumes potentially decrease by a massive 30 percent.



***“Quickcheck enables us to provide a greater level of customer service. Fleet operators are able to take data from our web portal and use it to predict future maintenance, which helps them keep vehicles on the road.”***

**Greg O'Connor**, VTNZ operations manager

VTNZ's 85 inspection centres and nine mobile test facilities carry out about 900,000 WOF/COF-A and 230,000 COF-B checks a year. “However you look at it, that is an enormous amount of data,” says O'Connor. “Historically, once the inspection is completed, most of it remains handwritten on the checksheet”.

Furthermore NZ fleet owners and drivers are subject to NZTA's operator rating system. This score based system provides incentives for well maintained vehicles including first time COF passes.

Only the most basic pass/fail and unstructured fault information is rekeyed from paper into LANDATA. The vast array of information, including detailed fault identification, vehicle condition plus important details such as tyre tread depth and brake performance is never electronically recorded or analysed.

“We began exploratory discussions with VTNZ in 2009 about improving productivity while increasing the accuracy and amount of

data collected” says Aldas Palubinskas, Mobico's managing director. “VTNZ leadership had a vision about the potential of unlocking the inspection data to add value for customers, NZTA and the wider automotive ecosystem. VTNZ also wanted to make the inspection process easier and faster for their customers and staff. Thus the cornerstones were set for the solution which is now known as Quickcheck,” he says.

Now after five years of collaboration between VTNZ and Mobico, a major change in government vehicle testing regulations, significant changes to the NZTA LANDATA system, plus a change in ownership for VTNZ — Quickcheck is well on the way to being rolled out to VTNZ's testing centres throughout New Zealand. Mobico has designed and developed all the software and integration for Quickcheck, and also supplies and supports the Motorola handheld computers and wireless networks which enable Quickcheck.

“We had to solve a lot of complex operational and technical issues, a key one being how to structure an inspection process that is very time critical and tactile in terms of how it is delivered on the front line,” Palubinskas says. “We also had to build a highly functional interface into LANDATA, which is a proprietary Government system for which there are no integration layers or tools”.

Because of vehicle inspectors' working environment they need a device that they can use indoors, outdoors, crawling under vehicles and climbing into cabs. The device also needs to be able to withstand significant accidental drops, tumbling high out of truck cabs and even into inspection pits. It also needs to work when the operator is wearing gloves, plus be dust proof, grease proof and waterproof. The Motorola MC67 has proven to be an excellent choice and reliable workhorse for VTNZ Quickcheck.

“Inspectors capture important regulatory

information and we have to make sure they, and customers, aren't left waiting while Quickcheck is doing something,” Palubinskas says. “Furthermore they need to capture and record hundreds of thousands of data combinations on a relatively small screen. The architecture, comms server and user interface which enables them to do this has been our biggest technical triumph on this project. Because of this the Quickcheck solution also has significant merit for use in front line police and insurance work including citations, incident reporting and assessments.”

In an increasingly deregulated environment, the vehicle information collected by inspectors has gained additional importance for VTNZ. Apart from being uploaded directly to NZTA's LANDATA system, the vast array of data collected on inspectors' handhelds – details such as tyre tread depth and brake performance – will also be made available to truckies via a VTNZ web portal and to other VTNZ operational systems. This is the foundation of new services developed by VTNZ to give it an edge in an increasingly competitive market.

With fleet owners subject to NZTA's operator rating system (which gives them a score including COF pass-fail history) and with increasingly vigilant roadside enforcement, the more information available to operators, the greater the value VTNZ provides. O'Connor says Quickcheck has become a key tool for improving relationships with commercial fleet operators.

“Quickcheck enables us to provide a greater level of customer service. Operators are able to take data from our portal and use it to predict future maintenance, which helps them to keep vehicles on the road.”

“Furthermore we expect a 30 percent reduction in WoFs which is hugely significant, so our challenge is to increase market share,” O'Connor says. “We've identified some opportunities, one of the key ones being weekend trading”.



Garages, which is where most motorists go for a WoF, don't typically operate during weekends. As Quickcheck is rolled out through WoF testing stations, its detailed data will increasingly be used to trigger customer reminders of maintenance their vehicle might need between WoF checks, such as new tyres.

"It's all about stickiness – getting the customer to return", O'Connor says.

The system will also smooth the WoF customer experience, enabling vehicle inspectors to respond to test centre bottlenecks and informing motorists of waiting times.

