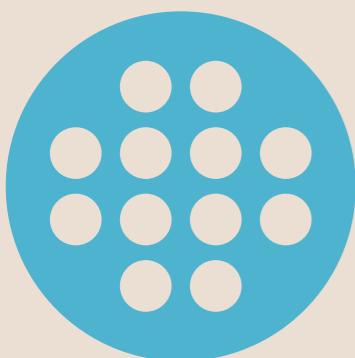


# CCIQ DIGITAL READINESS STUDY 2016

90%

OF RESPONDENTS DECLARING A WEB PRESENCE

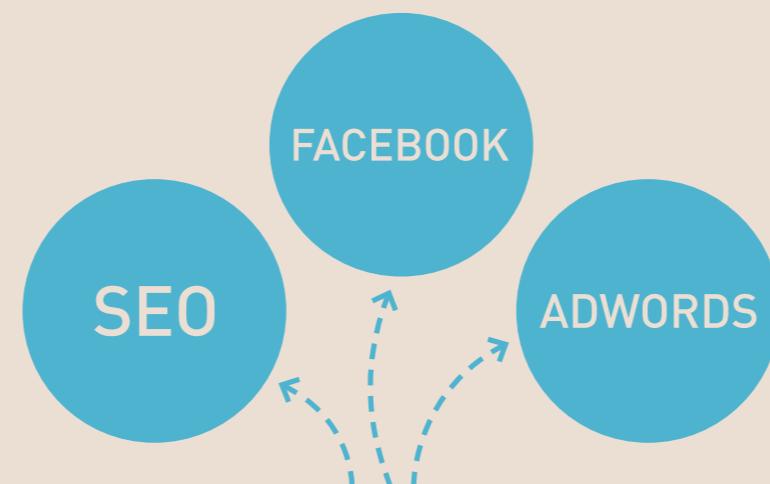


69%

OF BUSINESSES BELIEVE THAT THE NBN REPRESENTS A GOOD INVESTMENT

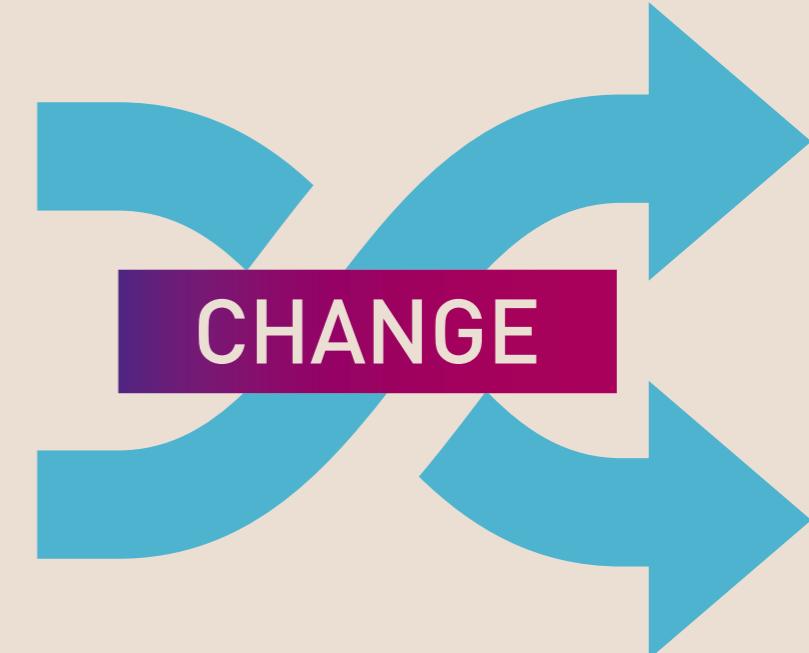
38%

OF BUSINESSES ADMIT THEY DO NOT HAVE A BUSINESS CONTINUITY PLAN



60%+

OF THE BUSINESSES ADVERTISE ONLINE

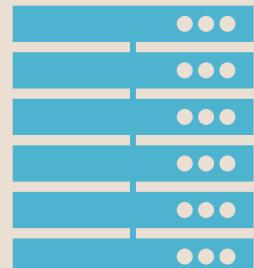


CHANGE

BUSINESSES KNOW THAT THERE WILL NEED TO BE CHANGE IN ORDER TO BENEFIT FROM THE OPPORTUNITIES



60%



OF BUSINESSES HAVING EQUIPMENT THAT IS ON AVERAGE MORE THAN 2 YEARS OLD

# FOREWORD

---

Our mission is to empower every person and every organisation on the planet to achieve more. Our strategy is to build best in-class platforms and productivity services for a mobile-first, cloud-first world. Our ambitions are to reinvent productivity and business processes, build the intelligent cloud platform and create more personal computing.

Woven throughout daily life, whether it be work or play, Microsoft technologies enable millions of Australian partners and customers to innovate in new ways. Microsoft recognises that small businesses are the backbone of Australia's economy. We strongly believe that creating a culture of work that fosters innovation is critical to our country's future and the success of small businesses nationwide. Our partnership with CCIQ allows us to collaborate and continue our mission of helping businesses realise their full potential.

Established in 1985, Microsoft Australia is the Australian subsidiary of Microsoft Corp., the worldwide leader in software, services, devices and solutions that help people and businesses realise their full potential. Headquartered in Sydney, Microsoft Australia has seven regional offices across the country.



→ Executive Summary	1
→ The Digital Economy	2
→ Web Presence	3
– Mobile Web Presence	5
→ The Cloud	6
– The NBN	7
– Internet Connectivity	7
– Server Use	8
→ Business Protection & Recovery	9
→ Software	11
→ Technology and Support	14
→ Devices & Hardware	18
→ Data	20
→ Digital Marketing & Social Media	23
– Advertising	24
– Social Media	24
→ Staff and Resources	26
– Staff Guidelines and Access	27
→ Digital Readiness	29
→ Survey Background	32
– Industry Representation	33
– Business Size	33
– Business Locations	34
– Areas of Trade	34

# EXECUTIVE SUMMARY

The Chamber of Commerce and Industry Queensland's (CCIQ) 2016 Digital Readiness Study is the fourth annual survey of how ready businesses across our state are when it comes to incorporating technology as a core advantage.

Business competition is already being driven by how well firms are able to leverage technology to drive productivity, profitability and growth as well as find new markets, customers and segments for their products and services. This can only become truer into the future.

Since first launching the Digital Readiness Study in 2013 more than 2,500 businesses from across the state have had a say on the digital and technological issues that matter to them. From the NBN to cloud platforms, from the rise of social media to generating online sales, businesses have engaged with our study to provide insights that drive two purposes:

- To help CCIQ drive positive changes for small business through lobbying, education or member services
- To help ICT providers better meet the needs of Queensland businesses and through accurate information and research into the small and medium enterprise (SME) market

The research shows continuing adoption of technological solutions within Queensland businesses, and also identify the barriers which prevent businesses from improving their technological capabilities in order to fully participate in the digital economy.

We are delighted to partner with Microsoft to bring you this latest round of insights.



# THE DIGITAL ECONOMY

**Australia's rapidly growing digital economy has overtaken many traditional industries such as agriculture, retail and transport to be worth around 5% of GDP, or \$79bn.**

By 2020 it is forecasted that growth will have continued reaching \$139bn or approximately 7% of GDP.

This growth is being fuelled by the continued rise of connectivity as access to the internet continues at a pace across all sectors of the globe.

According to the International Telecommunication Union, a United Nations body, around 40% of the globe's population has an internet connection and globally there are 7 billion mobile device subscriptions. Compare this with 20 years ago when less than 1% of the world's inhabitants were online.

Domestically, internet use continues to grow. With the rise and rise of mobile, consumers access the internet via an average of 6 devices, and that's just while they're at home. The ease of internet access in urban Australia is also fuelling a change in consumer habits with information, news, products, services and entertainment being consumed markedly differently across age demographics. Adolescents aged 15-17 are spending on average of 18 hours per week online, while those 65 years or over spent the least amount of time (7 hours per week) on the internet.

Businesses who do not understand such demographic trends run the risk of a generational shift in their business as they fail to reach or engage with a significant proportion of their future customer base.

For a country like Australia, the rise of the digital economy has huge potential benefits as connections remove the tyranny of distance, connecting people like never before. Given the prominence of the digital economy it will soon be logical to stop distinguishing between traditional and technological methods. In coming years it will simply be "the economy".

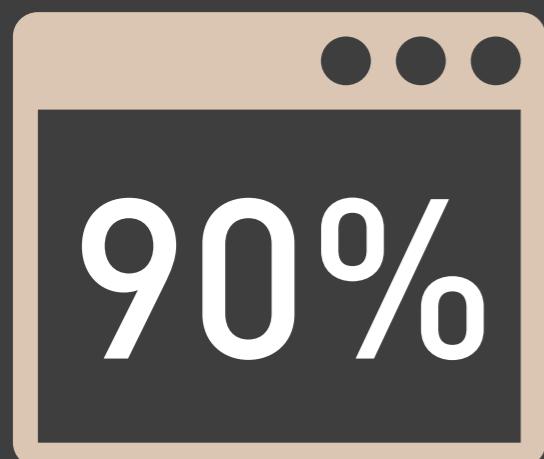
This is perhaps most recognisable in the retail sector, where according to National Australia Bank's Online Retail Sales Index, Australians spent an estimated \$19.2 billion on online retail in the 12 months to January 2016. For small businesses, this growth offers unparalleled opportunity as the availability of information, technology, resources and tools creates a level of competition, promotion and access like never before, connecting business with customers in real time, all of the time, regardless of their location.

But in order for businesses to truly benefit, they must embrace technology and work with trusted providers to access solutions and services that will make genuine enhancements to their businesses; enhancements which give them a competitive advantage that enables growth, sustainability and long-term profitability.

If not, then small businesses face the challenges that whole industries are facing as new entrants enter markets and use technology to connect with consumers in ways that better meet their needs. From Uber (taxi), to Netflix (pay and free-to-air TV), from airbnb (accommodation and travel) to Facebook (media companies) billion dollar businesses are being formed with the smart use of technology to feed consumer demand. None of the companies are creating new markets or new services; they are simply using technology to bypass and out-maneuvre incumbents.



