

Speakers today:

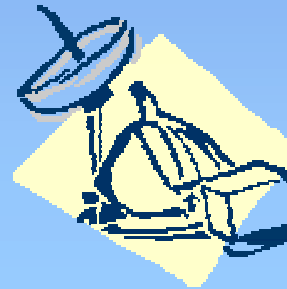
Rosemary Sinclair - **ATUG** Managing Director

Mike Foster

*Chief of Business Sales,
Telstra Retail
Telstra Corporation
Limited*

Phil Ruthven

Business Commentator



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Art House Hotel. Sydney. NSW.

Tuesday, June 4, 2002

“Power Luncheon”

Contribution of IC&T to Economic Growth & Productivity

Phil Ruthven, Chairman

The IBISWorld logo, featuring the word "IBISWorld" in a white, serif font, enclosed within a black oval with a white glow effect.

IBISWorld

Topics

- 1. The Knowledge Industry & Market**
- 2. Industries Productivity & Growth**
- 3. What Businesses Need To Know**
- 4. Going Online**
- 5. Business Success in the New Age**

1.

**The Knowledge
Industry & Market**

The Knowledge Industry

% Share of GDP in Australia

Year	Information Industry	IC&T Industry	Total
1900	2.8	0.2	3.0%
1950	3.6	1.9	5.5%
2000 (E)	8.5	4.0	12.5%
2010 (F)	10.0	4.8	14.8%

The Knowledge Sectors

Research

- * **Scientific (incl. medical)**
- * **Other Technical** (eng./ survey/ analytical)
- * **Market** (attitudinal, quantitative)
- * **Business** (in-house R&D, innovation)

Education

- * **Pre-school, School**
- * **Higher Education** (universities, TAFEs)
- * **Other** (business, special interest)

Media

- * **Print** (newspapers, mags., books), **Libraries**
- * **Television** (FTA and Pay TV) **and Radio**

Consulting

- * **Business consulting** (strategic, functional)
- * **Computer consulting** (software, systems)
- * **Invest. consulting, personnel consulting**
- * **Personnel consulting**

On-line Information

- * **Official bureaus** (ABS), **Databases** (eg. *IBISWorld*)
 - * **Internet** (incl. “free” information), **Libraries**
-

Electronic Systems

- * **Software, Internet providers, search engines**

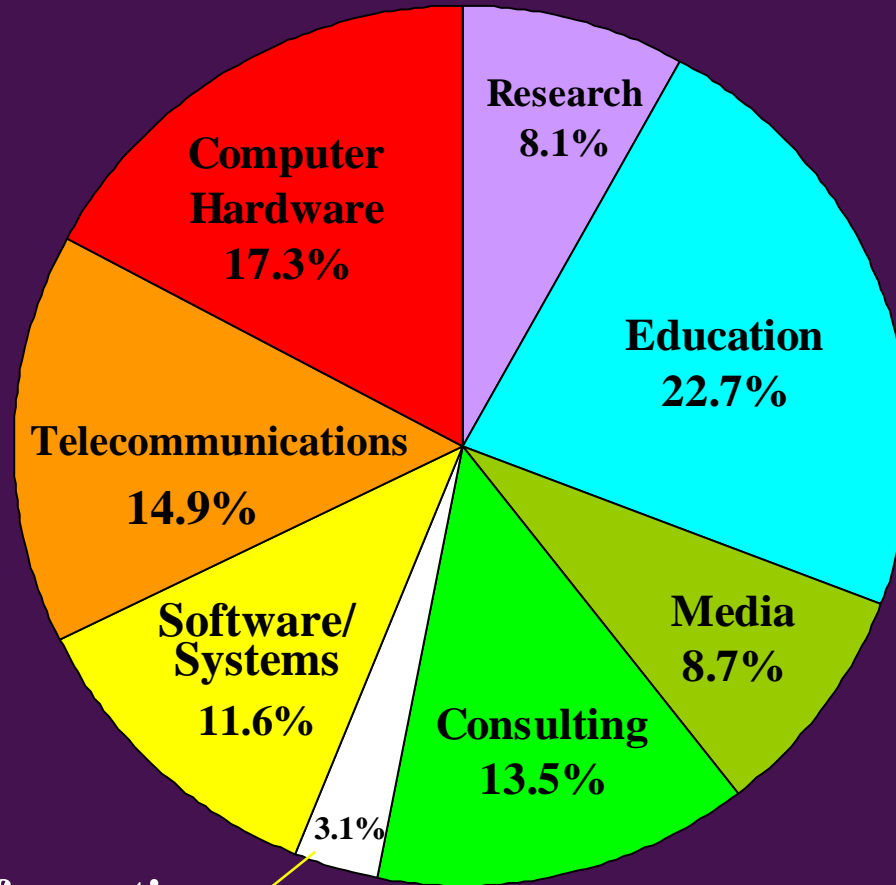
Communications

- * **Telecommunications, WAP, Satellite**

Electronic Equipment

- * **Transmission and broadcasting equipment**
- * **Computers/PCs, mobiles, peripherals, consumables**

The Knowledge Market: 2000 (E)

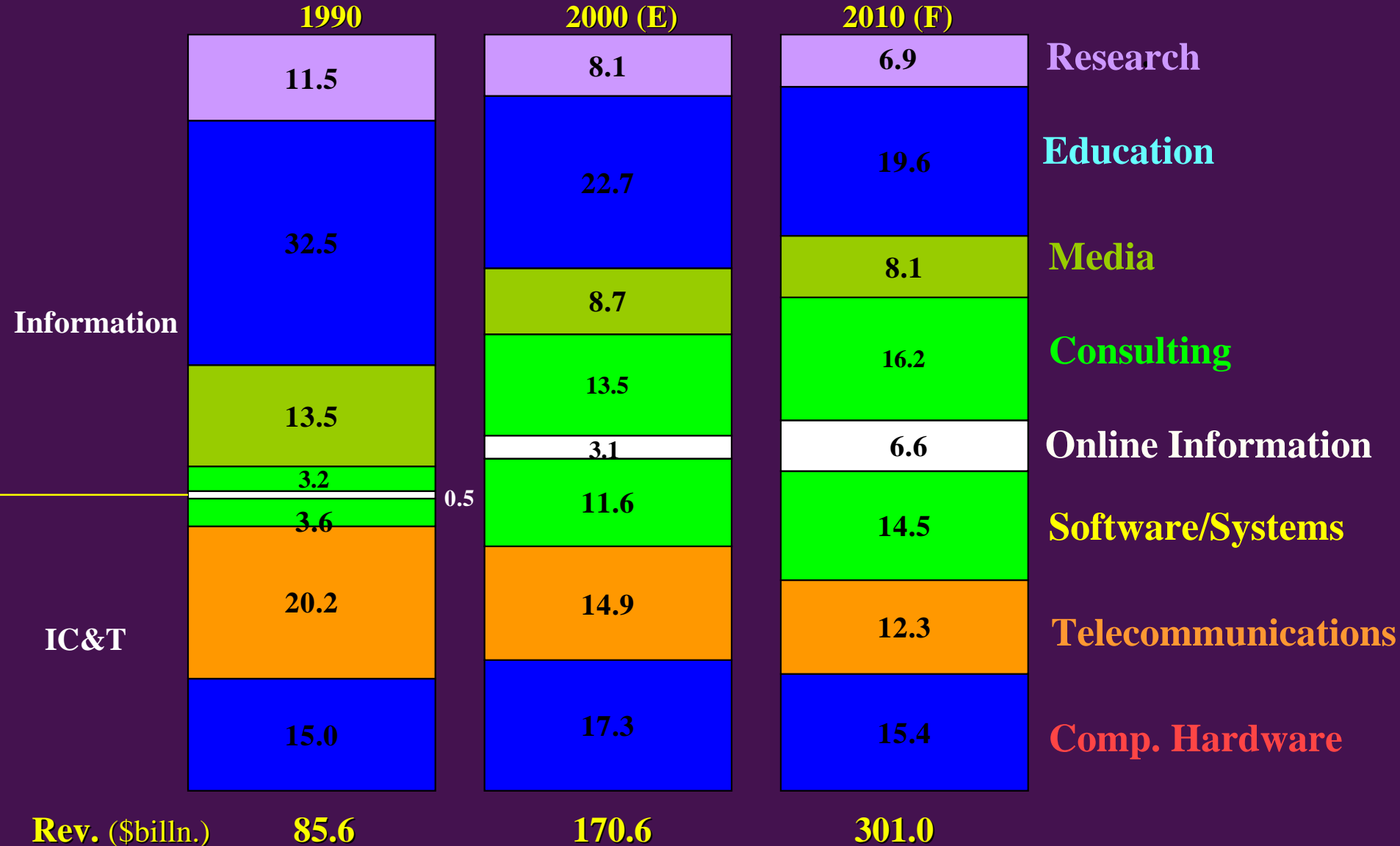


Online Information

Revenue \$171 billion (9.5% of national revenue)

The Knowledge Market

(Revenue, 2002 Constant Prices, % of total basis)



Note ¹. Information (research + education + media + consulting + information)