Palubinskas, whose role in Quickcheck's design gives him a high-level view of the system, says on the one hand it is a real-time business management tool and on the other it's part of a complex regulatory mechanism.

"VTNZ has 600 inspectors doing a very subjective job in a very objective regulatory environment, with the added drivers of time and cost imperatives. When its reputation stands and falls on the outcome, how do you do all that without a system such as Quickcheck?" he asks.

With hundreds of thousands of variables, the ability for a number of inspectors to be checking a single vehicle at one time and interface with LANDATA, there were plenty of potential technical snags in implementing Quickcheck. But O'Connor says Mobico has done an outstanding job and ultimately the regulatory uncertainty was the only holdup.

With 600 vehicle inspectors and 200 customer service representatives across 85 locations, operational process changes would take VTNZ many months to deploy and embed. Now with Quickcheck, they do it in a week.

O'Connor says the reduction in regulatory inspection volumes was a scary concept for VTNZ stakeholders, but now with Quickcheck VTNZ has a tool to confidently adapt and drive their business forward. "We have unprecedented agility around developing new products and


***"We have unprecedented agility around developing new products and services while at the same time improving and enhancing established ones."***

**Greg O'Connor**, VTNZ operations manager

services while at the same time improving and enhancing established ones. Quickcheck will help the VTNZ team and all our automotive industry stakeholders embrace new industry regulations and opportunities. It improves relationships and adds tangible value which is unique to VTNZ," says O'Connor.

"The feedback from customers has been all positive and front counter staff like the system because they no longer have to do data entry into LANDATA, which lets them focus on customer service."

And when O'Connor asks inspectors – particularly those initially unenthusiastic about Quickcheck – whether they would give it up, they tell him an unequivocal "No!".

"And when I ask myself the same question, I wouldn't be without it either." 



Scan the QR code to watch the video.

## CASE STUDY //

### Vehicle Testing New Zealand

## AT A GLANCE //

### INDUSTRY

- Regulatory inspections

### BUSINESS OBJECTIVE

- Increased market share and new services based on better customer data.
- More accurate and faster collection of vehicle inspection data.
- Improved productivity through more efficient handling of NZTA data.

### SOLUTION

- Mobico-designed and developed system using Motorola handhelds, with integration to NZTA's Landata system.

### BUSINESS BENEFITS

- New marketing opportunities based on richer customer data.
- Better visibility of testing station throughput and customer waiting times.
- Helps commercial customers lift operator rating system scores.
- Maintenance reminders to improve vehicle safety.

## FOR MORE INFO //

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# Locking out the paper

Electronic data interchange has delivered efficiency gains for security hardware supplier Allegion and its big retail clients...

**P**aper is a pretty remarkable technology that has lasted around two thousand years, but it has its limitations. That much was becoming clear at security hardware provider Allegion, which sought to improve the efficiency of its procure to pay processes with key clients. By implementing a cloud-based electronic data interchange (EDI) system, it has achieved a more tightly integrated supply chain and substantially accelerated the pace of business.

That's because information that flows electronically is more accurate, much faster and doesn't require the exchange of papers or the intervention of people. The solution, provided by EDIS tech, is almost like email is to post - except it connects the business systems of Allegion with those of its key customers.

Headquartered in the USA and listed on the New York Stock Exchange, Allegion employs over 8,000 people in 120 countries. It produces locks, door handles and related security hardware. In New Zealand, the company's major customers include Bunning's Warehouse, Mitre 10, Placemakers and ITM.

## The fax faux pas

Jason Tung, IT Support Officer at Allegion says the preponderance of manual work involved in processing orders was the primary motivator for the project. "When you're receiving up to 50 orders a day, that means a lot of paperwork and a lot of manual data entry. That also means a lot of opportunities for mistakes to be made. We wanted to replace this paper-driven process with a solution which would automate the procure to pay process," he explains.

Recognising that there is an issue is the first step to solving it. The second is getting the appropriate expertise on board - and for


that, Allegion looked to EDIS tech. "A year after upgrading our core business systems, we explored the possibility of moving to EDI with key clients. Understanding our own capability was important, as we knew what we could do and also what we could not; that's where EDIS tech plays a key role, bringing the technology and expertise to make it happen," relates Tung.

EDIS tech provides a platform widely used by New Zealand retailers, suppliers and exporters, which facilitates the secure exchange of information between the business systems of various parties over the internet. By exchanging order and invoicing data in this way, paper is taken out of the equation, improving speed and accuracy.