# WEB PRESENCE



OF RESPONDENTS  
DECLARING A  
WEB PRESENCE

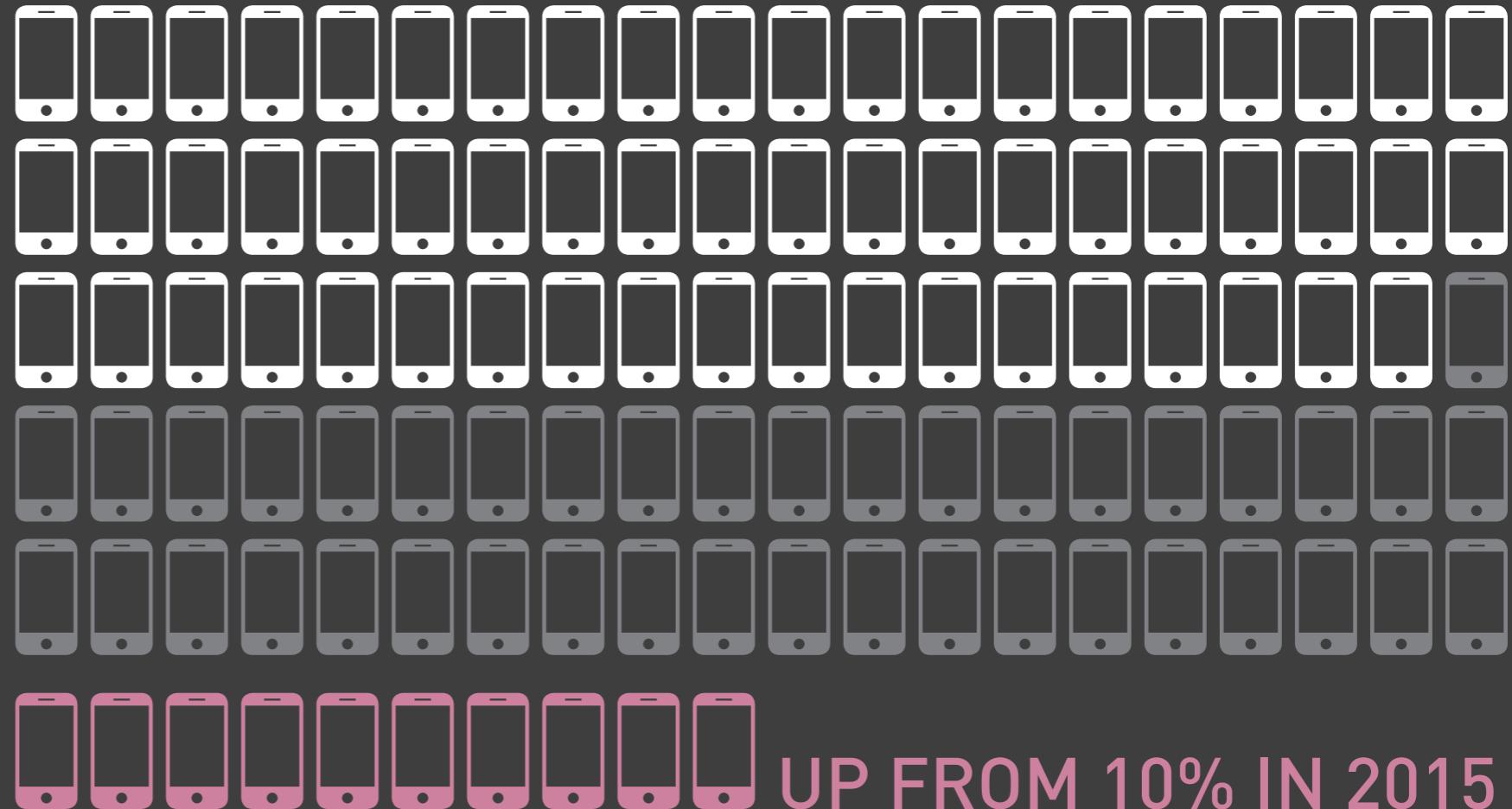


WITH 74% BELIEVING  
IT IS ESSENTIAL TO  
THEIR BUSINESS



10% OF BUSINESSES  
HAVE AN APP

IN A STAGGERING SHIFT, 59% OF BUSINESSES  
HAVE A MOBILE ENABLED WEBSITE



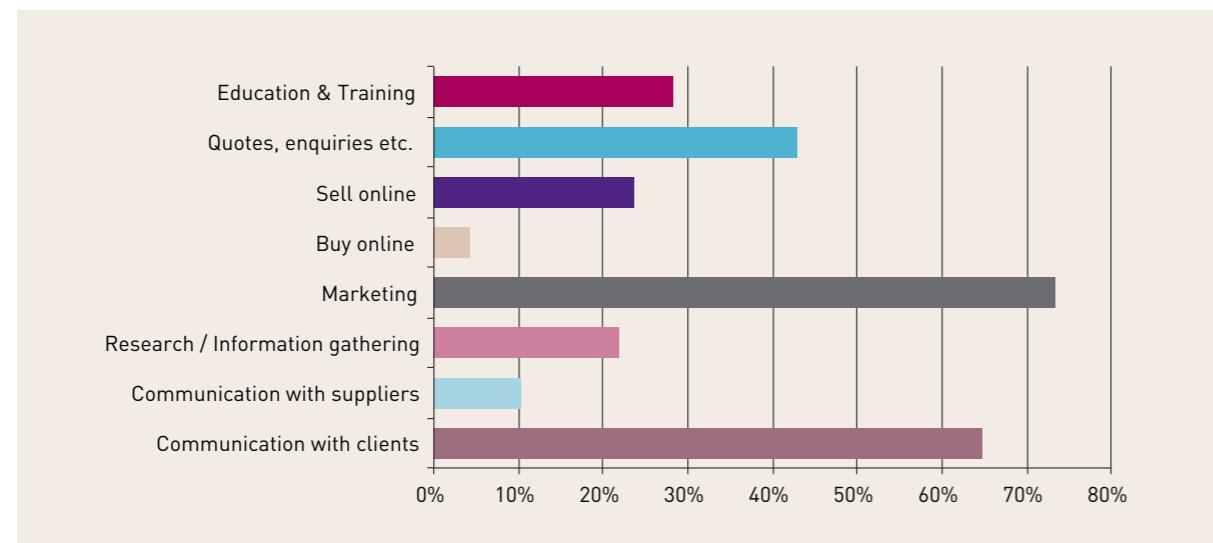
## WEB PRESENCE

**Web presence is fairly universal amongst Queensland small businesses with more than 90% of respondents declaring a web presence. Typically they rely on internal knowledge to manage their website; only 24% outsource their site management to an external provider.**

Interestingly businesses appear to be neglecting the requirement to keep website content fresh. Twelve percent of businesses never update their content and over 53% leave their sites untouched for over a month at a time. Content is still “king” and as such it is surprising that businesses don’t take advantage of the benefits of regularly updated web content to boost engagement, interaction, searchability and Google ranking.

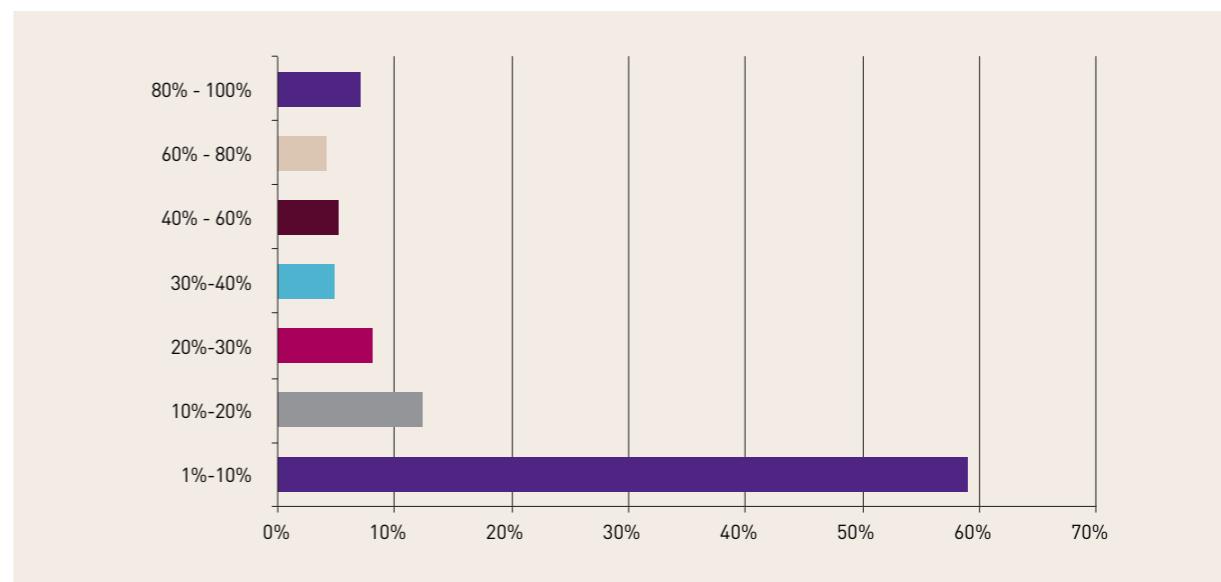
Businesses are using their websites in a number of ways, typically as would be expected for marketing, client communication and taking inbound enquiries.

### How do you use your website in your business?



However with less than 25% of respondents selling online there remains a clear disconnection between engaging and converting a potential customer online. In a global marketplace, this is a concern, especially if a customer can readily buy from a competitor’s site.

Correspondingly, 70% of respondent businesses are generating less than 20% of their revenue online. While we have seen an improvement over time in this area, Queensland businesses must put a greater focus on facilitating ecommerce across the board.



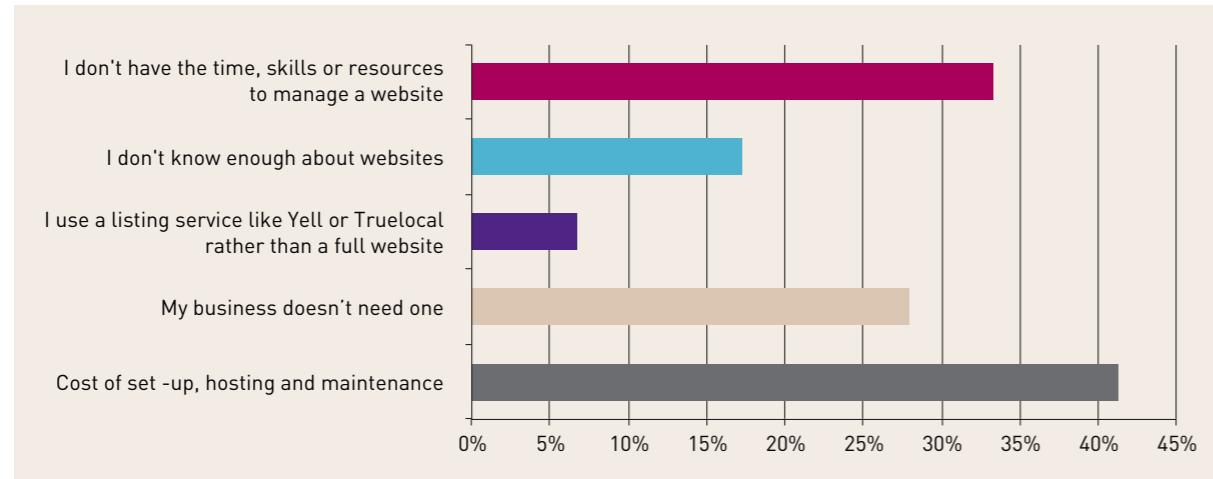
Business also need to consider their commitment to content updates and investment in time and resources to keep their content fresh and engaging. A higher posting frequency is required to achieve tangible outcomes in the areas of marketing, communication with clients, education and training.

As might be expected, businesses are reliant upon their website, with 74% believing it is essential to their business and 57% believing that they couldn’t function easily without it. Indeed with 69% of businesses generating leads from their website, it’s clearly a critical tool for doing business. These results would indicate that investment in e-commerce and converting leads into sales should be their next focus.

For the small number of businesses that do not have a web presence, the barriers to technology are cost, time and understanding, a seemingly typical set of circumstances when failing to apply a technological solution appropriate to a market need.

Despite the fact that a simple website should not be expensive, difficult to set up or manage, a small proportion of small businesses are nonetheless reluctant to engage. Of particular concern are the businesses who feel that they don’t need a website as all prevailing consumer data would indicate that without a website you simply will not be found by new consumers.

## Which of the following applies to why you don't have a website?

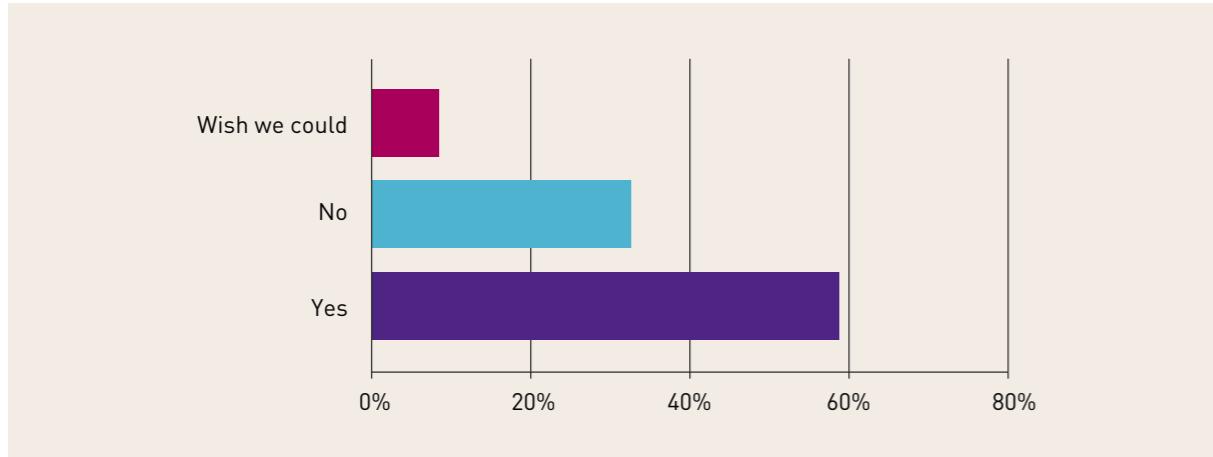


## MOBILE WEB PRESENCE

**In a staggering shift, mobile enabled websites are rapidly becoming the norm for small businesses with 59% of businesses having a mobile enabled website (up from 10% in 2015).**

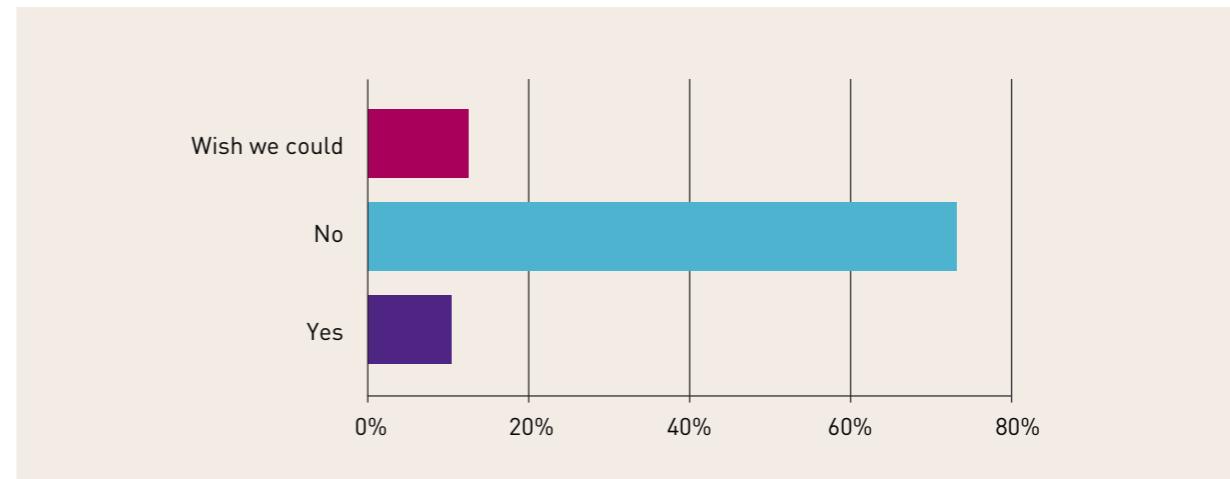
This is a significant shift for Queensland business and is crucial in meeting the demand of customers who are now used to having access to information whenever and wherever they need it via mobile devices. In May 2015, Google confirmed what many suspected in their AdWords blog Building for the Next Moment as Jerry Dischler, Vice President, Product Management, AdWords wrote "In fact, more Google searches take place on mobile devices than on computers in 10 countries including the US and Japan" confirming that when consumers want to find something, immediacy is key.