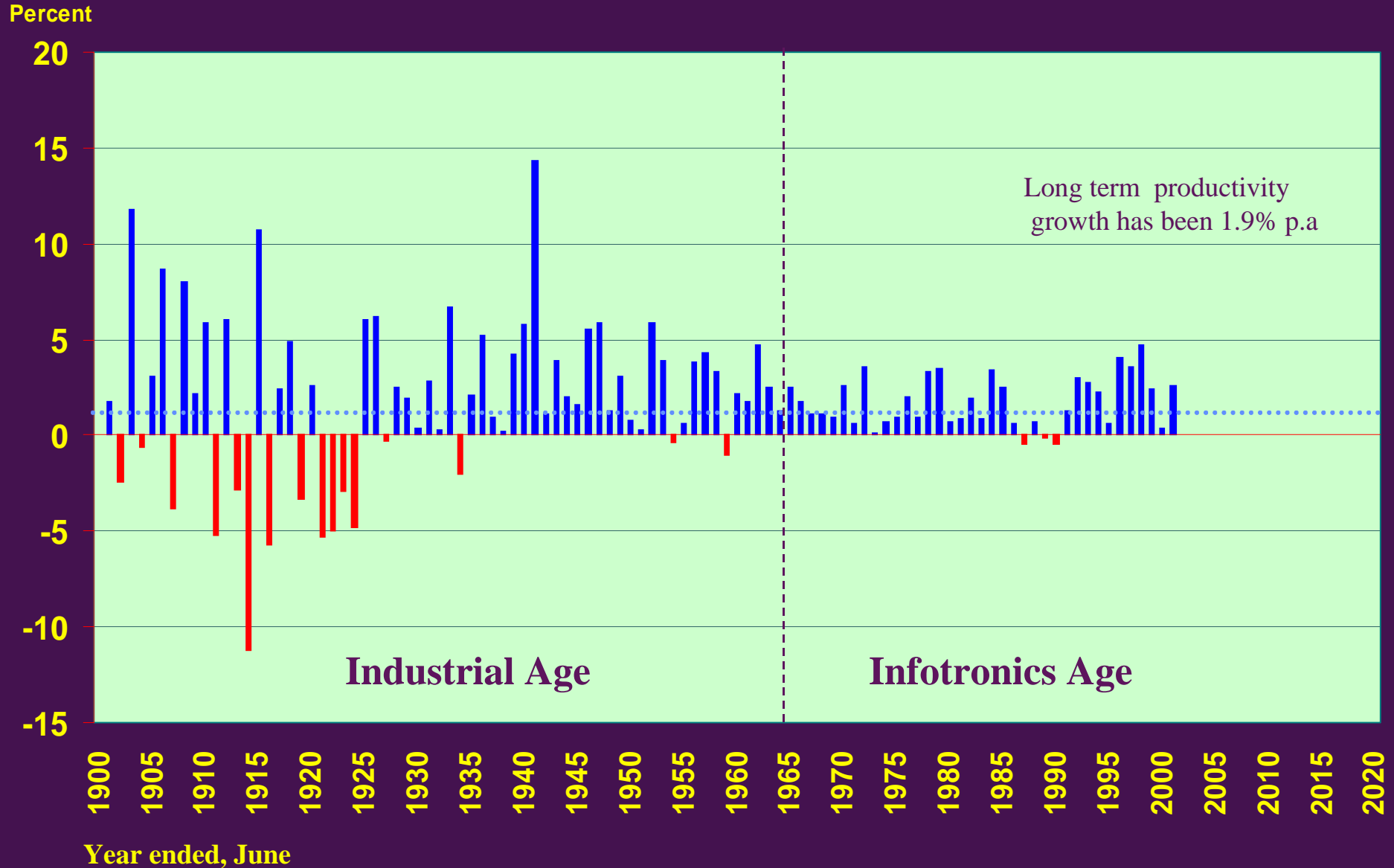
2.

Industries

Productivity and Growth

Australia's Productivity Growth

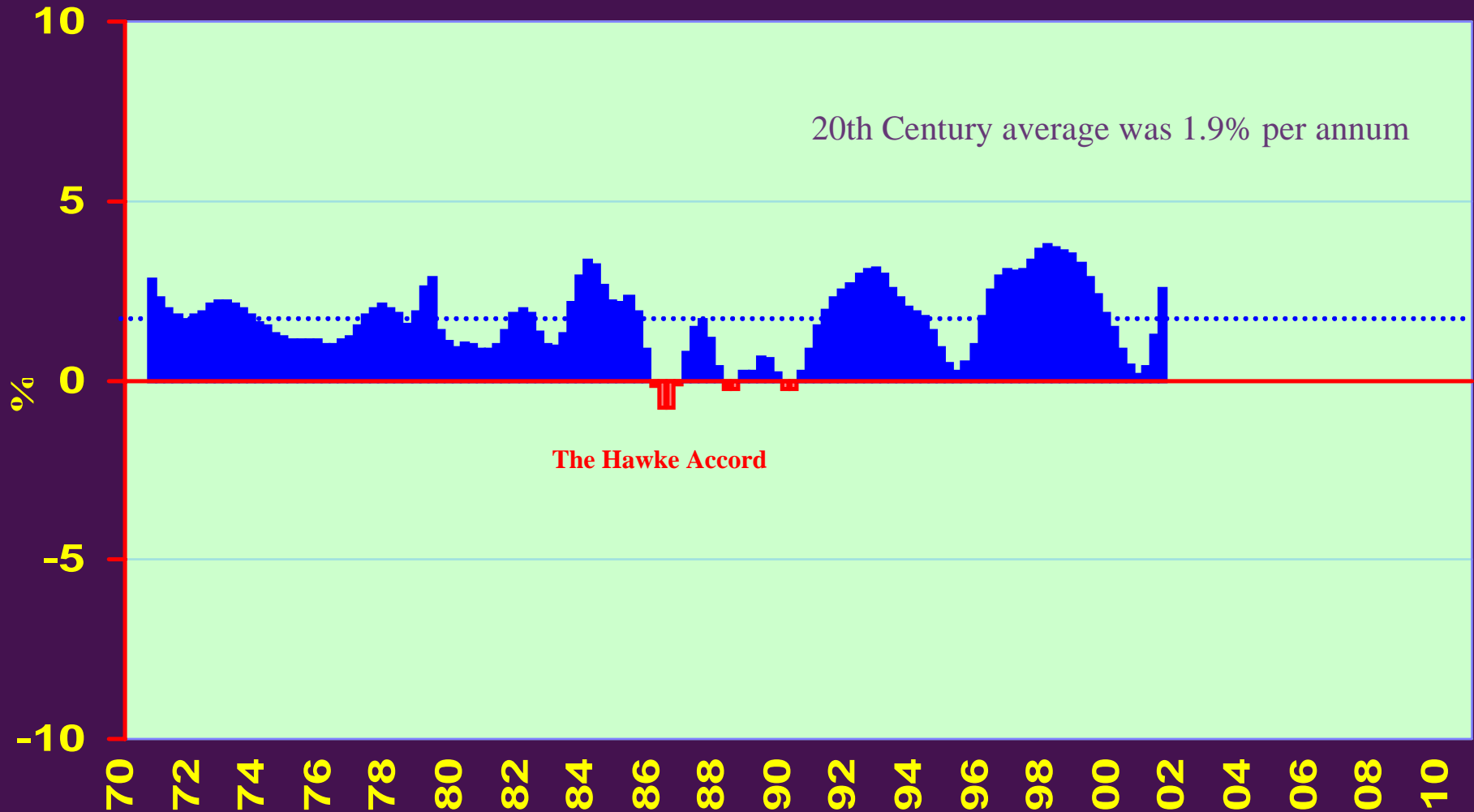
Real GDP per hour worked, 1901-2001



Australia's Productivity Growth

GDP per hours worked

Annual change (%), progressed in quarters to December 2001



Productivity Utilities

In the **Industrial Age** up to 1964:

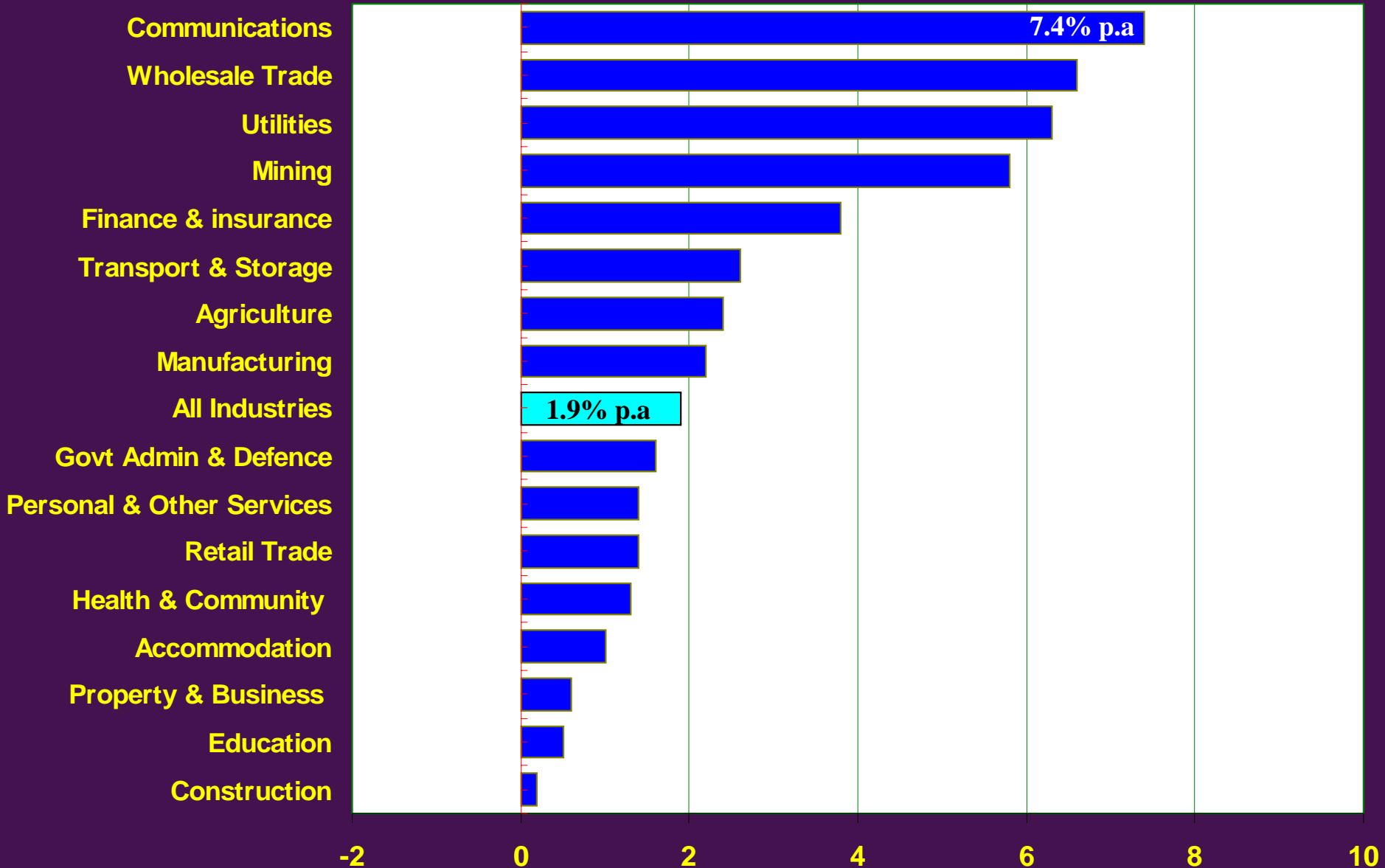
- * the **pervasive utilities** were electricity gas, water and telephony (EGW&T)
- * the industry-specific systems and technologies included chemicals, mass production technologies etc