Getting the first customer on board was always going to be the biggest challenge, continues Tung. "You're starting from scratch. You need to get the customer on board and then you need to set up mapping of documents and systems, establishing what data is to be interconnected and where it is to be stored. This is a specialist task and we just didn't have that capability in house."

It was, Tung remembers, a major learning curve. "With that first customer, which was Bunning's, we required a lot of support. That's where the assistance of an experienced and trusted partner really came to bear, helping to identify problems, such as data in the wrong format, and iron them out."

Establishing connections between itself and Bunning's took some three months, says Tung. However, when the next customer was brought on board, the process was considerably easier and faster. "Getting Mitre10 onto the EDIS tech system took perhaps one month. Most of the file definitions established with Bunning's could be reused, and, as we now have some experience in



***"The cost of running EDI is far less than having staff wasting their time checking orders and entering data manually."***

**Jason Tung**, IT Support Officer, Allegion

using the system, we are able to solve a lot of the minor problems in-house."

## Efficiency and cost reduction

Tung readily admits that moving from the old way of doing things with paper, to an electronically driven system, is far from easy. "When you've been doing things in a way that everyone knows, it's a job to convince the company that EDI is the way to go. However, in the medium to long term, the cost of running



EDI is far less than having staff wasting their time checking orders and entering data manually. Now, the system takes care of it."

The obvious benefit is that there are no more errors in data entry; visibility is also brought to the process. It's a significant advantage, because for all its virtues, the fax machine is fallible. "When that was the primary method of receiving orders, if the line went down, if it ran out of paper, or even if someone accidentally binned an order, it wouldn't get into our system. That meant customers would call to find out where their order is, resulting in rush jobs and expensive overnight courier fees."

Reduction in paper and associated consumables use is a given, as orders no longer arrive by fax and invoices are no longer printed and posted. But Tung says the biggest saving is that customer service representatives no longer spend their time keying in orders. "Where each person may have spent two hours a day or more

entering information, that's gone to zero. And entering this sort of information is work that no-one should be doing," he explains.

Similar benefits accrue to Allegion's customers, making the process of bringing them on board easy. "With EDI, customers get their invoices immediately and they can electronically confirm everything right through to payment. That means more efficient workflows and less paper for them, too."

The longer the system is in use, the easier it becomes for Allegion's staff to use it. As it readies to bring Placemakers, ITM and its Australian Retail customers on board with the EDIS tech system, Tung says both will be added simultaneously. "It just gets easier and easier as we now know what to expect, we know what to look out for, and we know the benefits that moving away from paper brings. And the more clients we have on board, the greater the value this system delivers," he concludes. ■

#### CASE STUDY//

**Allegion New Zealand**

#### AT A GLANCE//

##### INDUSTRY

- Retail

##### LOCATION

- New Zealand

##### BUSINESS OBJECTIVE

- Improve efficiency and accuracy by eliminating order re-keying.

##### SOLUTION

- EDIS tech B2B EDI

##### BUSINESS BENEFITS

- Automation of procure to pay process.
- Improved accuracy and visibility.
- Reduced manual workload.
- Reduced cost of order processing.

#### FOR MORE INFO//

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# On the road and equipped for success

*Evidence shows that the 'hard sell' does not generate loyalty; that comes when customers have a genuinely good experience dealing with your company. The experts at MYOB have provided their insights on what salespeople need...*

As business people we want to maximise our profits, as customers we want a brilliant and personalised purchasing experience, so it should be no surprise that businesses that nurture and understand their customers see a quantifiable increase in profits. And yet there is still a gap between how well businesses think they do this, and what their customers think.

So what's causing this discrepancy? On the whole, salespeople are motivated to close high-value sales, but if they're buried in paperwork, or don't have the right tools, then they're working with one hand tied behind their backs.

## Support your sales team

Customers and prospects today expect 24/7 access to information by phone, email, social media or other channels. By the time potential buyers meet sales reps, they are often more than 50 percent through their decision making and buying process.

Traditionally, customer relationship management (CRM) systems have been used to manage interactions with customers but this approach is proving increasingly inadequate because customers today demand a great experience across multiple touch points, including point of sale, customer service and brand experience.

To provide this type of more personalised and immediate customer service, sales teams need to have full access to relevant information and be able to manage the entire quote-to-invoice process while away from the office.

Having access to relevant data anywhere and anytime means shorter sales cycles, reduced downtime and more face-to-face time with customers and prospects.