## Do you have a mobile version of your website?



Whilst businesses are embracing mobile browsing, the move has not yet been made into paid applications with only 10% of businesses having an app within the App Store or GooglePlay environments.

## Does your business have a mobile phone app in the App Store or on Google Play?



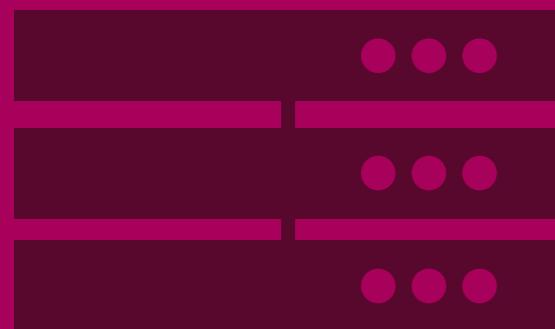
## SUMMARY

It is extremely pleasing to see that many businesses have made the move into embracing mobile enabled versions of their website, offering a wider opportunity to engagement as mobile takes the lead in online search and discovery.

However, businesses do need to be aware that a positive mobile experience is only one part of user's expectations; they also expect to see fresh content and be engaged in online environments. Therefore a focus needs to be placed on generating appropriate and relevant content and curating existing information to ensure that websites remain current and are therefore top of mind for consumers and search engines.

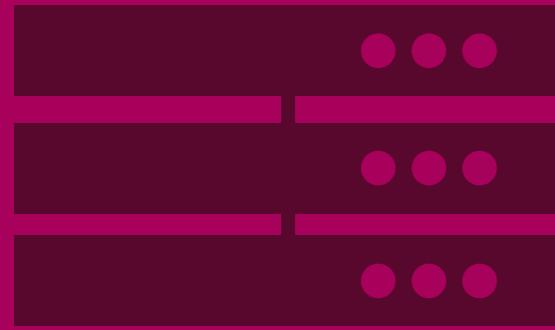
In addition, businesses need to develop solutions and strategies to improve their digital sales and to actively convert browsers into customers. More and more consumers are purchasing online and businesses should understand that if a customer cannot buy from them, they will look to their competitors.

## THE CLOUD



**54.7%**

OVER HALF OF THE  
BUSINESSES SURVEYED  
KEEP A COMPUTER  
SERVER IN THEIR OFFICE



**28%**

HAVE A SERVER LOCATED AT A  
3RD PARTY HOSTING FACILITY

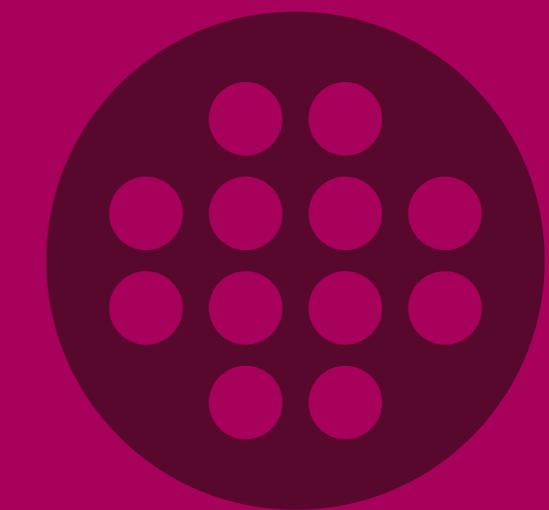


QUEENSLAND BUSINESSES ARE  
BEGINNING TO EMBRACE THE CLOUD

INCREASED  
CONNECTIVITY

IMPROVED SPEEDS

GREATER  
RELIABILITY



**NBN**  
**69%**

OF BUSINESSES  
BELIEVE THAT THE  
NBN REPRESENTS A  
GOOD INVESTMENT

**40%+**

OF BUSINESSES DO  
NOT KNOW WHEN THE  
NBN WILL BE AVAILABLE  
IN THEIR AREA

**As the National Broadband Network is being rolled out, and as software -as-a-service offerings become increasingly feasible for small business clients, more CCIQ members are raising the subject of the Cloud. This year we take a closer looking at the cloud and its applications across Queensland to understand its further adoption and direction.**

## THE NBN

Businesses are extremely supportive of the concept of the NBN and the opportunities it will bring for improved productivity.

69% of businesses believe that the NBN represents a good investment in Australia's commercial future, 70% believe it will make a positive difference to their business and 45% feel that it will provide a competitive advantage when competing globally.

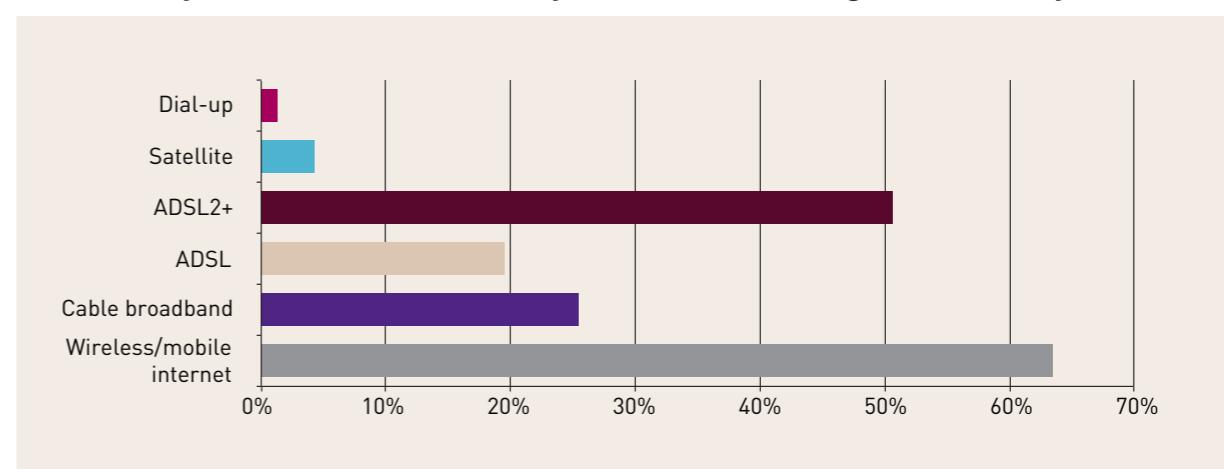
Ironically, however the challenge faced by NBN Co is communication with future business users. Over 40% of businesses do not know when the NBN will be available in their area, meaning that strategic decisions, investments in technology and commercial opportunities cannot be planned with certainty.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The NBN represents a good investment in Australia's commercial future	36.86%	32.47%	19.59%	6.19%	4.90%
The NBN will revolutionise the way I do business	17.01%	23.45%	40.21%	13.66%	5.67%
The faster speed internet access promised by the NBN will make a positive difference to my business	34.79%	35.31%	20.10%	5.67%	4.12%
I know when the NBN will be rolled out to my region	18.35%	21.96%	16.02%	25.32%	18.35%
The NBN will make competing globally, easier, faster and more affordable	19.33%	26.55%	38.92%	9.79%	5.41%

## INTERNET CONNECTIVITY

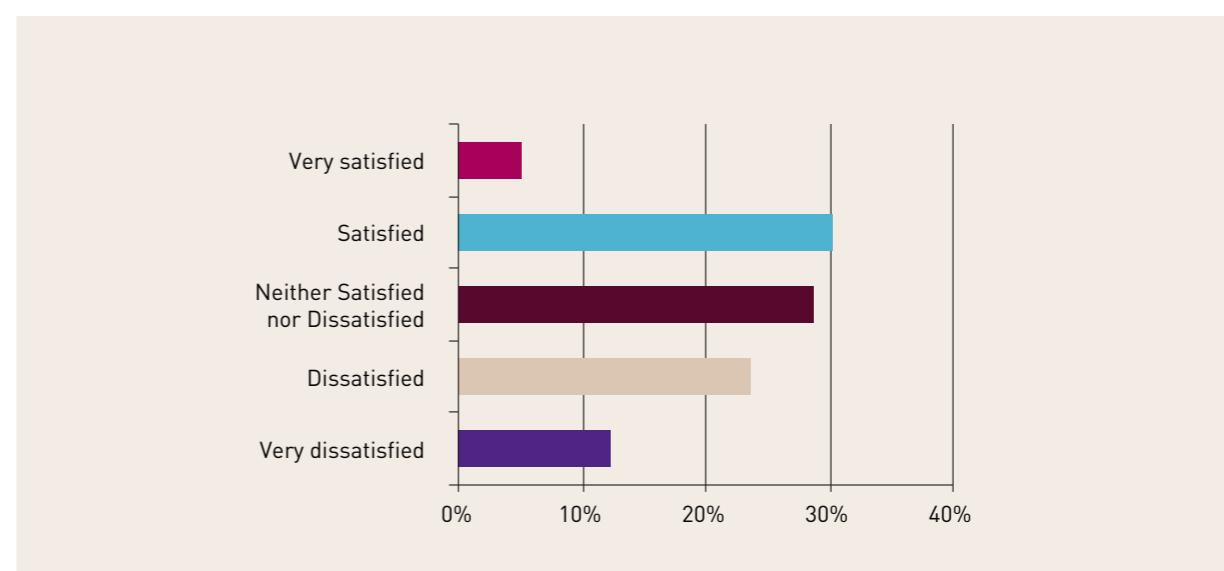
Until the NBN rolls out businesses are connecting to the internet in a number of ways including, in some cases, the use of a dial-up connection. This really highlights the need for all efforts to be made to roll the NBN out across Australia as quickly as possible.

## How does your business currently connect to the digital economy?



And when businesses do connect to the internet there is still a lot to be desired in terms of speed and cost with equal numbers of businesses dissatisfied and satisfied.

## How would you rate the quality, cost, and speed of the Internet connection/s your business presently has access to?



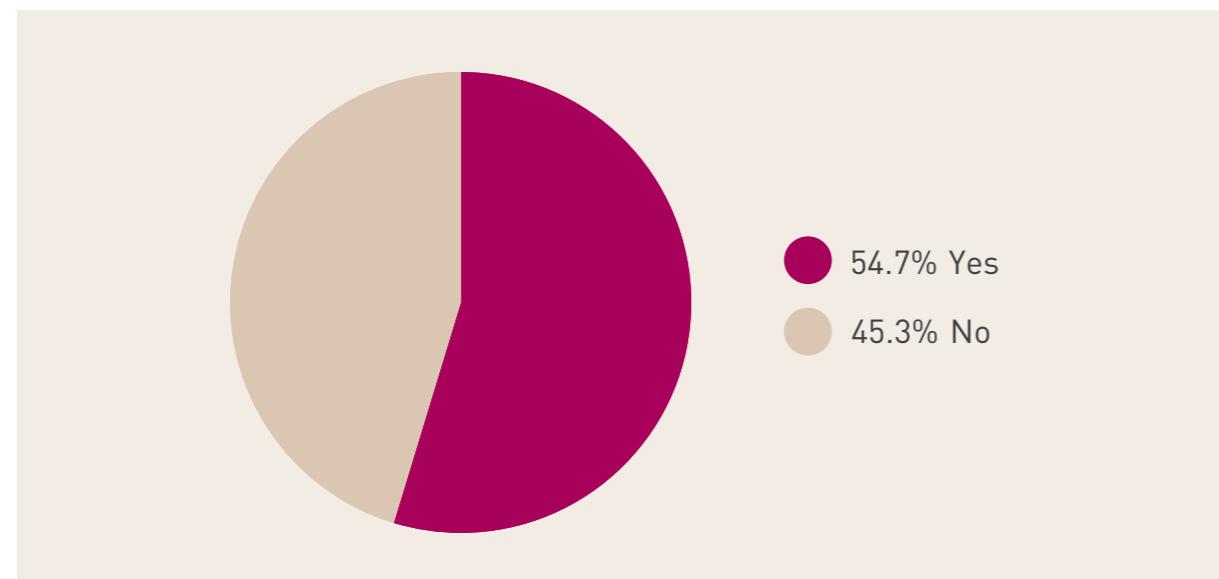
Along these lines, CCIQ often receives feedback from members, chamber representatives and other stakeholders outside of South East Queensland who are frustrated about their internet speed and reliability, and who believe that business should be prioritised before households for NBN connection.