In the **Infotronics/Services** new age, 1965 onwards:

- * the **pervasive utilities** are information communications & technology (IC&T)
- * the industry-specific systems and technologies range from open-cut mining, to laser-levelling/satellite tracking in agriculture, to self-service retailing, to biotechnology and nanotechnology, to distance-learning for education to heart surgery and much more.

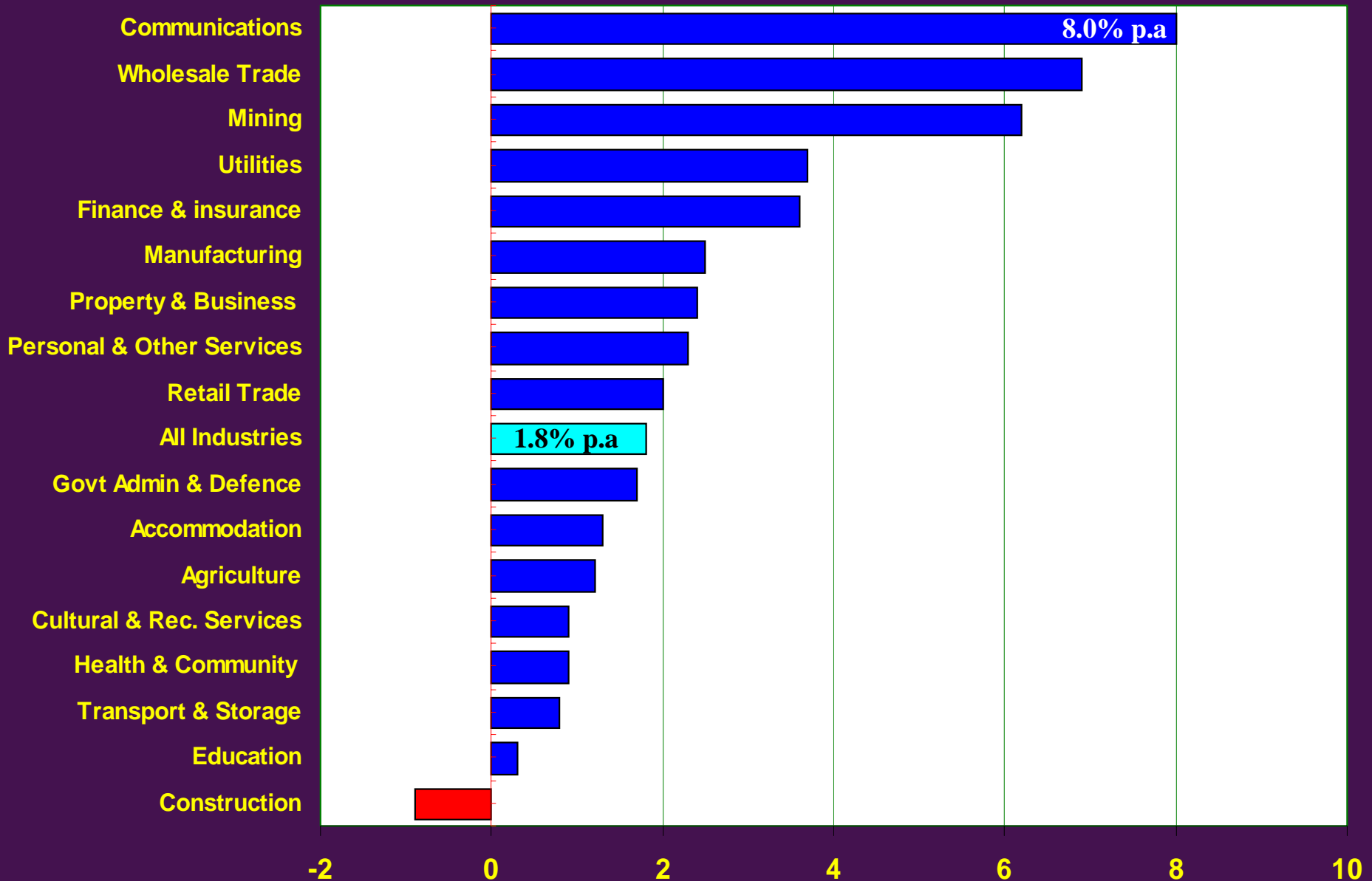
Productivity Growth by Industry Division

Average per annum growth in real value added per employee, 10 years to 2001



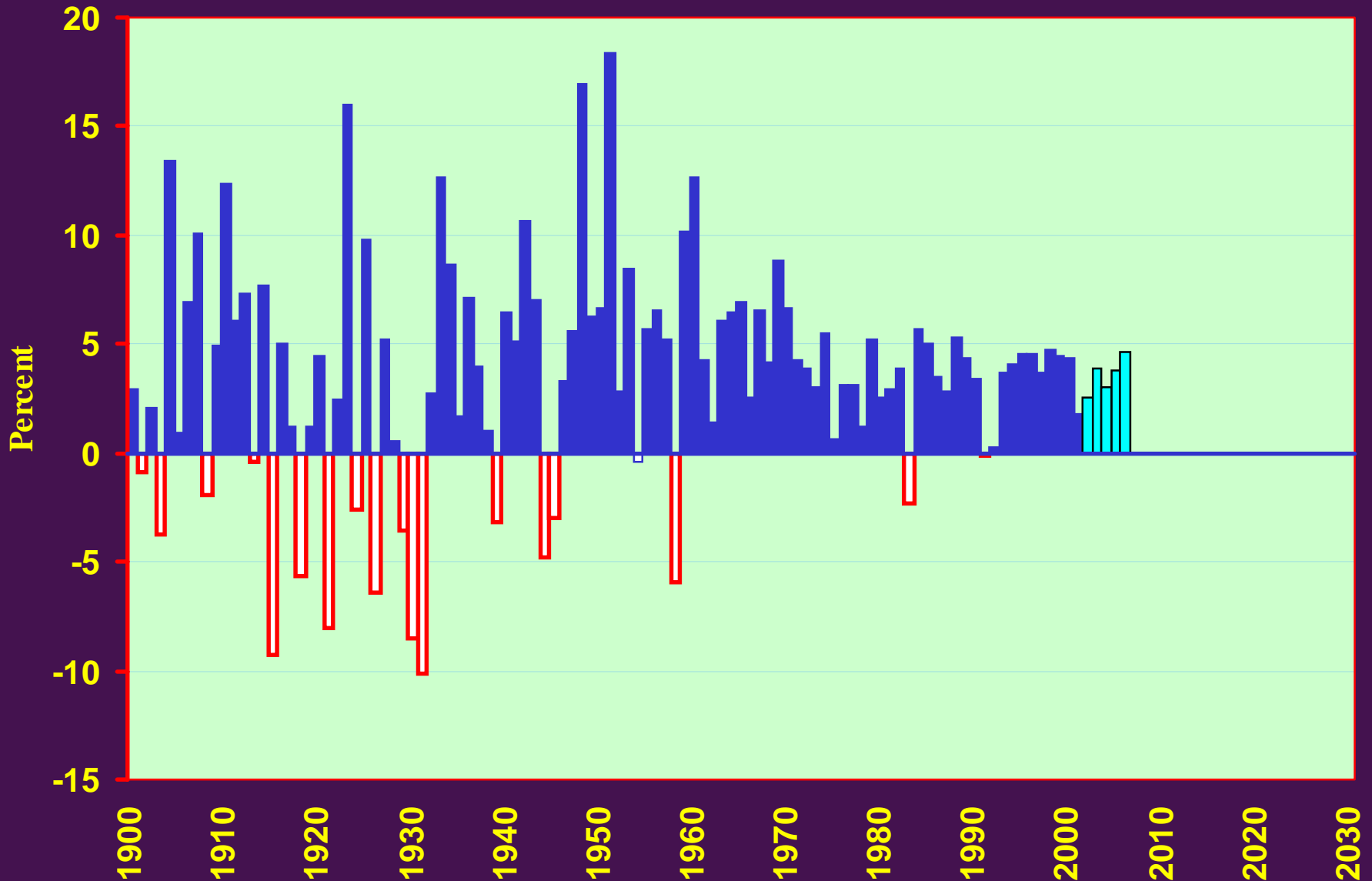
Productivity Growth by Industry Division