## The mobile advantage

Businesses considering investing in mobile apps for their sales teams rightly ask what the return in dollar value is from mobile working. Can mobile technologies improve sales team efficiency, increase customer satisfaction, streamline the entire sales cycle and boost profitability? In the context of sales teams, the term 'mobile' is not just about being in touch when out of the office; it's about gaining an advantage over the competition.

Smart electronic devices and apps let sales teams show portfolios of products and solutions to their prospects – anytime and anywhere. They can immediately check stock availability, inventory levels, pricing and delivery times too, instead of having to make the customer wait until they're back in the office. This efficient way of working is more responsive to customer needs,



and thus increases customer satisfaction – which consequently drives sales.

## Six more reasons to go mobile

1. Mobile sales apps help salespeople to close deals more quickly

If salespeople can access information such as order history, full product details, technical specs, price lists, stock levels etc. off-site, they are in a much stronger position to seal the deal on the spot, rather than having to wait until back in the office and running the risk of the buyer's enthusiasm going off the boil. As a result, quotas go up and more leads can be converted into sales in a shorter period of time.

2. Mobile sales apps improve cash flow

With traditional systems, quotes are normally



raised back in the office after a sales representative has met with the customer. With a mobile sales app, there's no delay. Quotes can be raised on site and can be approved and processed at the same time.

*3. Mobile sales apps mean orders can be fulfilled more often*

Many field-based technicians use their vans as 'mobile warehouses'. With traditional systems, there is no way of alerting the main warehouse about which stock needs replacing until the van is back in the depot. Short turnaround times can make it difficult to restock everything so technicians can end up heading out uncertain if they can fully service all jobs. The lack of visibility also places a real pressure on HQ to reorder and restock the right products in time. With a mobile sales app,

technicians can log the parts used on a job the moment it is finished, so they know exactly what stock is in the van. Staff at the head office, who can see the same data, can immediately order replacement stock before the technicians return to the base.

*4. Mobile sales apps increase productivity*

If a sales person or field technician has access to information about a client before the meeting, they don't have to spend time information-gathering. They can simply turn up and start working. As there is more than just one sales interaction or service visit per day, staff can do their jobs more effectively too. Armed with the right information, they can make better-informed decisions at the point of sale.

*5. Mobile sales apps save time and reduce errors*

With a traditional CRM system, any data collected by the mobile workforce has to be recorded on site and then a second time back at the office. This duplication of effort is time consuming, and can lead to costly errors. Using a mobile sales app, data can be entered while the sales representative is still on site with a customer. The moment it's added to the system, employees in the office can see that same data on their screens, and make decisions based on concrete business intelligence.

*6. Mobile sales apps improve customer satisfaction*

With faster response times, better order fulfilment and more attentive sales visits, mobile solutions offer a massive increase in customer satisfaction. The right mobile tools can have a very positive impact on your bottom line.

Ultimately, it's not about the technologies, or even processes or best practices. It's about supporting sales teams to do their jobs. Just as businesses need to appeal to customers on an individual basis, they also need to recognise the working practices of their sales teams. If implemented properly, mobile sales solutions can empower sales teams to reach higher performance levels and give them a competitive advantage by increasing the overall efficiency of work processes. Businesses that have embraced this idea are reaping the benefits. **fi**

**MORE INFORMATION //**

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# Old fashioned views of ICT endanger business

*Emerging ICT Leader of the Year **Amanda White** says there is frustration amongst a large number of ICT managers who feel they are expected to perform at the level of a CIO but are simultaneously excluded from the C-suite...*

It starts at the top. If a company board and CEO value and understand the true role of ICT within an organisation then it will have a representative at the C-suite level. If they don't there won't be. But if the CIO is missing from the table, the C-suite is failing to represent the business as a whole.

In today's business environment a CEO or the board can no longer afford to have the old-fashioned mindset that IT is there to keep the lights on. The role of the CIO is a critical part of success as a company as a whole; it is just as important as marketing, sales, finance, and so forth. How can your CMO do their job if there is no IT platform to spring from? How can the finance team keep track of revenue and expenditure if there are no systems in place for this? How can your sales team increase sales if the backend system architecture is slow and cumbersome?

Today, ICT underpins everything that a business does, and we live in a market where the customer constantly demands new offerings, and fast. In order for businesses to keep or gain a competitive advantage they need to bend and flex at a rate like never before.