## SERVER USE

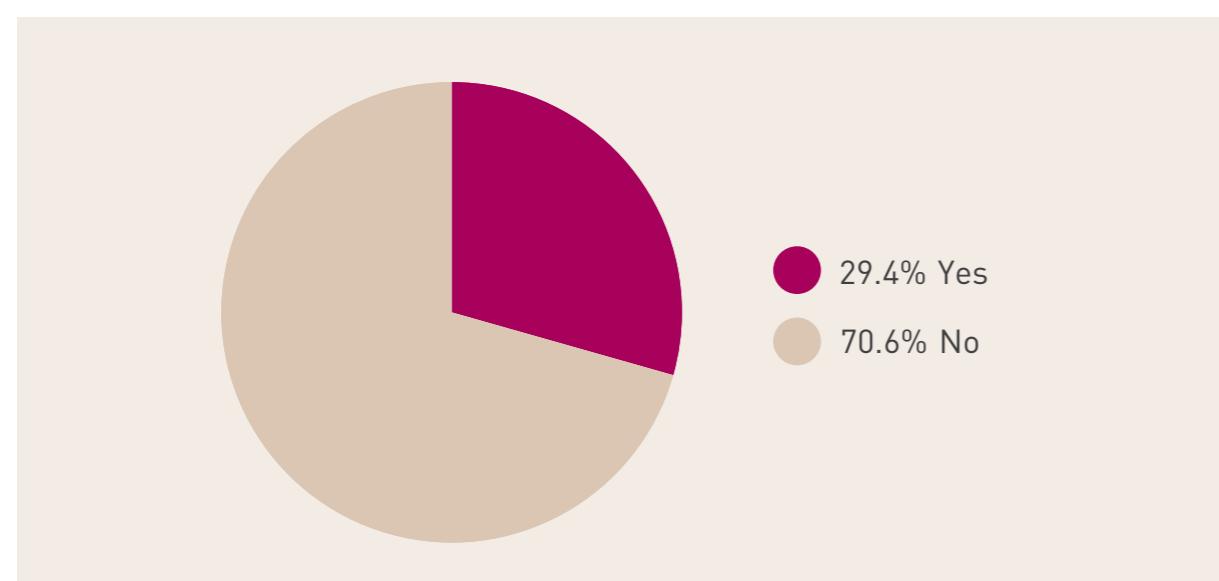
This year, for the first time, we have included questions relating to server usage in order to chart trends about on-site or data centre-based server usage. This year will set a baseline for this metric of digital readiness, which we anticipate may become a barometer of cloud-based technology uptake.

Over half of the businesses surveyed keep a computer server in their office, and 28% of businesses have a server located at a third party hosting facility.

### Do you have a computer server in your office?



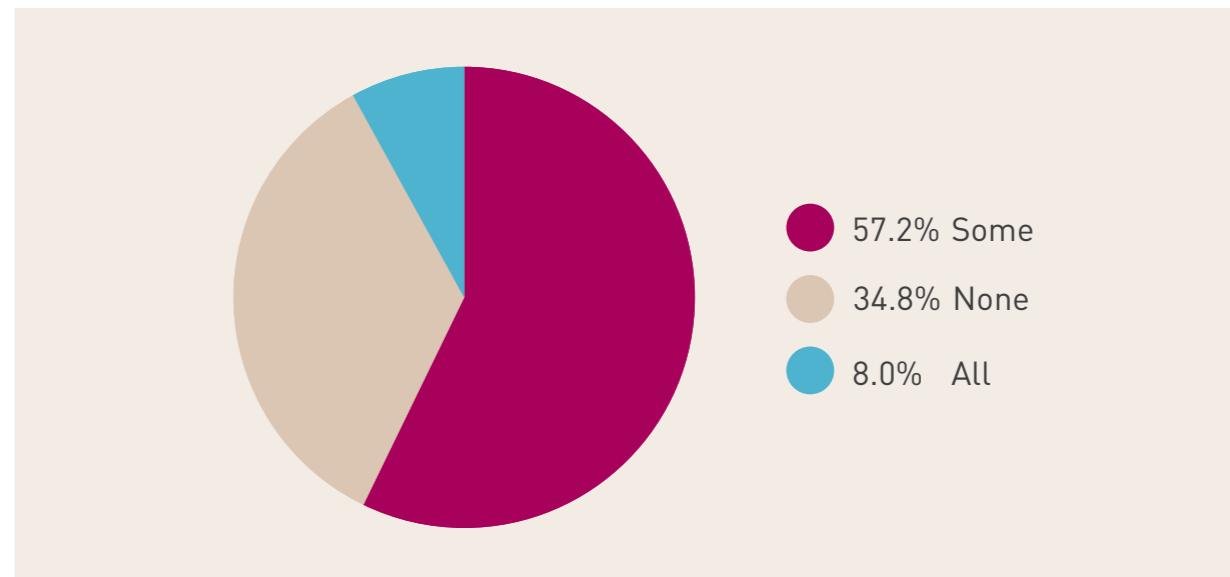
### Do you have a computer server/s located in a 3rd party hosting facility (e.g. Amazon, Rackspace, iSeek, AAPT, Optus, Telstra)?



At this stage the results are not particularly insightful, but this data will be measured annually to monitor any changes.

For the first time businesses were asked about their adoption of the cloud in relation to applications and we have identified that 8% of businesses have fully embraced the cloud, with a significant majority moving some of their software services to Cloud based platforms.

### Have you migrated any applications or processes onto a cloud platform?



## SUMMARY

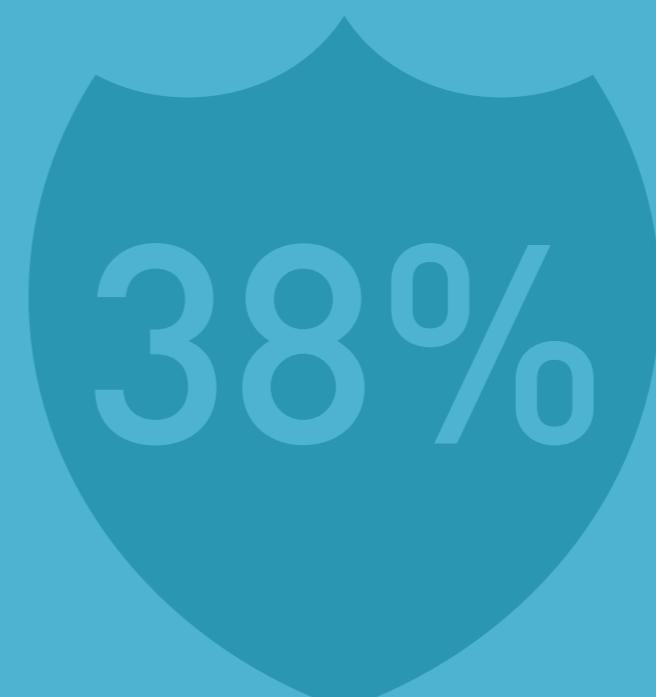
With increased connectivity, improved speeds and greater reliability, Queensland businesses are beginning to embrace the cloud. However, in order to do so fully, businesses require further improvements to be made in quality, speed and reliability of their internet services and a clear prioritisation of NBN roll out to business connections.



# BUSINESS PROTECTION & RECOVERY



IT'S ALARMING THAT,  
WITH QUEENSLAND'S  
TRACK RECORD OF  
NATURAL DISASTERS

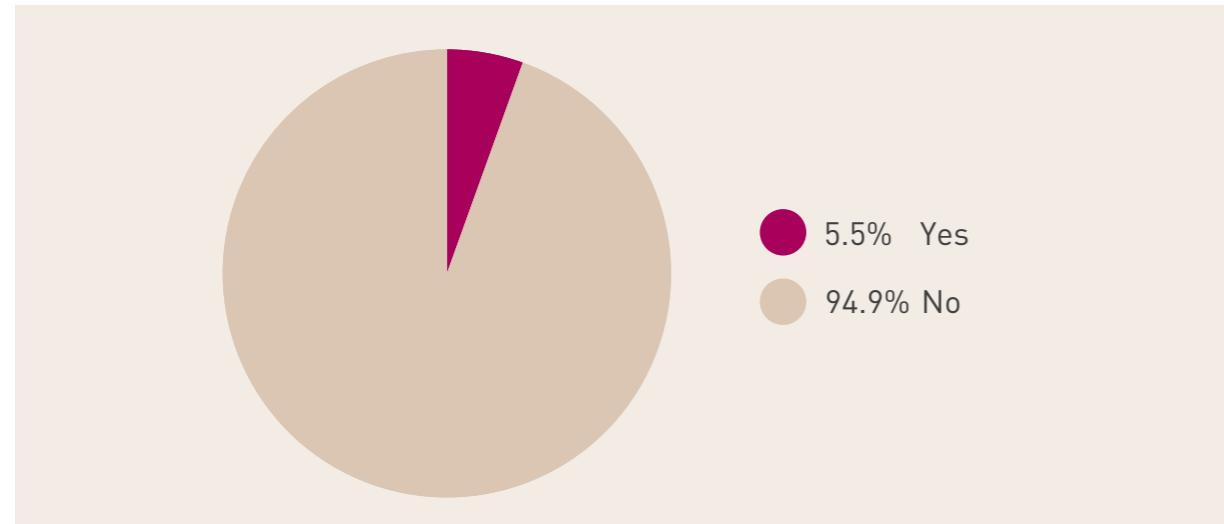


38%

OF BUSINESSES  
ADMIT THEY DO NOT  
HAVE A BUSINESS  
CONTINUITY PLAN

**Queensland is a state that is regularly impacted by events that can cause interruption to business. From cyclones to flash flooding, small businesses are directly impacted by nature and face the uphill challenge of getting their business back up and running. Whether it's damaged property and premises, disrupted supply chains or blocked customer pipelines, disaster can seriously compromise a business's systems and cripple its ability to operate.**

**Has your business been directly impacted by a major disaster in the past 12 months?**



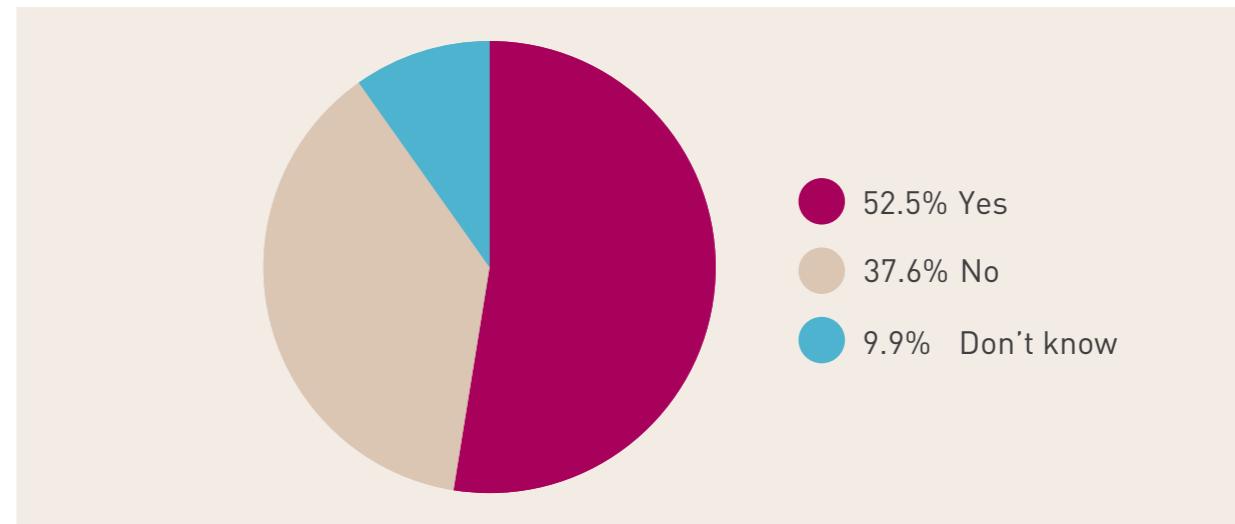
Pleasingly only a relatively small number (5%) of businesses surveyed have been impacted by a major disaster in the last 12 months and, on the whole, businesses (92%) are taking positive measures to back up their data and to ensure they have files and information available in the event of a critical failure.