Average per annum growth in real value added per employee, 5 years to 2001



Australia's Economic Growth

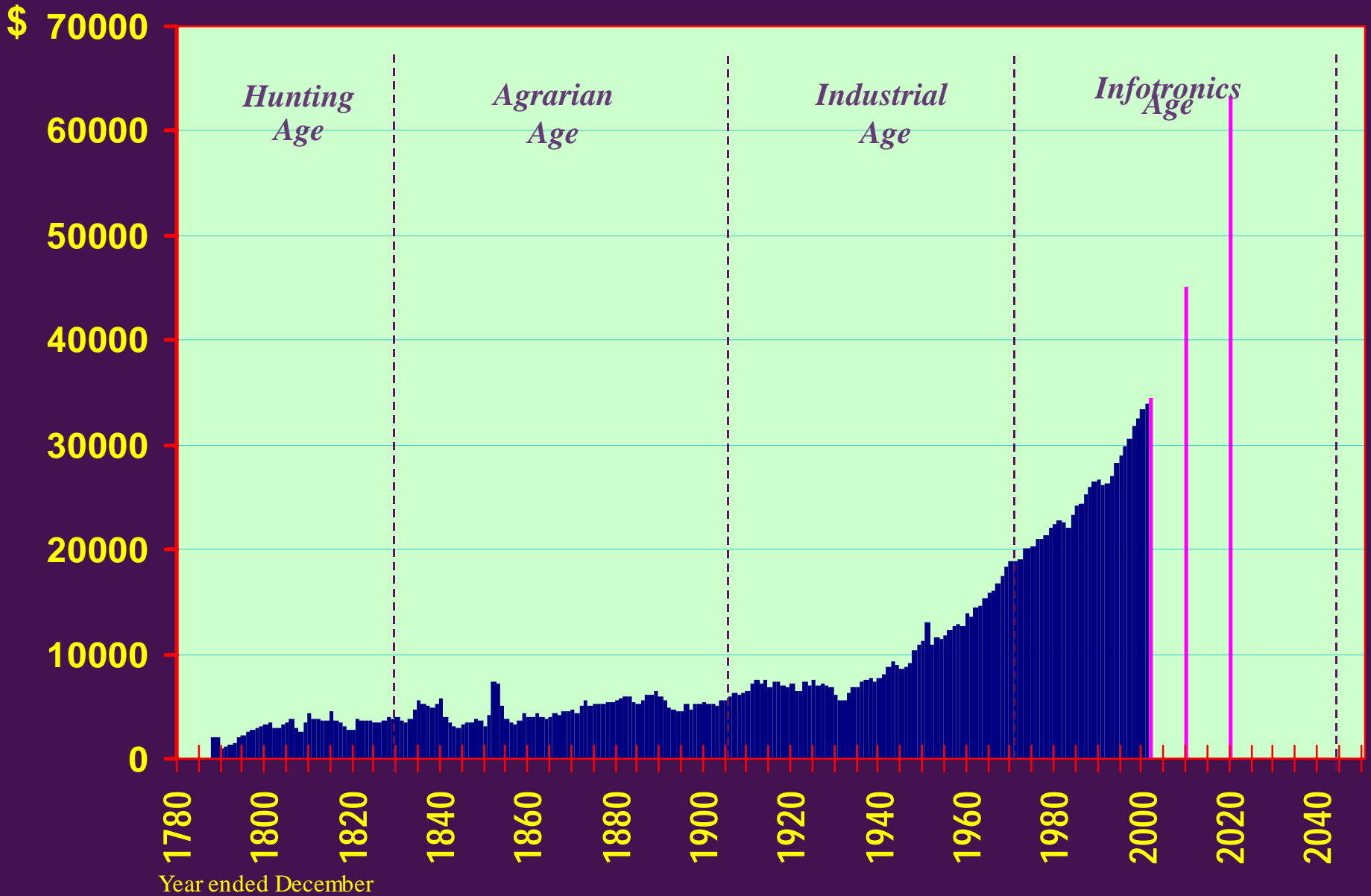
Growth in GDP: 1900 to 2006(f)