The role of the CIO is to enable the business to achieve its end goals, whether departmental or business goals. However, in order for the CIO to be able to do this they must be at the C-suite table and therefore fully aware of what the company is trying to achieve. Only then can the CIO effectively work with the business to achieve the desired outcome.

ICT is not about providing the users a laptop, an iPad, servers and an internet connection anymore. ICT is about business intelligence: how enhancement to the business can be achieved by using the ICT systems in a strategic manner. A company should never be IT lead, it should always



be business lead, but ICT is the vehicle that it uses to get there.

In order for a CIO to be able to function fully it is critical that he or she has a strong working relationship with the CFO. Every enhancement or new ICT project needs funding and a CIO and CFO that can work together.

High performing companies have known that the role of the CIO must be at the C-suite level for many years. If we look at high-performing New Zealand-based companies like Fletcher, Fonterra, Progressive Enterprises and the New Zealand branch of ANZ bank you will notice a couple of things. Firstly they all have CIOs or a technology representative with a clearly defined role; they all understand their customers; they recognise that technology is critical to their business in meeting their customers' needs, wants and expectations; and they understand

that technology plays a key role in maintaining or gaining competitive advantage.

Their CIOs understand the needs of the business and meet them with backend systems infrastructure. CIOs support the ability of a business to be dynamic and offer a seamless experience both internally and externally – and surely that's worth a seat at the big table. **fi**



#### **ABOUT AMANDA WHITE//**

Amanda White is currently responsible for the strategic direction, delivery of projects and overall management of an ICT department. She holds a number of industry qualifications and has an MBA. She has over 10 years of industry experience and knowledge.



# How to sink online pirates

*The Australian print and electronic media has harboured a flurry of stories recently about the vexed issue of online copyright infringement and how to fix it. Communications Alliance CEO **John Stanton** outlines his thoughts on what needs doing ...*

The Attorney-General, Senator George Brandis has generated a deal of excitement with his public statements about the urgent need to find ways to better protect the rights of creative content producers – writers, musicians and filmmakers among them – who all too often see their output made available for free via improper file sharing on the internet.

It's a fair point and a big problem. Australia's internet service providers ISPs (on whose networks the infringements typically occur, but without the ISPs' involvement), do not in any way condone or authorise online copyright infringement and support the need for rights holders to enforce their copyright.

There have been concerted attempts in many countries around the globe to address the 'online piracy' issue. It is a complex dilemma: how to balance the rights of content producers against the rights of consumers, while maintaining the freedom of the internet. How do we also ensure that people can have easy access to affordable and legally available content when they want it?

The latter is a crucial consideration, because online infringement is very often prompted by the fact that consumers are frustrated by the lack of a legal way to get hold of the content they want, and therefore turn to less noble ways of obtaining it.

Rights holders claim that availability and pricing of content is not the problem. If so, why is piracy falling in the US where content is more widely available and better priced – but not falling in countries such as Australia that still suffer the barriers of geo-blocking? Interesting evidence comes from the music industry's soaring revenues for music streaming businesses such as Pandora and Spotify that – guess what – make the music available and affordable.

None of the so-called 'graduated response' schemes created overseas has proved particularly

successful. Some have been very costly – such as the scheme implemented in France – and have been substantially wound back. A definitive recent study by Monash University's Prof Rebecca Giblin, examined such schemes in place in seven countries and found no correlation between the graduated response schemes and the level of infringing activity.

Communications Alliance and Australia's major ISPs spent 18 months negotiating with rights holders (in discussions facilitated by the Attorney-General's Department) to attempt to reach agreement to launch a trial graduated response scheme, to run over an 18 month period. It was designed to test the effectiveness of such a scheme in Australia and hopefully to build evidence for a business case to create automated systems to track down infringers.

The talks foundered on one basic issue – the insistence of the rights holders that ISPs should wear the costs of running the scheme – i.e. the internet companies should pay to enforce the rights of Hollywood studios and the like (costs that would ultimately be borne by law-abiding Australian broadband customers). The rights holders claim that online piracy costs them \$1.4 billion per annum in lost sales in Australia alone, yet were unwilling to contribute even \$1 million to address the problem.


Australia's ISPs remain willing to negotiate for a fair solution, and indeed the CEOs of Australia's biggest internet companies wrote to Senator Brandis very recently to underline that desire.

What is needed for that to move forward is:

- Agreement by rights holders to reimburse the reasonable costs that ISPs will incur in helping to protect copyright.
- Agreement to jointly engage in a public education programme to warn consumers that their activity may be illegal and where they can legally access content.
- An assurance from Government that Australian consumers won't have their



rights or privacy compromised, and won't be placed at risk of being disconnected from the internet as a result of an allegation – and that ISPs legal rights are protected.