The usual methods of backup are being used, with businesses favouring external hard drive back up ahead of Cloud and tape storage. All are workable frameworks for ensuring that data and files are protected but it is crucial that businesses using tape and external hard drives give thought to how those devices are then managed and secured so that they do not get caught up in a similar disaster. Keeping tapes and hard drives on-site, or equally in just one offsite location, can make them just as redundant.

It is advisable that business who are taking the very important steps to protect their data are also taking the steps to ensure that in the event of the worst case scenario they are able to quickly and easily access the data that they need to ensure the smooth running and operation of their business.

A major concern highlighted by the survey is the apparent lack of a business continuity plan in many businesses.

**Does your business have a business continuity plan in place to support the continued operation of your business in adverse conditions such as: cyclone, fire, loss of telecommunications?**



It's alarming that, with Queensland's track record of natural disasters, 38% of businesses admit they do not have a business continuity plan. As a result of the 2011 floods and Cyclone Yasi, CCIQ undertook research into the impact of natural disasters on small business and found that, on average, business impacted by flood or cyclone were closed for five days and endured direct impacts to their business for more than six months.

A business interruption plan is a simple way of ensuring you can return to full operations as quickly as possible and should be an essential part of any businesses operation if trading in Queensland. As the previous results show, businesses are taking steps to protect their information and back up their files, and it is of vital importance that businesses take the next step in the disaster management process to have plans in place that enable their back-ups to be used and operations to return to normal as quickly as possible.

## SUMMARY

Many businesses are taking important steps to protect their data through regular back-ups. However, it is imperative that businesses look to develop a business interruption plan focussed on disaster preparation, mitigation and recovery; because in Queensland it is not a case of if disaster will strike but when.

## SOFTWARE



90% OF BUSINESSES USE MICROSOFT WORD



74%

BELIEVE THEY HAVE ADEQUATE EMAIL SYSTEM SECURITY MEASURES IN PLACE



26%

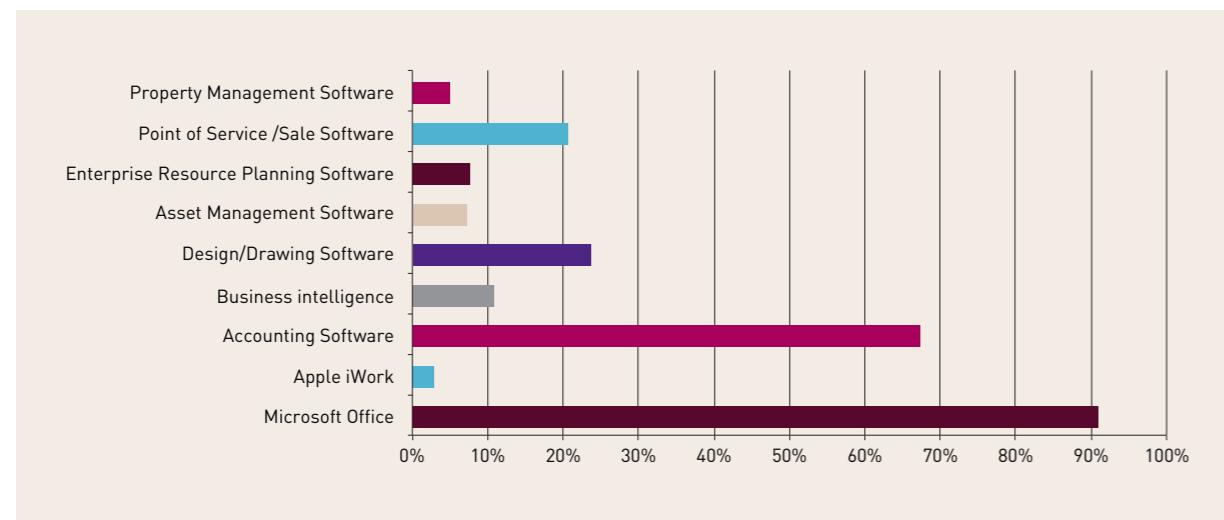
TO SEEK CERTAINTY IN THIS AREA DUE TO ITS ESSENTIAL NATURE FOR DAY-TO-DAY OPERATIONS

**Software is the nuts and bolts of a business's daily operation, a vital connector, processor and distributor of information, knowledge and activity. In this year's survey we once again see that Microsoft's Office suite is almost universal in its adoption with over 90% of businesses using that software.**

As might be expected, accounting software is used widely with 66% of businesses using products like Xero, MYOB and Quick Books to process their financial information.

There's clear air to the next tiers of software which cater more for category or industry-specific needs. Point of sale software solutions are utilised by the hospitality and retail sectors while construction, architecture and creative industries are naturally more heavily reliant on design and drawing software.

### What are the most used applications in your business?

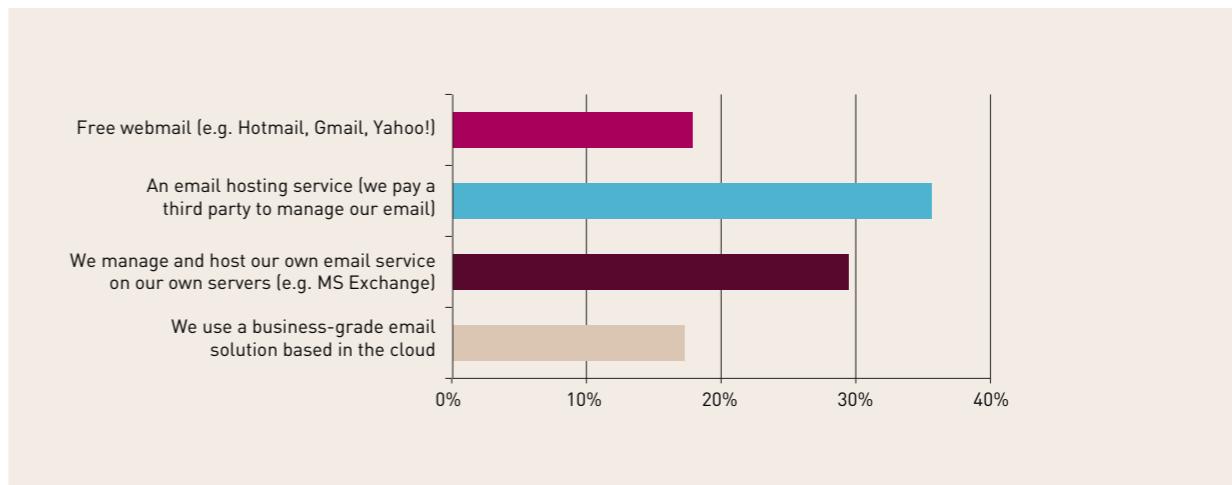


We are also seeing early markers that Cloud-based applications are becoming popular. Fuelled by product releases, increasing internet speeds, mobility of workforce and the desire for continuous connection, over 70% of businesses are utilising Cloud-based software services like Google Apps, Microsoft Office 365 and QuickBooks Online.

### EMAIL

Email is the ubiquitous solution for communication. Since its widespread arrival in the early 1990s email has become a mixture of communication channel, storage system, permanent record of activity and irritant as businesses work out the best way to fully utilise this channel, to synchronise calendars, meetings mailboxes and teams.

#### What type of email service does your business use?



Free webmail (e.g. Hotmail, Gmail, Yahoo!)	17.2%
An email hosting service (we pay a third party to manage our email)	29.4%
We manage and host our own email service on our own servers (e.g. MS Exchange)	35.6%
We use a business-grade email solution based in the cloud.	17.8%

With solutions split across the types of email service available, it is clear from the survey that email is an essential part of the vast majority of operations, with 97% of businesses agreeing with this statement.

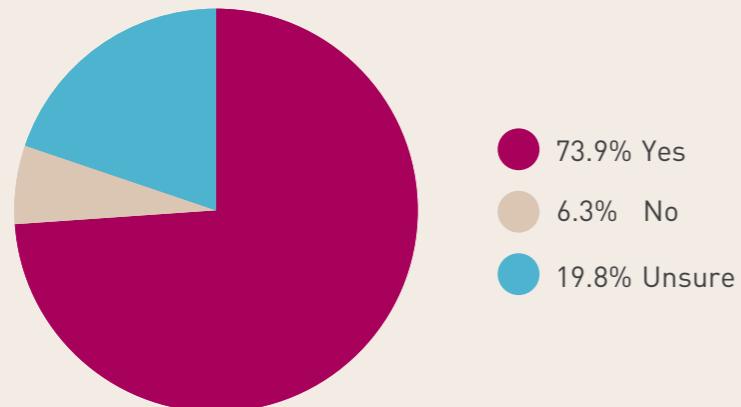
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Email is an essential tool for my business	88.75%	9.13%	1.91%	0.21%	0.00%
Email enhances my productivity	65.60%	21.79%	9.19%	3.42%	0.00%
I can effectively manage my calendar and contacts across multiple devices	58.12%	23.29%	11.11%	5.77%	1.61%

Interestingly there is a slightly less positive response when looking at the productivity aspect (86%) and multiple device connectivity (81%) indicating that although essential, email could still be utilised slightly more effectively to truly gain maximum benefit.

Despite the reports of companies banning email, running email-free days and testing alternative methods of communication, it would be a bold prediction to believe that email will not be a mainstay of Queensland businesses for the immediate future.

When it comes to email security, Queensland business feel they are protected from attacks with 73% believing that they have adequate system security measures in place to protect their email/contacts/calendar functions. Given the importance of email to business, it would be advisable for the remaining 27% to seek certainty in this area due to its essential nature for day-to-day operations.

#### **Do you have adequate system security measures in place to protect your email/contacts/calendar functions?**



Businesses are rightly concerned about email being used as way to spread viruses and malware. Only 11% of businesses are unconcerned about the threat posed by email attacks. Again, Queensland businesses need to be vigilant and work with partners to appropriately protect their systems and educate their staff as to the steps to take to minimise the risks that inevitably come with utilising email.

This point is underlined by examining the types of attacks made on businesses in the last 12 months.

#### **Has your business been affected by any type of computer or online related malicious activity in the past 12 months?**

Computer virus or malware	40.3%
Email spam	80.31%
Denial of service attack on my website	9.84%
Phishing (someone illegally purporting to represent my business)	14.17%

From spam to DNS attacks, it seems almost inevitable that when a business connects to the internet there will be an attack. Therefore protecting your key information and data is of essence to the continuous operation and security of a small business.

#### **SUMMARY**

Microsoft's Office suite is the go-to application suite for the vast majority of businesses with accounting packages and financial management software also dominating the market. Businesses then tend to specialise their software requirements based on industry need relying upon point of sale, drawing and design packages to support their core activities.

As we would expect, email is an essential tool, deemed vital to the day-to-day running of an organisation. Although aware of the security threats posed by email, business feel protected from malicious attacks, but a significant number could consider regular checks and updates just to be doubly certain.

## TECHNOLOGY & SUPPORT



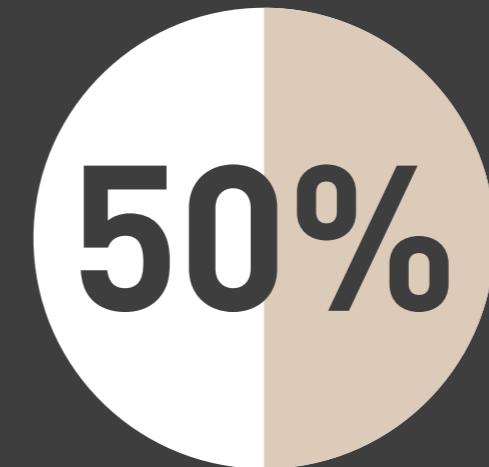
ONE THIRD OF BUSINESSES WHO MANAGE THEIR TECHNOLOGY SOLUTIONS IN HOUSE

43%

OF THOSE  
'MAKE DO'  
BUT IS IT WORTH IT?