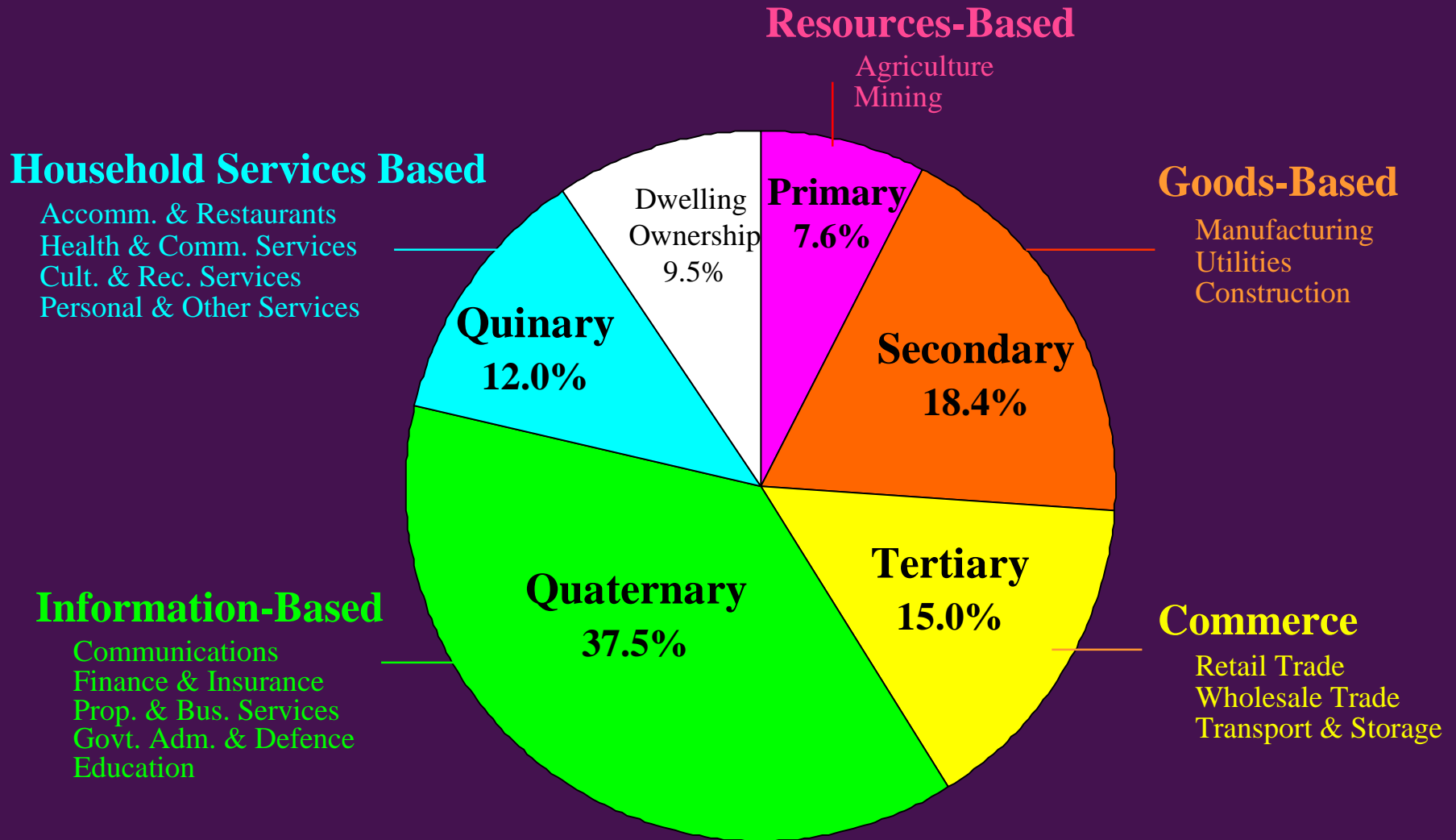
Year ended June

Australia's Standard of Living Growth

GDP per capita, constant 1999-00 prices



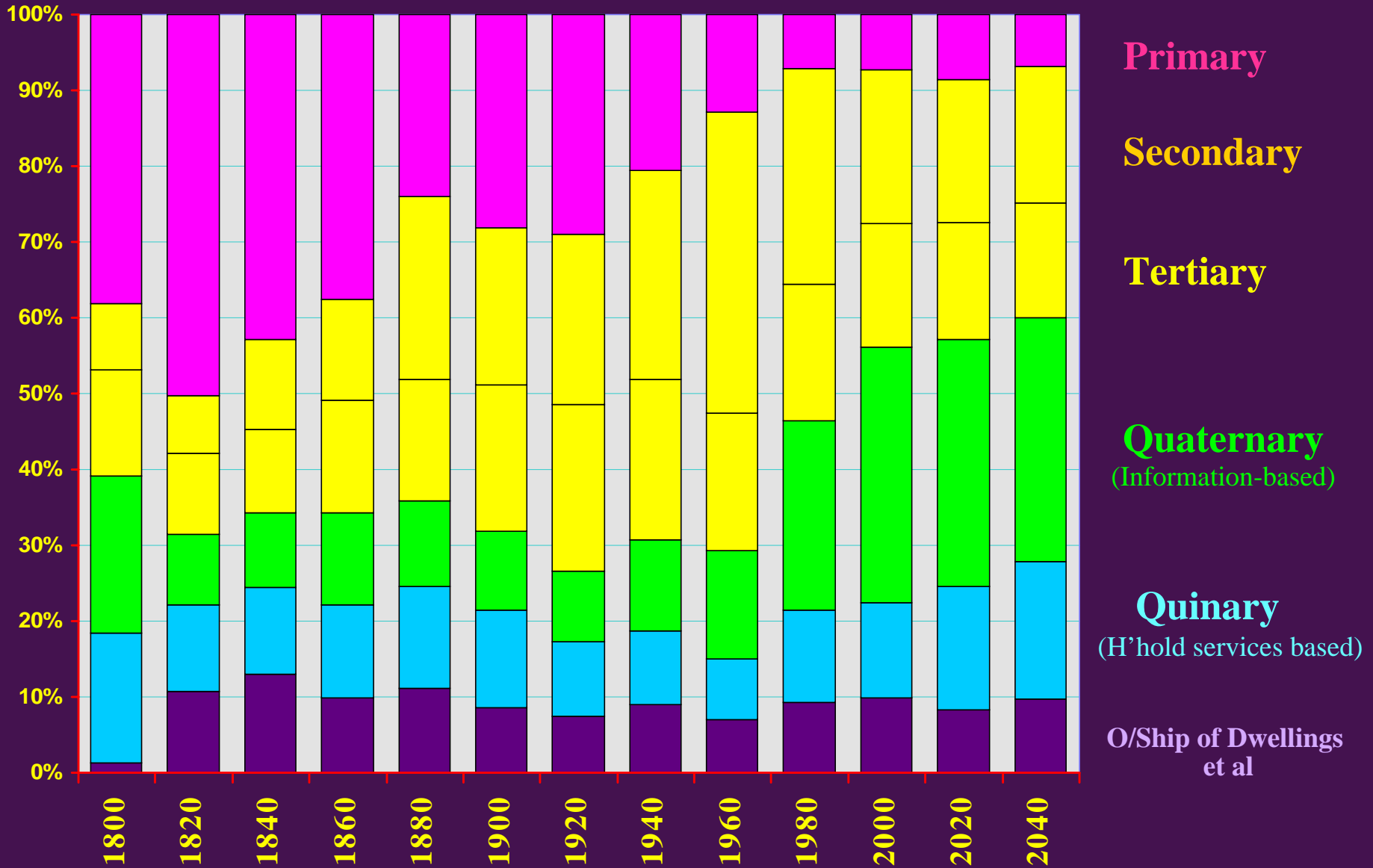
Importance of Industry Sectors in 2002(F)



Gross Domestic Product \$735 billion

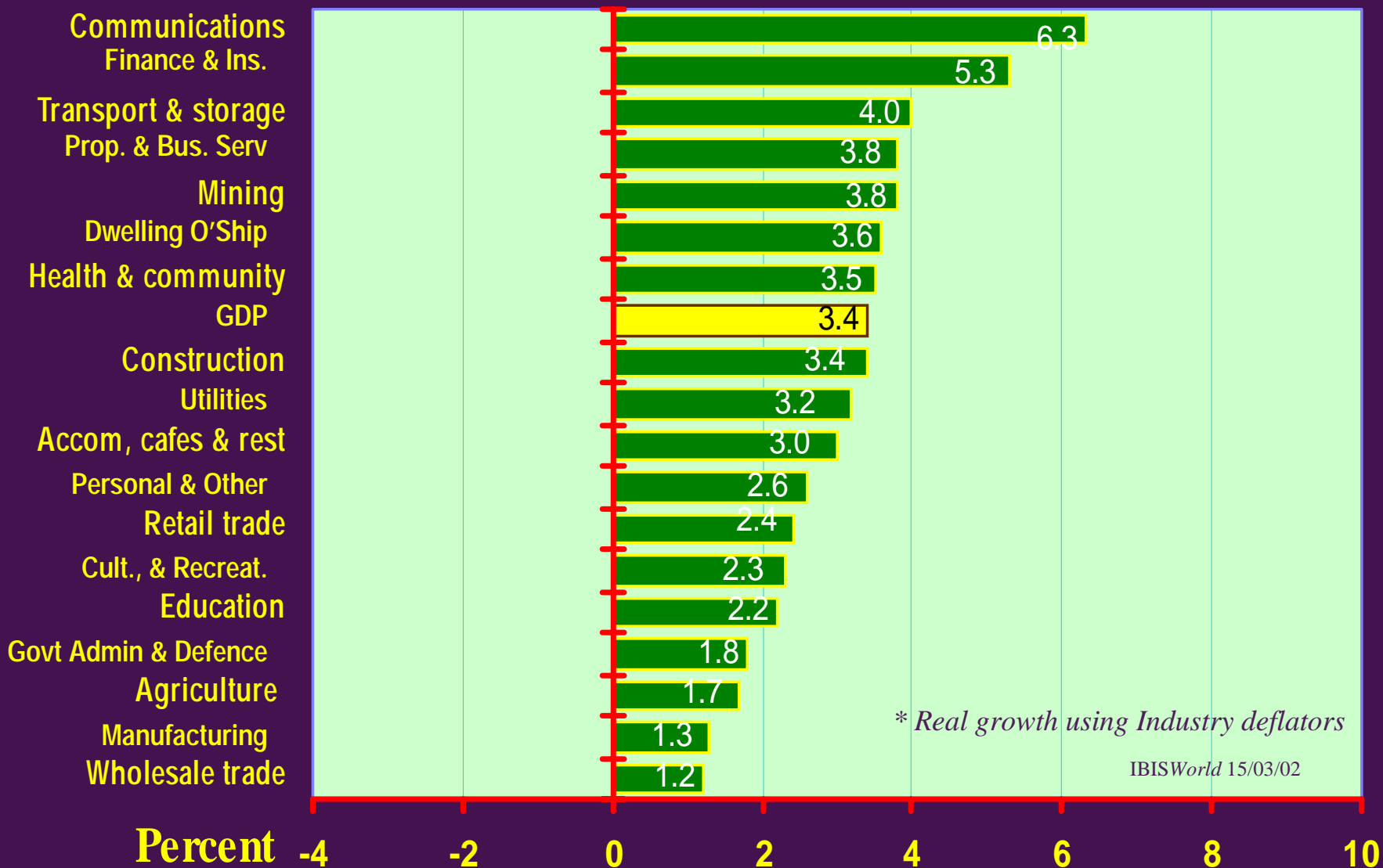
Changing Importance of Sectors

Share of GDP by broad sector



Economic Growth By Industry Division

5 year forecast IGP growth*, % p.a to December 2006



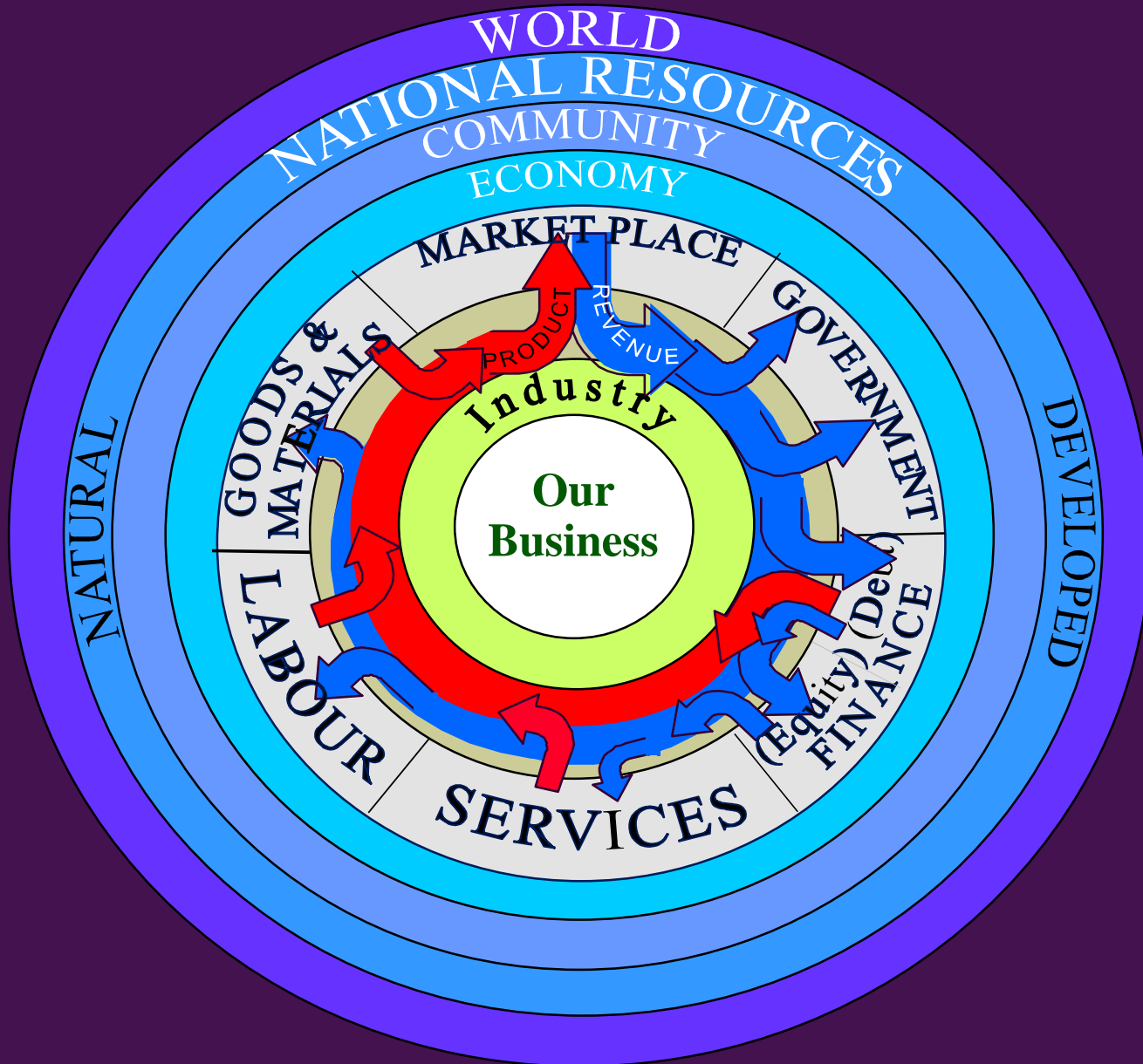
Fastest Growing Industry Themes

- ➡ **IC&T** - the New Age all-pervasive utility.
- ➡ **Biotechnology & Nanotechnology** – the New Age science & engineering
- ➡ **Business Services** - outsourcing by business/government .
- ➡ **Financial Services** - outsourcing of transactions/investment.
- ➡ **Property Services** - outsourcing property ownership.
- ➡ **Knowledge Industries** (databases & multi-media services).
- ➡ **Health** - outsourcing home doctoring.
- ➡ **Education** (outsourcing pre-school, plus universities).
- ➡ **Personal & Household Services** - outsourcing chores
- ➡ **Cafes, Restaurants & Catering** - outsourcing the kitchen
- ➡ **Tourism** - outsourcing travel and accommodation
- ➡ **Recreation & Cultural Services** - outsourcing leisure

3.