- A recognition that infringing technologies are evolving rapidly and that any 'solution' must be designed so that it is not rendered obsolete by technological change.
- An ongoing commitment to continue growing the digital content market, including concrete steps to break down content-availability barriers that still exist. 



#### ABOUT JOHN STANTON//

John Stanton is the CEO of the industry umbrella group, the Communications Alliance, and is a seasoned communications industry executive with over 18 years of senior management experience. He is a former CEO of People Telecom, a former President of Intelsat, and former senior executive at Telstra.

# Powering the data economy

Subject matter expert **Paul Budde** explains why building the right ICT infrastructure is of national importance to the region's future success...

There is no doubt that the next ten years will bring further exciting developments to the increasingly vital digital economy. The foundations for change are already well in motion and the continuing deployment of high-speed broadband and 4G technology will provide the infrastructure to ignite the new innovations and revolutions of the future. The infrastructure that is now being built offers a range of features such as ubiquity, affordability, low latency, high speed and high capacity. It will link millions of devices, such as sensors, that will enable us to more efficiently and effectively manage our environment, traffic, infrastructures, and our society as a whole.

There are a number of key trends which have emerged in recent years and will be real-game changers. Machine-to-machine (M2M) technology also referred to as the 'internet of things' is one such trend and it will transform every single sector of society and the economy. It will be out of this environment that new businesses - and indeed new industries - will be born. In Australia the number of connected M2M devices will grow to between 25 million and 50 million by 2020.

The large amounts of data generated by M2M developments, as well as the increase in user-generated communications via social networks and the like, will also contribute to towards 'big data' progress. Organisations are beginning to recognise the importance of storing and processing the growing amount of data they retain and also mining this data for commercial benefit. In turn, this is leading to a growth in data centres, due to the increasing data storage demands and pressure on companies to appear environmentally pro-active by consolidating and outsourcing their data management requirements.

The NBN in Australia has given an enormous boost to the data centre market, with forward-looking investments worth \$5 billion. Currently the developments are highly centralised in the capital



cities, but a more decentralised trend is expected to develop over time. There is also no doubt that on the back of New Zealand's UFB similar developments will happen there.

Cloud computing deployment and development is accelerating beyond expectations as the true potential of this technology reveals itself. It has become one of the fastest growing areas for the IT sector. In developed economies cloud computing solutions are now being adopted by over 80 percent of enterprises and government institutions. Similar developments can be seen in the consumer market, with services offered by the

digital media companies.

For enterprises, the development of cloud computing takes the form of a business transition, and company strategies and policies need to be changed before its potential can be monetised by businesses. A key factor here is that organisations will have to lift ICT from the level of an infrastructure issue to that of a business opportunity. Cloud computing is a concept, not a technology and will need to be seen as a valuable business tool - one that will differentiate companies from their competitors.

Cloud security and privacy are issues which require scrutiny and there are growing concerns about data 'ownership'. The enormous financial benefits of cloud computing will, however, see these concerns being overcome, along with the right standardisations and infrastructure put in place.

But to successfully implement cloud computing far more robust infrastructure is required than what is currently available. The NBN and UFB will provide the robust infrastructure needed for high-speed information processing, distributed computing, as well as many other applications that can be processed, analysed and managed - all in real time over a cloud-computer-based IT platform. Security will be crucial and far more attention needs to be given to ensure that these new large-scale developments are properly protected. This is of national importance. ■



#### ABOUT PAUL BUDDE//

Paul Budde is the CEO of BuddeComm, an independent research and consultancy company, focusing on the telco 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.

# New hat for hosting and managed service providers

*We all know that cloud computing improves efficiencies, but subject matter specialist **Craig Deveson** says that is only the case if it is done right, and if hosting and managed service providers access the right tools they are the ones to do it...*

Cloud computing has become the preferred model for how personal, business, and enterprise users consume IT resources, and is being adopted either wholesale, in a private cloud or as a hybrid solution. Cost savings are not, however, a given, and while customers often know that they can achieve efficient IT operations with the cloud, they don't know how. Without expensive and extensive in-house expertise to manage their cloud resources, many organisations end up with a mismanaged or non-optimised cloud solution that is as costly as an on-premise counterpart. And with the ever-broadening vendor landscape and array of new technologies and applications, managing cloud resources is not an endeavor for the technically weak-hearted.