OF BUSINESSES HAVING EQUIPMENT THAT IS ON AVERAGE MORE THAN 2 YEARS OLD



OF BUSINESSES STATE THAT THEY WILL SELECTIVELY INVEST IN ICT OVER THE NEXT 12 MONTHS

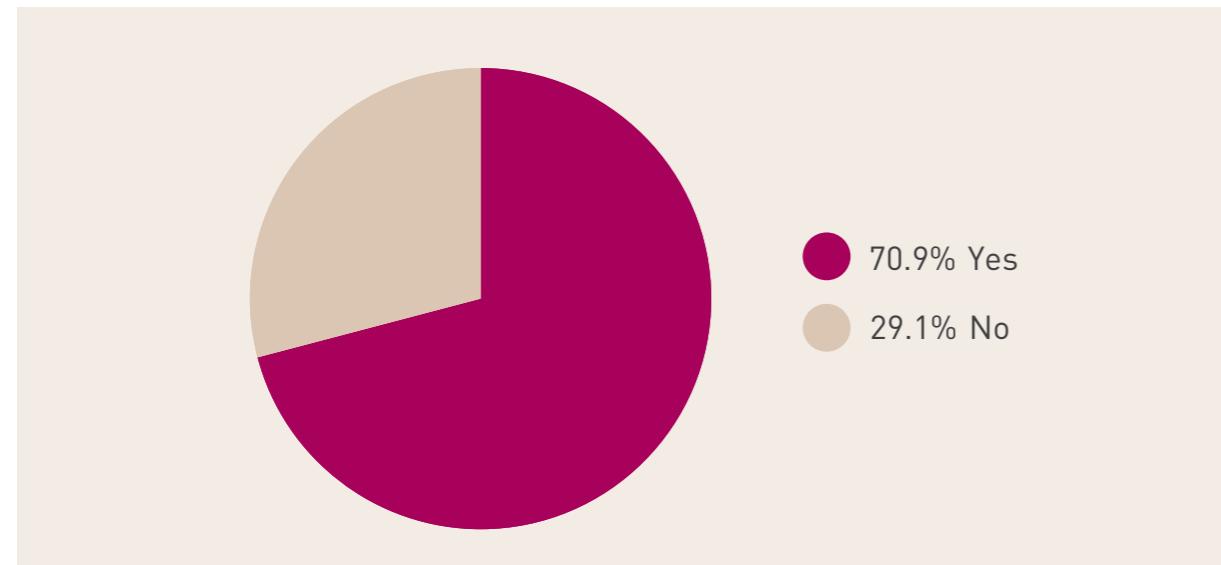
**When used appropriately, technology has the ability to significantly impact a business's bottom line through increased productivity, process automation, processes simplification and innovation.**

In Queensland, Australia's most decentralised state, technology can also have material impacts by enabling flexible working, remote site connections and reaching distant customers and markets.

Historically CCIQ's Digital Readiness Study has highlighted a disconnect between the ICT industry and small businesses resulting from a reluctance of small operators to invest in new, rapidly changing and quickly superseded technologies.

One of the challenges facing small business is finding services that are suitable and appropriate for their processes and operations. As such, more than 1 in 4 businesses find it difficult to identify and source technology which supports their business needs.

**Is it easy to find technology to support your business needs?**



This could be the case for several reasons. Cost, market size, and the bespoke needs of small business will always throw up challenges when it comes to finding solutions "out of the box".

More pointedly, previous rounds of this study have highlighted the problematic relationship between small business people and technology vendors. IT sellers' use of complex language and technology jargon, combined with their inability to clearly explain the benefits of a solution continue to present major obstacles for both the vendor and the small business purchaser. It will be interesting to dig deeper into the data and find reasons as to why businesses are challenged to find solutions for their needs.

On the whole, businesses use a mixture of in-house and external providers to manage their technology needs.

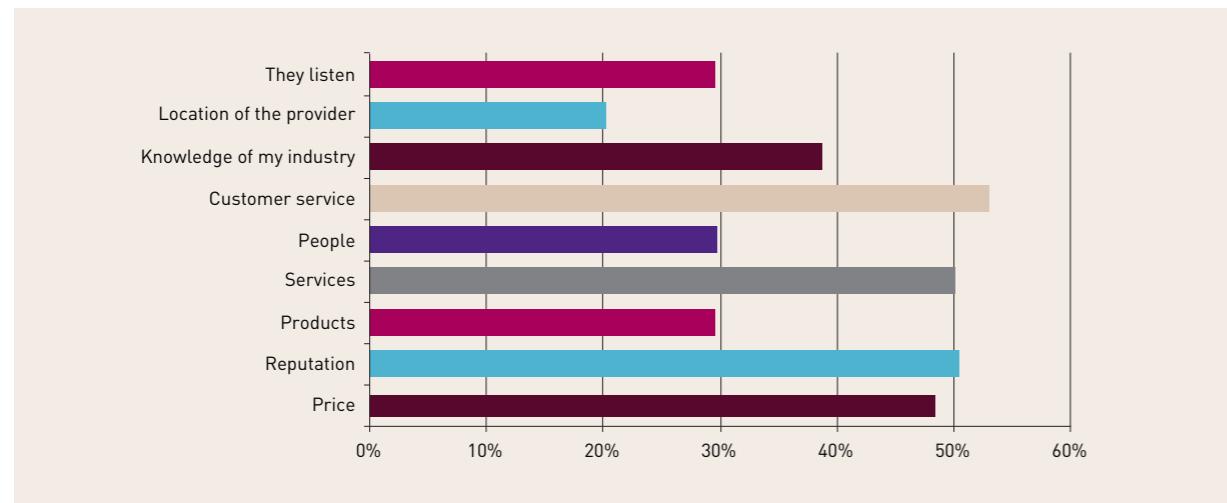
One area of concern identified in the results is that, of the one third of businesses who manage their technology solutions in house, 43% of those 'make do'. It is worth asking whether 'making do' is the goal, especially when considering the productivity benefits of having expert help.

**How do you presently support your business' technology needs?**

In house support only – we have the skills and knowledge we need	<b>20.66%</b>
In house support only – we make do	<b>16.20%</b>
We use service providers / outsource	<b>19.95%</b>
We use a combination of in house and service provider support services	<b>43.19%</b>

There are four areas that ICT providers must focus on in order to work with small business clients in Queensland. Customer service, Reputation and Services are the most essential factors when small businesses make decisions about who to partner with and buy from. Price is only the fourth most important consideration, validating previous data that shows business value support and service over cost in what is a challenging practice area for them. And it is not too far a leap to suggest that the Customer Service and Services factors play a direct part in a provider's reputation, the third most important factor a business considers when choosing a provider.

## What is the key attribute you look for when getting technology support?



Following on from this, when business do partner with ICT providers, there are clear areas in which those providers can sharpen their game to improve their reputation and customer satisfaction. With 39% of businesses reporting the high cost of IT and a low or unknown return on investment, aftersales teams could be playing more of a role to ensure performance is reported and communication with the customer continues. Businesses are calling out for clear and demonstrable proof that investment yields return.

And with 22% of businesses reporting an issue with Outsourcing/Cloud Service providers, ICT providers in this area must focus on customer service is so as not to erode the opportunity presented in this space.

## Which of the following technology related issues has your business experienced in the last 12 months?

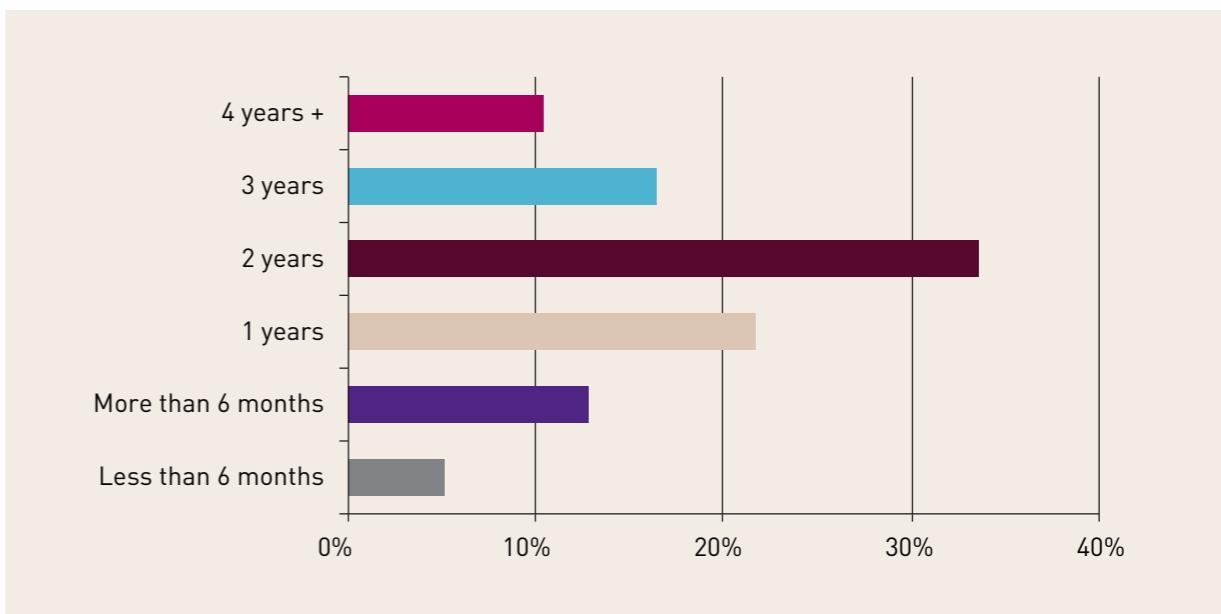
High cost of IT with a low or unknown return on investment	39.2%
Project overrun	16.1%
Security breach	13.2%
Privacy breach	1.8%
Disconnect between technology and business strategies	26.9%
Not enough IT staff	24.6%
Inadequate disaster recovery or business continuity measures	9.1%
Lack of agility	15.5%
Lack of innovation	17.0%
Serious IT operation incidents	9.1%
Issue related to cloud computing	16.7%
Issue related to mobile device security	4.1%
Issue related to outsourcing / technology service providers	22.5%
Issue related to employees using personal devices for work activities	12.9%

## Which of the following has your business experienced (even for a brief amount of time) in the last 12 months as a result of an IT related problem or incident?

Incurred unexpected expenses	64.81%
Business reputation was harmed	10.10%
Customer satisfaction was reduced	36.59%
Opportunities to reduce costs were delayed or missed	33.90%
A competitor beat my business to market	11.15%

Businesses are naturally pragmatic when making investments on ICT equipment, with 60% of businesses having equipment that is on average more than two years old. And while vintage equipment may be an issue that hampers productivity and connectivity, almost 50% of businesses state that they will selectively invest in ICT over the next 12 months based on the contribution made to the business. Again the issue of return on investment has been raised validating previous feedback that ICT providers must demonstrate a clear fiscal or productivity gain to their clients.

## How old is most of your IT equipment?



## In the next 12 months, what is your business planning to do regarding IT-related investments?

Reduce across the board	1.88%
Reduce selectively based on potential/expected contribution to business value	5.65%
Freeze current level	12.47%
Increase selectively based on potential/expected contribution to business value I	49.65%
Increase across the board	10.12%
Unsure	20.24%

If vendors and businesses work well together then there are clear benefits for businesses who do invest wisely in IT, with productivity gains (37%) and improved customer service (30%) being the two main reported benefits. With only 2% of businesses reporting a cost reduction, work needs to be done to measure and communicate IT returns on investment.

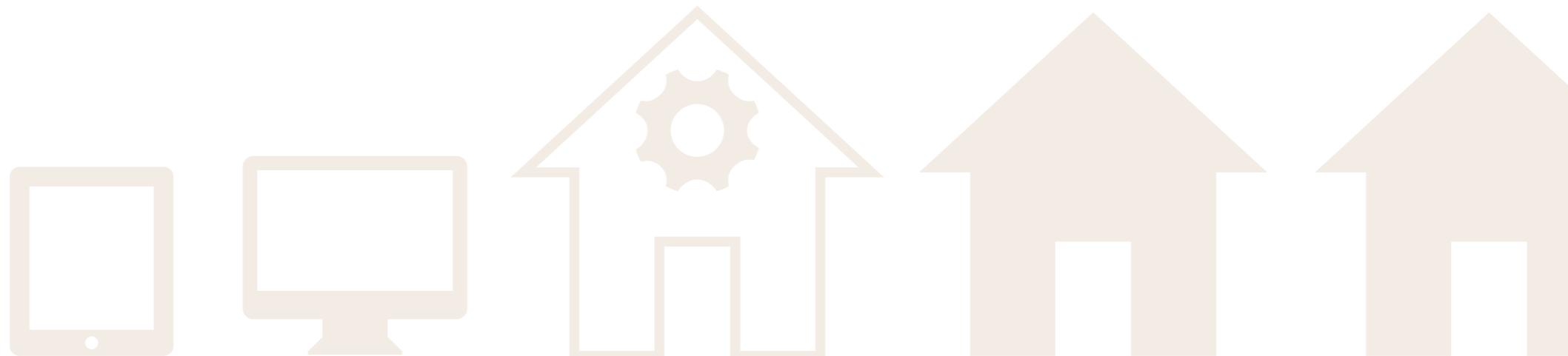
## What is the greatest benefit your organisation receives from its investments in IT?