**What Businesses
Need To Know**

The Environments for Business

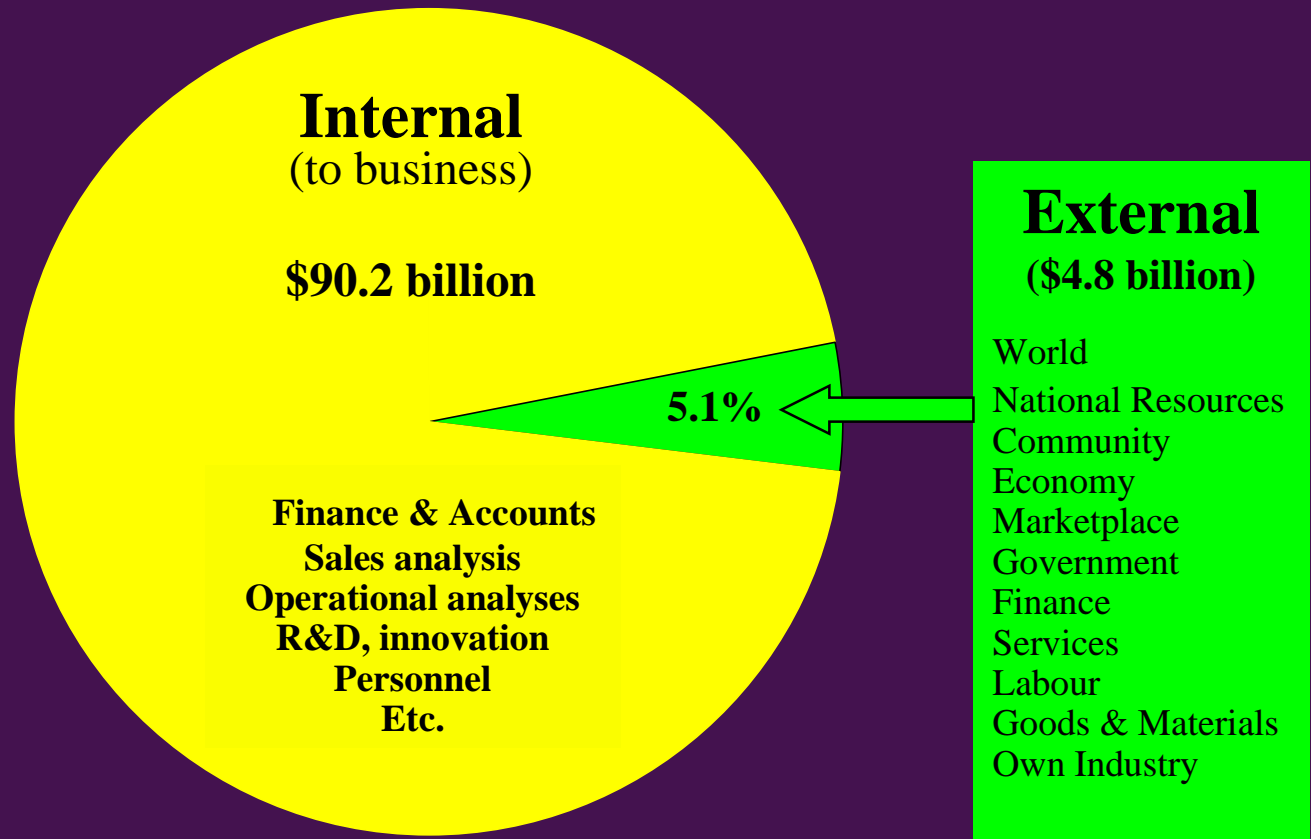


How Much Do We Know About

- ❖ **Our company** (*its IP and R&D, operations, performance, financials and people*) ?
- ❖ **Our industry, competitors** (*local & international*) **and world best practice** ?
- ❖ **Our market**, local and global ?
- ❖ **The labour market** (*for executives, employees and customers*) ?
- ❖ **The services market**, to outsource none-core activities and functions ?
- ❖ **The finance market** (*equity, debt, exchange & interest rates, treasury functions*) ?
- ❖ **The purchases market** (*raw materials, semi- and finished goods, prices*) ?
- ❖ **The government environment** (*laws, taxes, policies, incentives, assistance*) ?
- ❖ **The economic environment** (*the “business weather” conditions*) ?
- ❖ **Our community**, its changing demography, lifestyles and spending ?
- ❖ **The resources environment** both natural (& ecological) and developed ?
- ❖ **The world environment** ?

Business Information Expenditure

By Environment 2002 (provisional estimate)

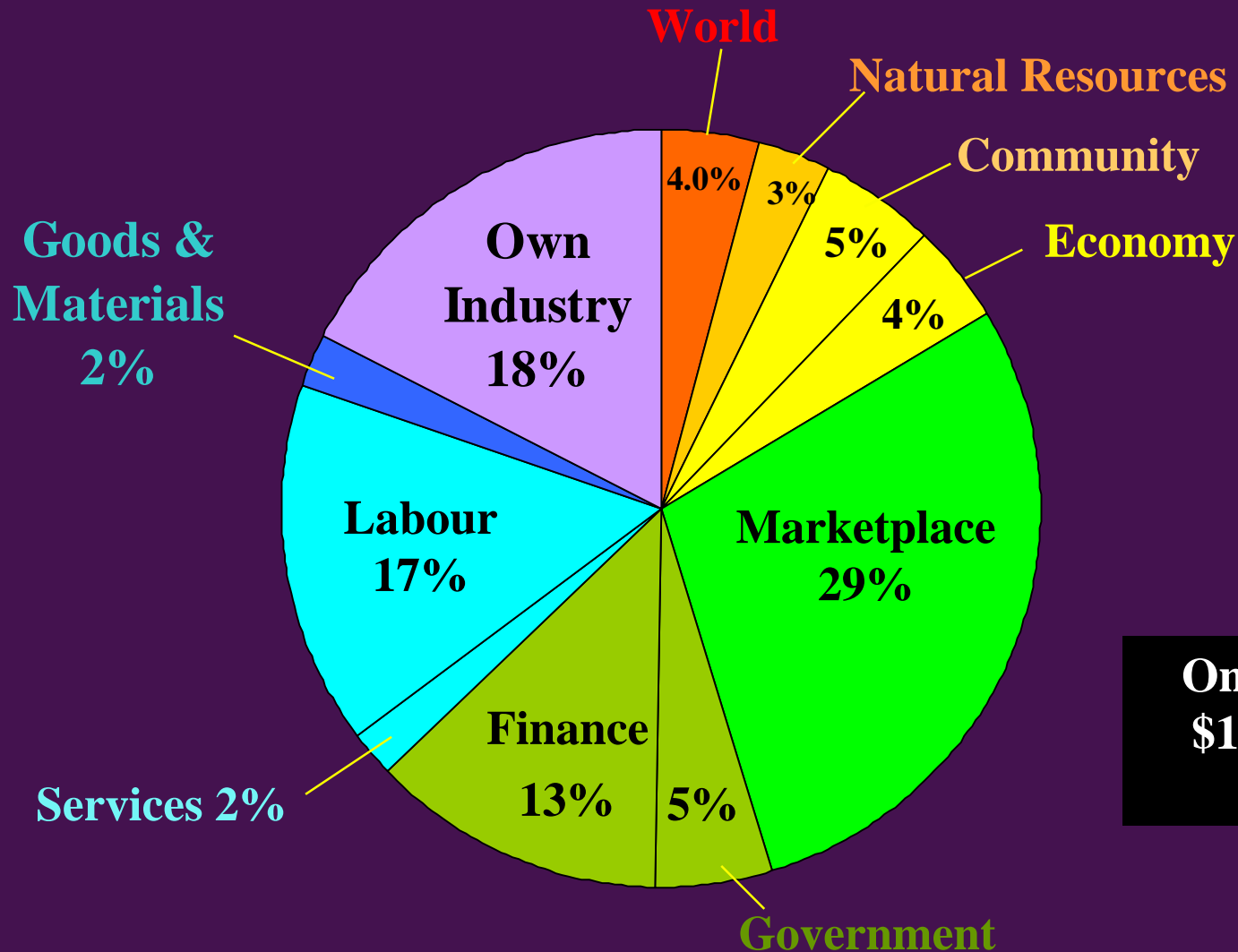


\$95 billion

(4.5% of all business revenue)