Managed service providers (MSPs) can assume the position of providing IT services to companies lacking dedicated IT personnel. Hosting companies are also uniquely positioned to compete in the recent industry shift towards cloud-enablement, and many hosting companies are already MSPs that offer IT services and support. As suppliers of the primary conduit through which customers access the cloud, the hosting and MSPs of today have the opportunity to use cloud management solutions to manage their customers' cloud applications for them, shaving cost and complexity from the operations that would otherwise have to be done in-house.

Adding the skills and expertise into the MSP and hosting businesses costs money but cloud management tools offer a unified cloud computing and storage platform that make it easy for existing staff to deploy customised solutions for customers. Cloud management solutions allow multiple cloud-based solutions to be connected within a single

platform, mitigating complexity and simplifying management and billing with one interface. By alleviating these pain points, hosting providers and MSPs can focus on creating more value for their customers – whether it be in increased cost savings, customer service or quality of service.

With their responsibilities no longer confined to keeping the data center managed, running, and backed-up, MSPs can now focus more on customer cost management. By decreasing management complexity for themselves, they can, in turn, extend the value and time/cost-savings to their customers. To be successful they must, however, provide the right combination of applications and resources to meet and manage their customers' diverse requirements (particularly in a hybrid cloud scenario) while at the same time minimising the burden of management.

MSPs that can help customers take advantage of metered, scalable computing resources through the use of integrated cloud services and management solutions can be instrumental in making the cloud accessible to all sizes of business. A good MSP will equip itself with the tools to combine the best-of-breed on-premise solutions with leading cloud offerings.

Equally, for hosting providers to stay competitive and help customers transition from an on-premise or standard hosted solution to a hybrid or full cloud deployment model, they need to offer the best-in-breed tools and applications to ensure optimal delivery. As more hosting and MSP entrants saturate the market, effective use of cloud management solutions will be one of the primary differentiators of success. For providers with hosting-only or limited cloud offerings, the opportunity will rest in their ability to offer more cloud and managed services.



With the current industry momentum and adoption rates, there is no doubt that firms large and small are setting their sights on the cloud. Companies know they need to get there to be competitive, if they are not there already. MSPs and hosting providers using cloud management solutions can effectively bridge the distance between their customers' current legacy infrastructure and cloud-based offerings. ■



#### ABOUT CRAIG DEVESON//

Craig Deveson partners with cloud leaders such as Amazon to build products and solutions for the local and international market. His first company Devnet was sold to Cloud Sherpas. He is active in the AWS users group and many start-up groups. His current start-up is Cloud Manager.



# Why content is both the solution & problem in self-service design

*Quality content plays a critical role in self-service design. Often a small change in a link, heading or sentence, can lead to dramatically higher task completion says subject matter expert **Gerry McGovern**...*

First, a few definitions. By content I'm essentially talking about words; both the words in the text on a page and the words in the navigation and search results. During years of testing people's attempts at completing tasks online we have found that the right words are the single biggest contributor to task success.

By self-service I'm essentially talking about the web, where we go to do things on our own. So, we are not interacting with another human who is directing us through a task. Now, it might be that if we get stuck on a task, we then open a chat with someone. That can still be considered as self-service.

Not every task is suitable to self-service. The optimal self-service task is one where there is high demand and the task is relatively simple and fast to do. The more complex the task is and the longer it takes to do, the more suited it is to a phone or face-to-face interaction.

Task complexity has many aspects. What are the implications of getting the task wrong? Could the person suffer major consequences from a financial, health or personal perspective as a result of doing the wrong thing?

Self-service encourages speed and impatience. It is not necessarily good for decisions that require reflection. I recently had a chat with Tom Loosemore, who is Deputy Director at the UK Government Digital Service. He was talking about divorce as a task, which throws up some interesting issues. Do you really want to make divorce easy to do online? "Get divorced in three easy steps?" There are many tasks where it really is better to talk to a professional or to pause for a while and contemplate.

Another problem is that complex tasks tend to require large quantities of complex content. Most of



this content was historically not written for ordinary people but rather for the professionals (doctors, lawyers, HR specialists) who did the advising. Making all this content easily available online may in fact lead to worse outcomes, rushed and incorrect decisions.

Complex tasks also tend to be done infrequently. Self-service thrives on high frequency, repeated tasks. If you only do something rarely, it's usually better to get help from someone who does the task all the time.