Cost reduction	2.17%
Improve customer service	29.88%
New or improved products and services	11.33%
Improved business intelligence	16.39%
Increased security of information	2.89%
Improved productivity	37.35%

## SUMMARY

Businesses are pragmatic when it comes to investment in ICT services, largely due to the need to be fully persuaded that there will be a clear return on their investment in terms of productivity gain or process simplification.

For ICT vendors their success will be down to how they are perceived by businesses across three key areas: Customer Service, Services and Reputation. If businesses can be confident that they will be supported by a reputable company who will help if things go wrong then they will be successful over a business whose only competitive advantage is price.

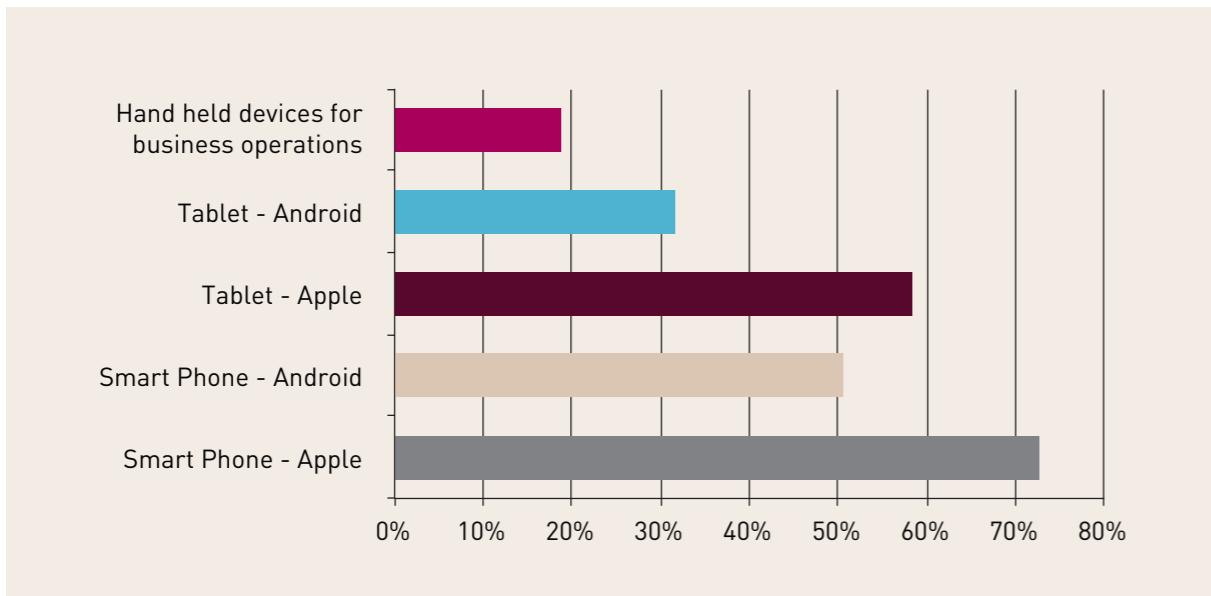


# DEVICES & HARDWARE



**When it comes to digital devices Apple is clearly king in Queensland leading both the smartphone and tablet markets.**

#### What type of digital devices does your business have?

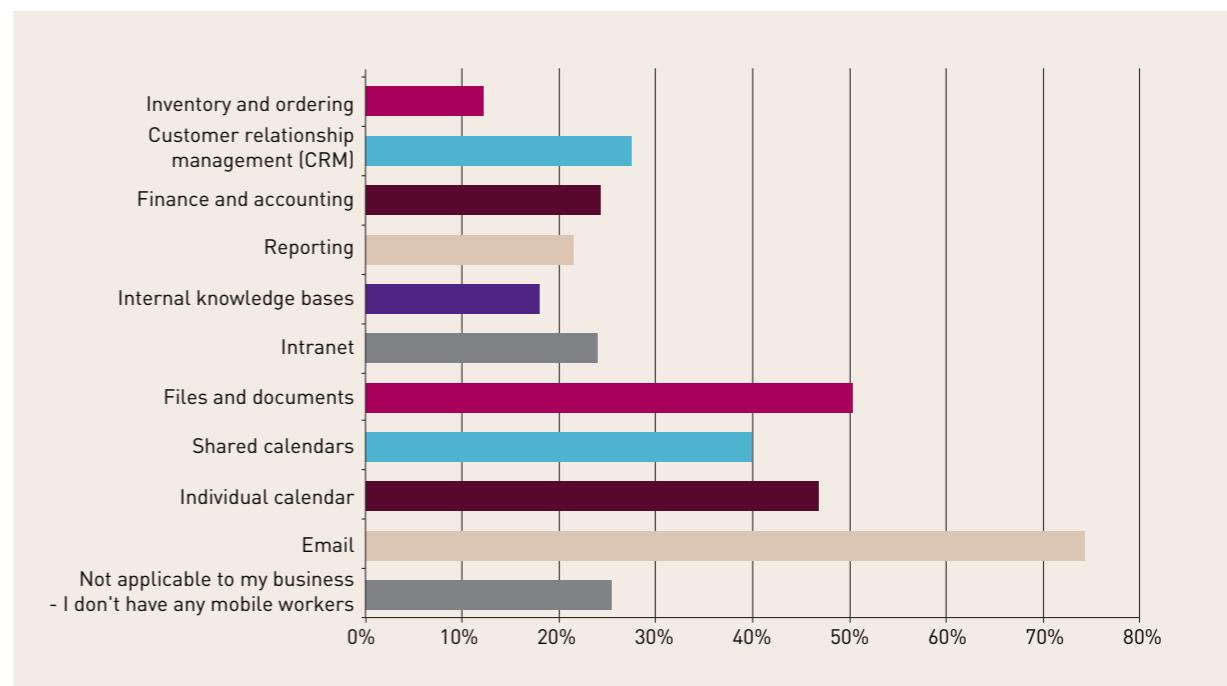


Across the board there really has been a smart device revolution in Queensland businesses that is fuelling permanent connectivity, flexible working and making remote working far simpler than ever before.

With the rise in Cloud computing, proliferation of software-as-a-service models such as Microsoft 365, and exciting new collaboration tools coming into the market, the benefits are very real for Queensland businesses who make the effort to use technology to better manage their business operations.

As such businesses are enabling remote workers to access more and more of the systems that they need to be able to do their jobs.

**Which electronic systems and data do your mobile workers have access to when they are working away from the office?**



#### SUMMARY

Apple dominates the smartphone and tablet market, a market that has grown as businesses have embraced mobile solutions to keep their staff connected to the information that they need to do their jobs. In a decentralised state such as Queensland, mobile working can assist businesses to operate remote staff, a mobile workforce and connected sites, simply and efficiently.



# DATA

---

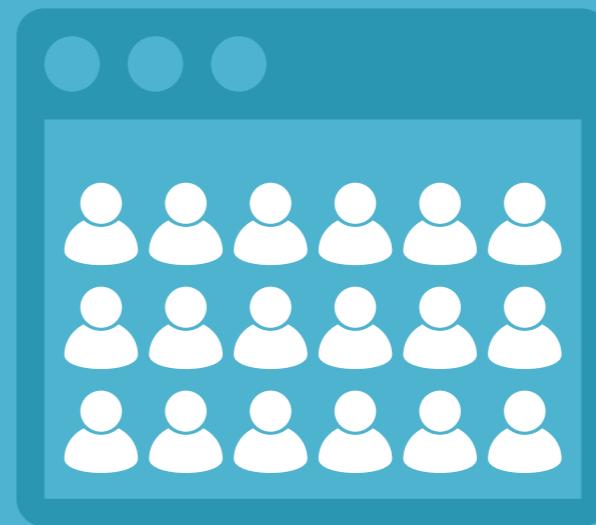


COMPANIES ARE SITTING  
ON A TREASURE TROVE  
—IF ONLY THEY KNEW  
HOW TO USE IT.



FOR SOME  
BUSINESSES,  
DATA IS THE MOST  
VALUABLE ASSET  
THAT THAT OWN.

INTERESTINGLY, ONLY 30% OF  
BUSINESSES MANAGE THEIR DATA USING  
A CRM TOOL SUCH AS SALESFORCE



**From big data, to open data, to the internet of things, the ability to leverage insights from information can revolutionise the performance of a business. For small businesses who can now cost-effectively manage customer data, and for large organisations developing products and services based on trends insights, there are now more opportunities than ever to profit from the power of data.**

According to Dr Alexandra Samuel in the Wall Street Journal “Companies are sitting on a treasure trove—if only they knew how to use it.” So in 2016, how are Queensland businesses using, managing and protecting their data? (For some businesses, the most valuable asset that they own.)

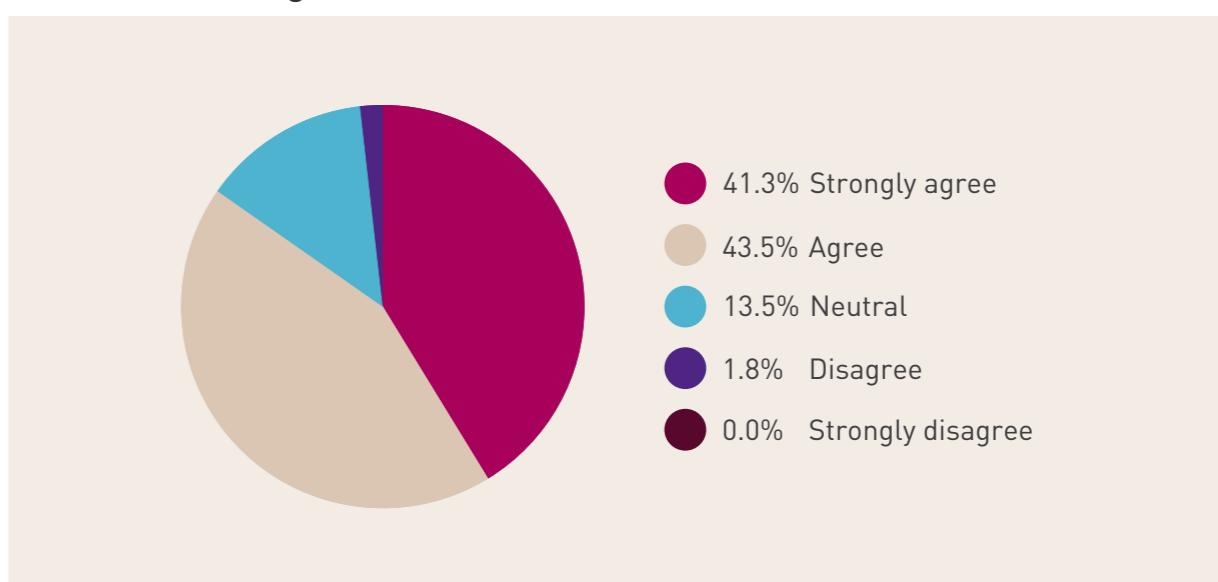
One of the greatest benefits of managed business data are the customer insights it can provide and, in turn, the additional opportunities that knowing your customers brings. Existing customers are any business’s greatest asset, as known customers are more likely to offer repeat and ongoing businesses at a far lower cost than acquiring new customers. As such it is pleasing to see that Queensland businesses feel that they know their customers well, with 79% of businesses feeling that their staff understand their customers even before meeting with them to discuss aspects of their business.