External Business Information Expenditure

2002 (provisional estimates)



Online Share
\$1.35 billion
28% (E)

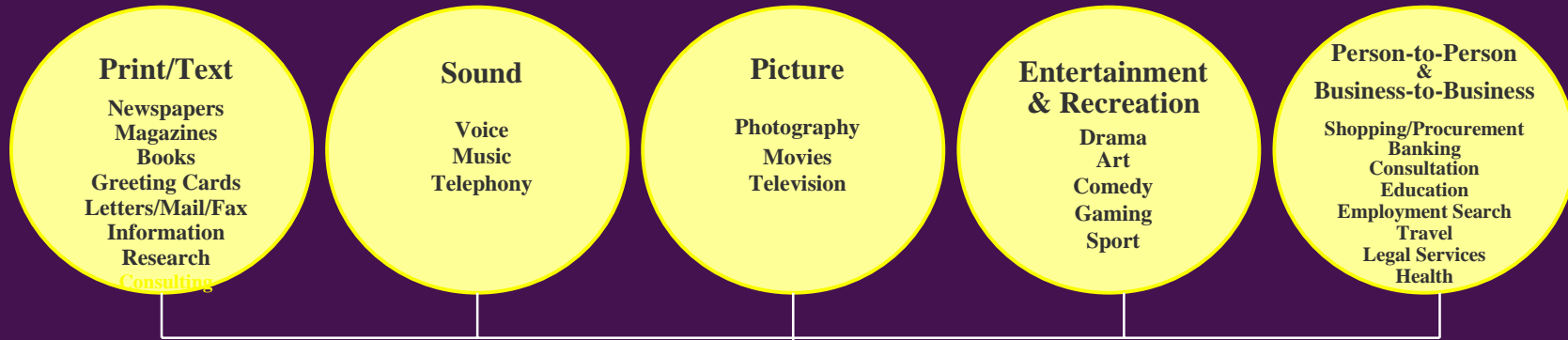
\$4.8 billion Expenditure

4.

Going Online

Going On-line

Product



Production

Distribution

On-line distribution

Telecommunications (wire/cable, broadcast, datacast)
Internet Service Providers (ISPs)
Plus Road Freight Transport for goods components

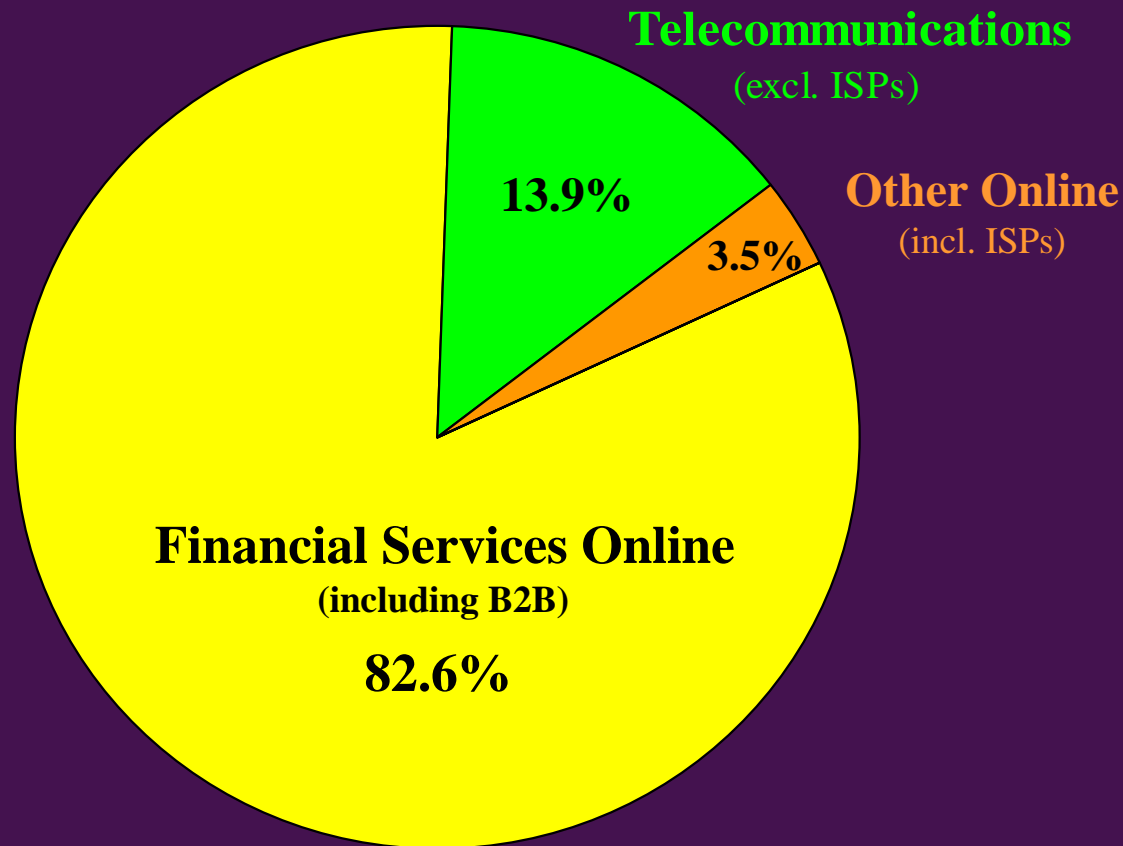
Reception

Receiver Device

Multi-media unit	Mobile
Monitor (PC)	Other hand held (palmtop)
Television receiver	Fax Machine
DVD/VCR	Printer
Sound Receiver	

Online Activity In The Economy

Year 2002 (F)

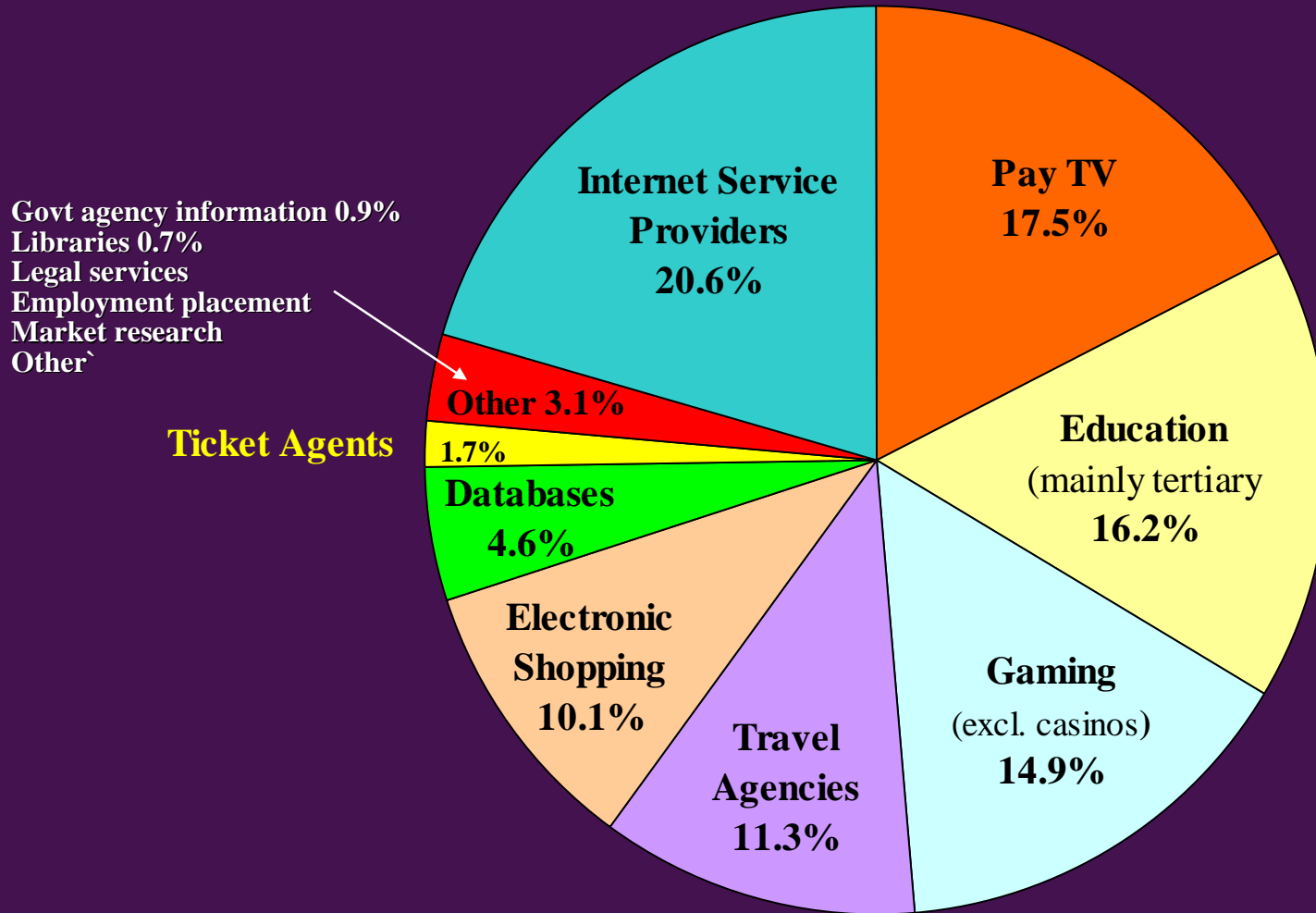


\$254 billion

12.0% of National Revenue of \$2.12 trillion in 2002 (F)

“Other” Online Business: 2002 (E)