Complex tasks tend to be what I call tiny tasks from the point of view of demand and frequency. However, they are far from 'tiny' from the point of view of content. Some years ago Liverpool City found that far more content was being produced for their customers' tiny tasks than for their top tasks.

Simplification of complex task content may not be the answer if it increases the risk of people seeking simple solutions for complex problems. Also, high volume complex content seriously impacts search and navigation, often smothering the content for the top tasks.

When it comes to self-service design, content is both the solution and the problem. Publishing the right content is a significant management challenge that most organisations haven't even scratched the surface of. ■



#### 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.

# On the subject of IPOs...

*Technology investor, industry champion and some-time cynic*  
**Ben Kepes** *contemplates crazy tech IPOs and asks what companies down under should really do to succeed on the stock market...*

Over the past few years I've been amazed and ecstatic at the growth of the technology start-up ecosystem in New Zealand. When I first started covering the space, the thought of having multiple technology IPO candidates, a pipeline of early and mid-stage companies and a general awareness of the technology industry as an enabler of GDP growth in New Zealand was dismissed as crazy. Flip to today when we have a company gunning for the number one slot on the NZX based on market capitalisation, where every day we read of another tech IPO and where my inbox gets hit with (very welcome) pitches from companies looking for advice and investment.

But as the industry has grown, we've also perhaps got a little ahead of ourselves. I was reminded of this fact when I recently spent the day in board meetings for two companies I'm involved with as an investor and director. This article isn't about those companies in particular, but Mindscape and Common Ledger are good examples of what we should be striving for in New Zealand.

Take the latter company: recently emerged from Wellington's excellent Lightning Lab programme, Common Ledger is doing a fantastic job of executing far beyond its age. The founders have brought together a team of highly skilled individuals that cover off the primary needs of a tech business: technology skills, general management, financial acumen and legal/business development. In terms of having every 't' crossed and 'i' dotted in the journey thus far, COO Carlos Chambers is an exemplar of how to do things right. A former solicitor with a large New Zealand law firm, the guy works all hours of the day, wears tee shirts instead of a suit and walks around the office in bare feet. If there is a better example of function over form, I don't know it.

I'm not saying that bare feet are an indicator of start-up success, but I'll always be bullish about a company that lets its work do the talking. There's



no pretense, flash suits or marketing fluff with these guys - it's about focusing with laser attention on what needs to be done both behind the scenes and within the market.

Mindscape, on the other hand, is a far more developed business. They've been going for several years, have existing products and good revenue streams. But when it came time to go to market to raise some capital to scale their new product, Raygun.io, founders JD Trask and Jeremy Boyd didn't do a fancy road show or try and get a high-profile talking-head on board to give them added credibility. No, they quietly talked to investors about the opportunity, put together a term sheet and continued to focus on their business. They raised a significant, but appropriate, amount of money and got back to work. Execute, execute, execute.

Let's contrast that with some Silicon Valley examples. A couple of years ago a start-up called Color got significant attention when it raised over \$40 million for a pre-revenue (hell, it was actually

pre-product even) start-up. Many claimed it was the quintessential demonstration of the hype surrounding the Silicon Valley tech ecosystem. Needless to say Color had a couple of ill-fated product introductions and then the team sloped off to greener pastures.

Then there is the mobile application Yo which after being suggested earlier in the year as an April Fools joke, actually launched and gained \$1 million in funding just a few months ago. The application, believe it or not, simply allows users to send the word 'yo' to each other. It's saving the world, two characters at a time. If there is a starker opposite to what my first two examples are doing in terms of real business, I'd be keen to see one.

Which leads me to ask what we should be doing here in New Zealand to get a more vibrant and sustainable ecosystem going? Frankly, it comes down to moving away from the typical New Zealand approach of jumping on bandwagons, and moving instead to a culture of building viable businesses that are in context with our culture, our situation and our opportunities. That's not to say that there's not a place for billion-dollar businesses to be built in this country, but in rushing headfirst to identify and invest in the next big thing, we might just lose sight of the business fundamentals - build a product that people want, sell it at a price that is greater than it cost to build, then rinse and repeat. Simple, really, so let's get back to business. ■



#### ABOUT BEN KEPES//

Ben Kepes is a technology evangelist, an investor, a commentator and a business adviser. Ben covers the convergence of technology, mobile, ubiquity and agility, all enabled by the cloud. His areas of interest extend to enterprise software, software integration, financial/accounting software, platforms and infrastructure.



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