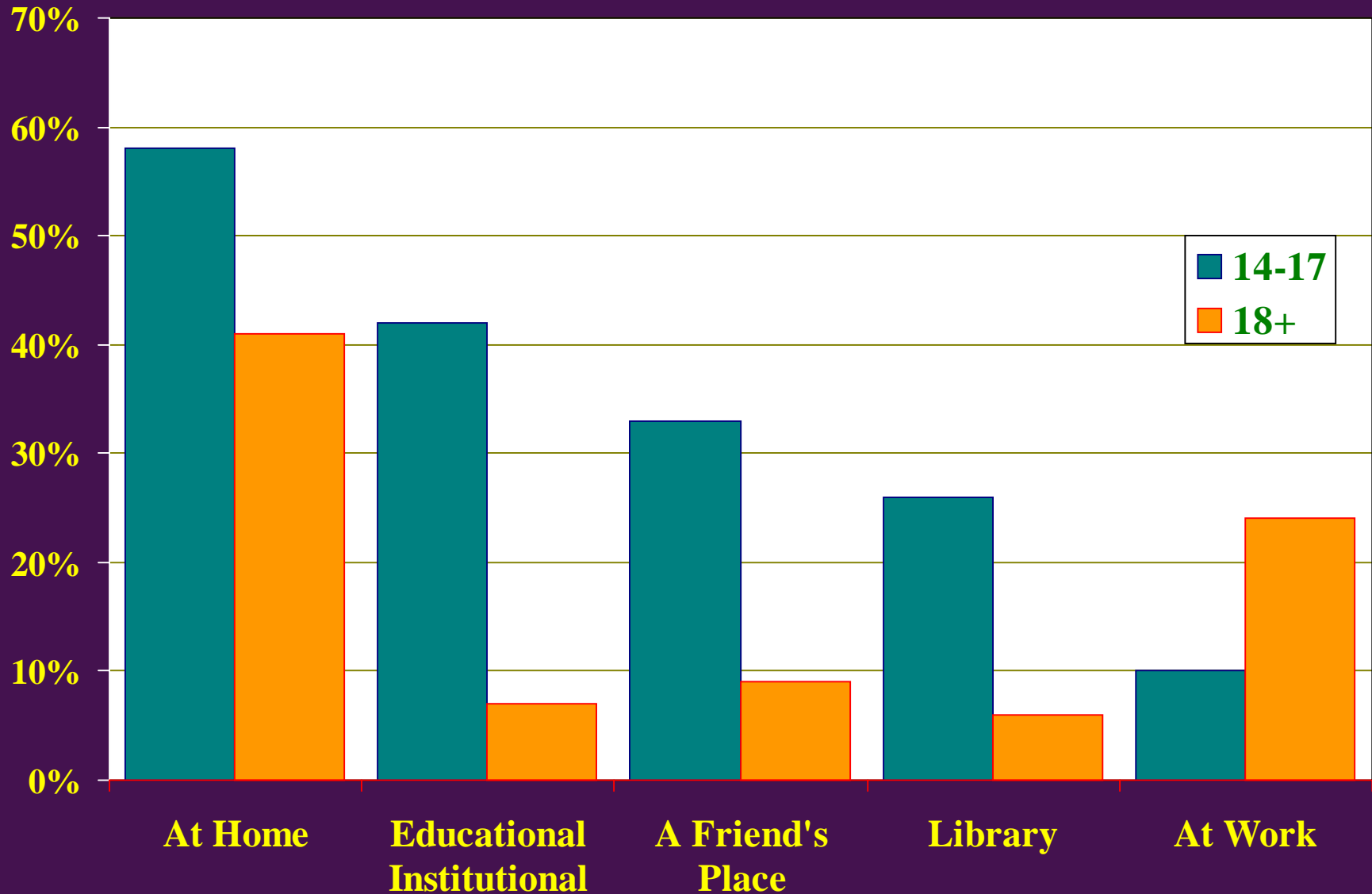
Excludes online financial services and telecommunications



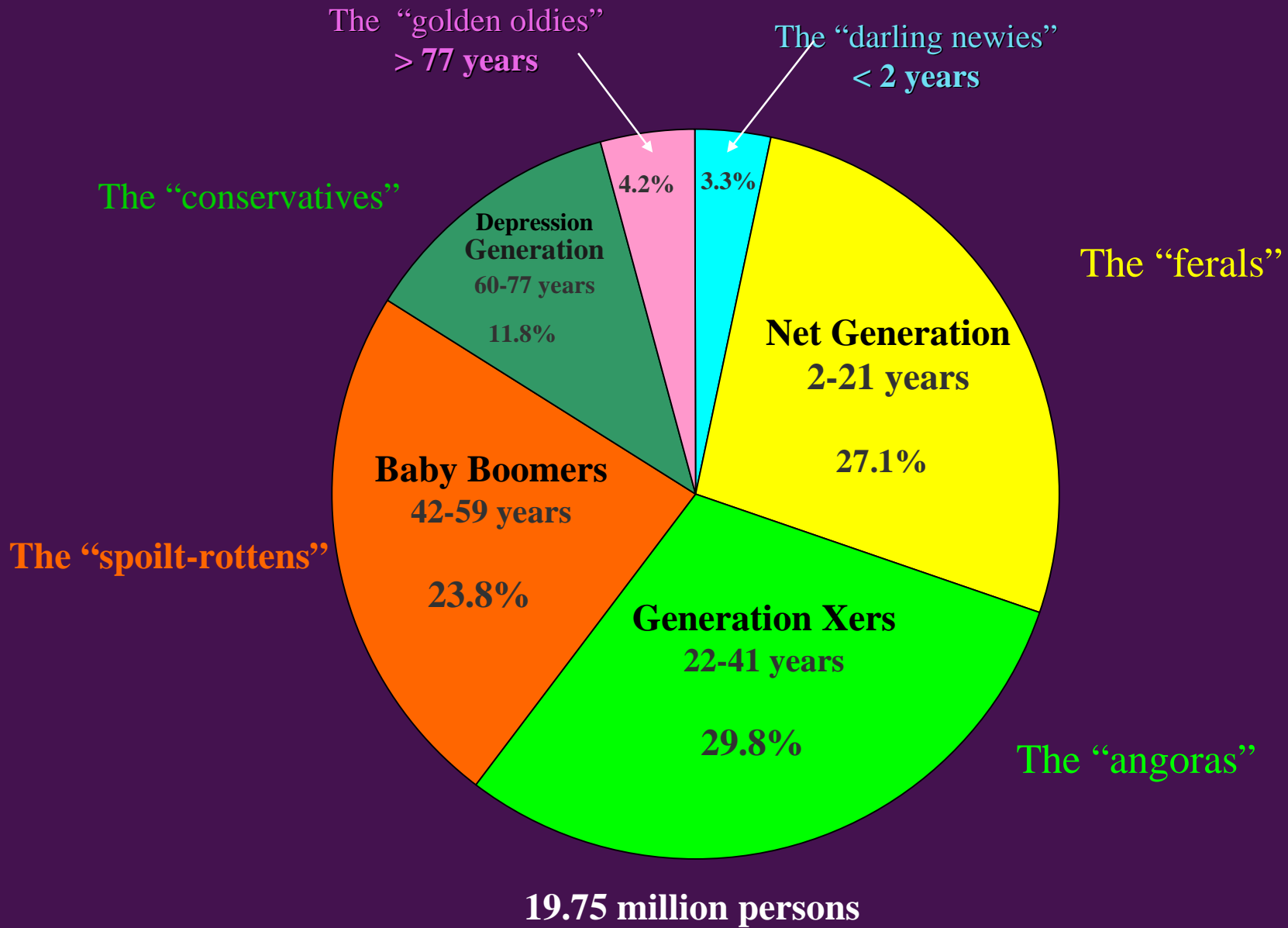
\$8.9 billion Revenue (of total of \$254 billion)

Internet Usage, by Age Group

2000-01



Generations in 2002



5.

**Business Success in
The New Age**

Australia's 30 Best Listed Companies

5 years average ROSF after tax (%): 1997- 2001

Enterprise	ROSF (%)	Enterprise	ROSF (%)
• WA Newspapers	56.4	16. United Group	27.4
• Cochlear	47.8	17. Strathfield Group	27.2
• Millers Retail	47.5	18. Graincorp	23.8
• Austal	45.5	19. Monadelphous	23.7
• Tempo Services	43.5	20. Adtrans Group	23.2
• Timbercorp	42.8	21. Watpac	23.0
• Flight Centre	39.7	22. Blackmores	23.0
• Brazin	38.0	23. Westfield Holdings	22.5
• BAT Australasia	37.0	24. Adsteam Marine	22.2
• Abigroup	34.4	25. Skilled Engineering	22.0
• Aristocrat Leisure	33.8	26. Macquarie Bank	21.6
• TAB	30.6	27. Woolworths	21.6
• Television & Media	30.1	28. Candle Aust	21.5
• Warehouse Group	28.3	29. Sunland Group	21.4
• Telstra	27.7	30. ASX	21.2
		Ave. (unweighted)	30.9

What the Best Enterprises are Doing

1. They are **focussing** on single industries, not diversifying
2. They are **positioning** as a major, niche or ultra-niche.
3. They are **pursuing unique intellectual property** (directly or as a franchisee) **or oligopolistic licenses** (banking, media, gaming etc.)
4. They are **outsourcing** non-core activities and functions.
5. They are **jettisoning passive (“hard”) assets**.
6. They are **creating virtual corporations & strategic alliances**.
7. They are **thinking outside-in** not inside-out
8. They are **aggressively globalising** their businesses, and/or following **world best practice** (WBP).
9. They are **developing unique organisational cultures**.
10. They are **leading** first and managing second.

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