#### **How well do you and your staff understand your customers before attending meetings/appointments with them?**

Extremely well	23.99%
Well	55.16%
Neutral	19.28%
Poorly	1.35%
Extremely poorly	0.22%

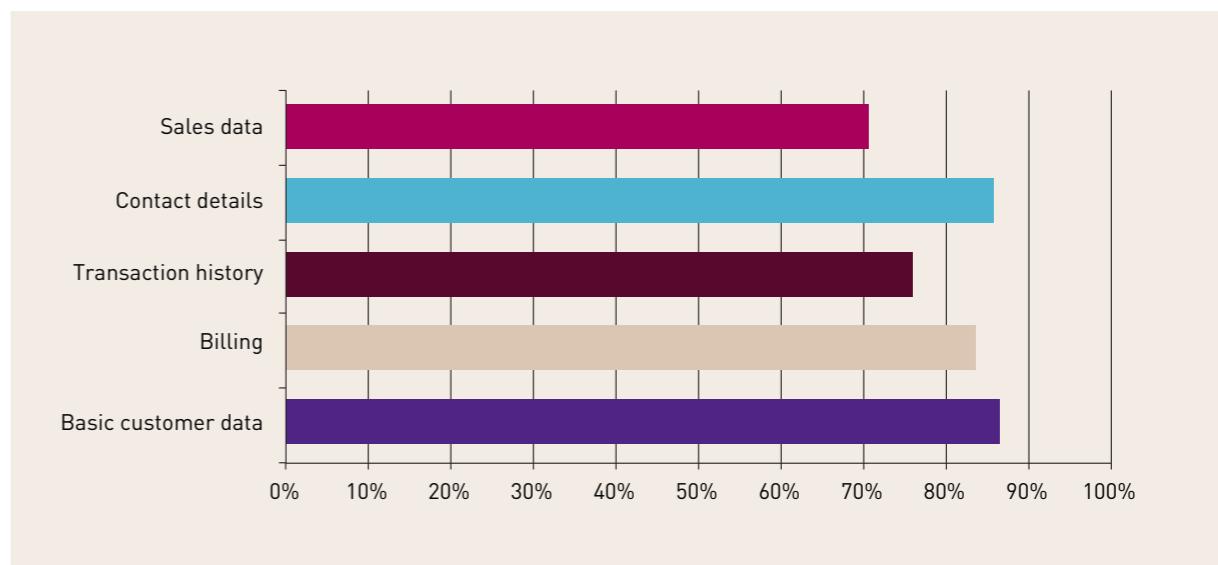
Queensland’s businesses also clearly feel they are becoming more customer-focussed and this should result in stronger loyalty and greater financial rewards over time.

#### **How would you rate your thoughts on the following statement? “We are becoming more customer-focussed as a business”**



From the study it would appear that Queensland businesses have largely dispensed with paper-based forms of customer data management and are using electronic means to record basic customer data, billing, transaction information, contact details and sales data, with responses over 70% in each category. For businesses not using electronic data management tools, there isn’t perceived need or a potential return on investment in some instances, or in others, a lack of data management skills.

#### **What elements of your customer data is managed electronically?**



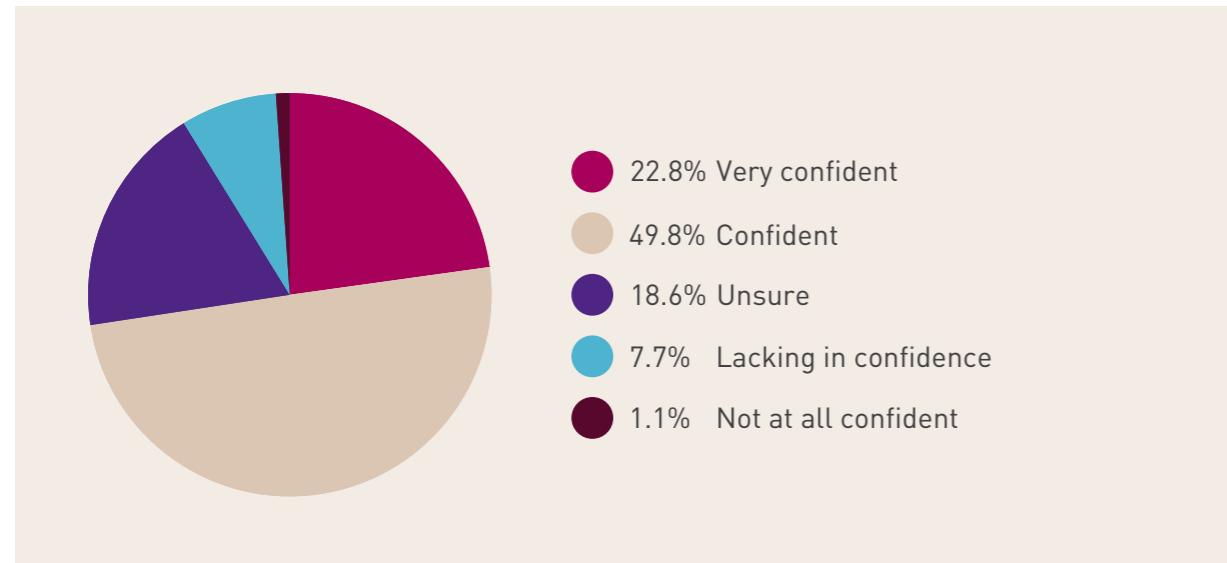
Interestingly, only 30% of businesses manage their data using a CRM tool such as Salesforce, and more research may be needed to understand the degree to which data is systematically managed in the remaining 70% of respondent businesses.

Queensland businesses have a great deal of confidence that their data is safe and secure, indicating that appropriate protections are in place to ensure they are protecting their essential assets from attacks.

Businesses are also confident that they are compliant with the various legislative acts relating to personal and transactional data. 77% are confident or very confident that they comply with data protection, spam, and privacy legislation. For those required to comply with the Payment Card Industry Data Security Standard (PCI DSS) for handling cardholder data, the majority are compliant with the remainder working towards compliance.

As a result businesses are confident of the cleanliness and quality of their data with 23% stating that they are very confident. Given that customer data is a critical element of any businesses this is a very positive result.

#### **How confident are you that your data is clean, up-to-date and of good quality?**



#### **SUMMARY**

Queensland businesses feel that they have a good level of control over their data, and are keeping it clean and up-to-date. They also have a clear understanding of their legal and best practice obligations as they comply with the necessary legislation that governs data capture, storage and usage.

By and large, data is stored electronically, however it would appear that data sets are stored in independent programs rather than through a single CRM solution which would hint at complex integration or little integration and manual updating between systems taking place. This is an area where businesses could look to improve integration to in turn improve accessibility and accuracy of customer data and information.



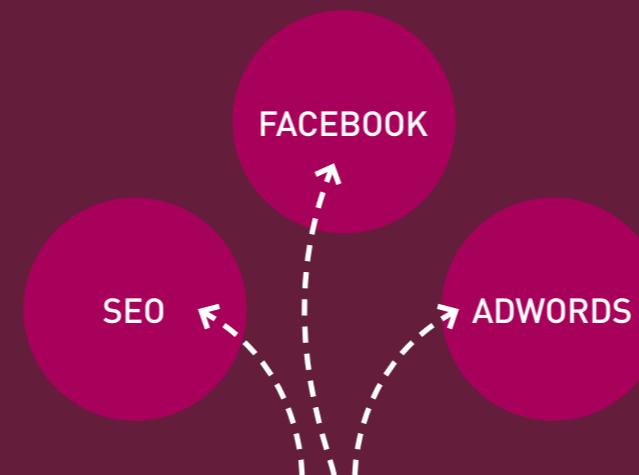
# DIGITAL MARKETING & SOCIAL MEDIA

g+ in  
80%

OF BUSINESSES USE  
SOCIAL CHANNELS FOR  
A RANGE OF REASONS



FACEBOOK  
IS NO.1



60%+  
OF THE BUSINESSES  
ADVERTISE ONLINE

COST-EFFECTIVE  
HIGHLY-TARGETED  
CAN BE SWITCHED ON  
AND OFF ANY TIME

“ ”

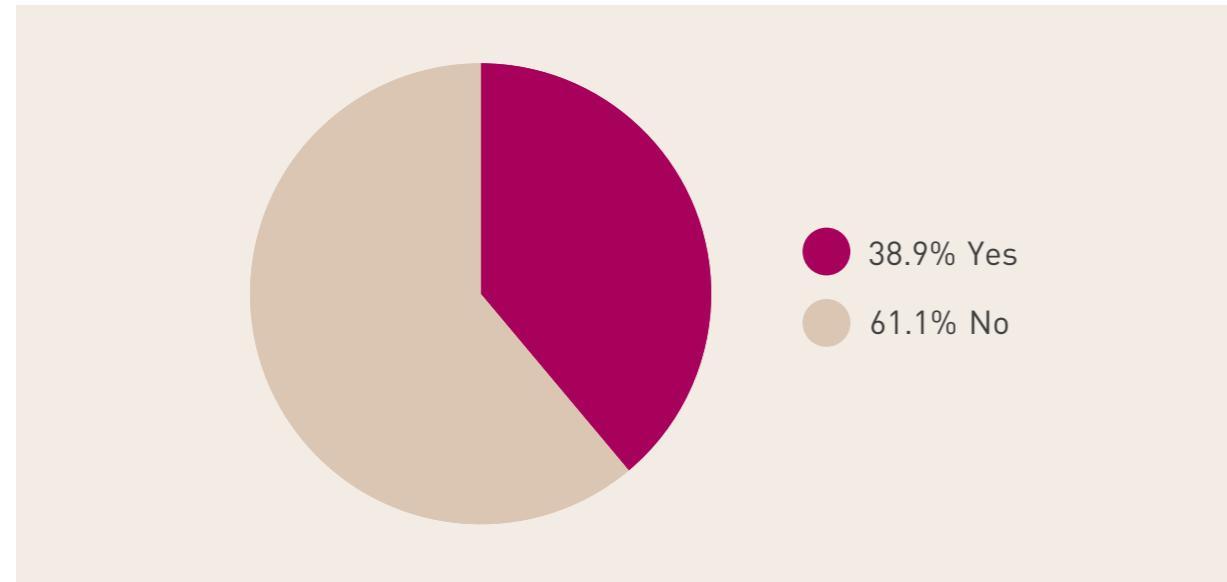
IT IS IMPORTANT  
THAT BUSINESSES  
LOOK TO DEVELOP  
A CLEAR DIGITAL  
MARKETING  
STRATEGY

**Digital marketing and social media have the power to drastically expand the reach that a business has into a market and its ability to engage with existing and prospective customers. Digital marketing and social networking channels now at the fingertips of marketers have blown apart the conventions of marketing, with many new tools requiring little or no costs apart from the time it takes to grasp and use them. Digital channels have also revolutionised customer targeting capabilities, enabling marketers to place their advertising and content with pinpoint accuracy – options that traditional media can allude to but simply cannot guarantee.**

Social media has created feedback loops like never before, allowing brands to have real-time interaction with their markets, gain insights and collect sales-enhancing data from almost every interaction.

Businesses in Queensland must factor digital marketing into their business strategy and make it an essential part of their marketing and communications plans. Incredibly, over 60% of businesses currently do not.

### Does your business have a digital marketing plan?

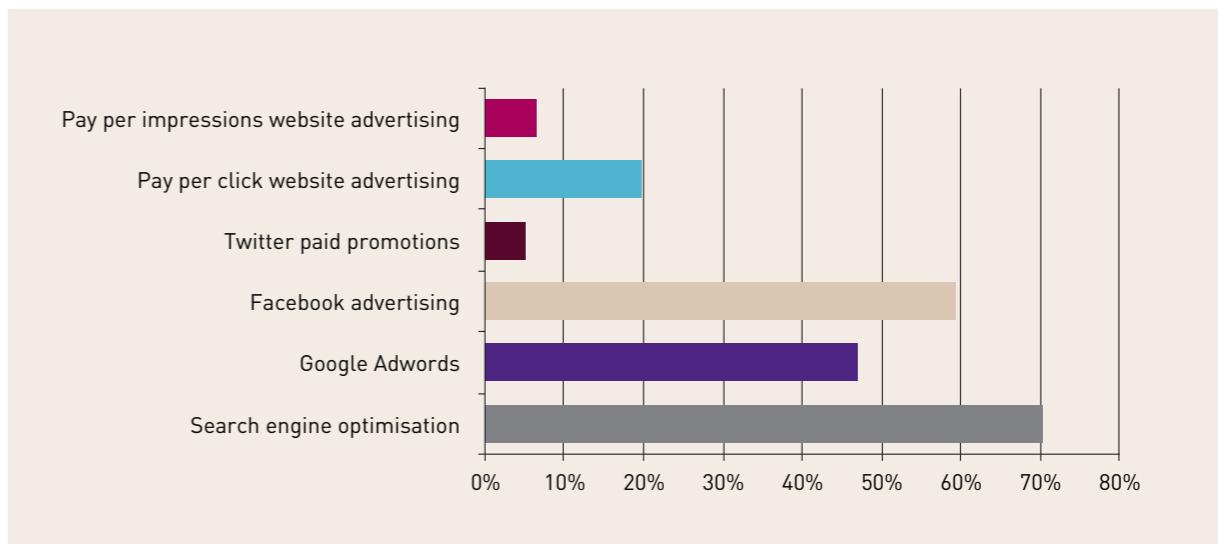


### ADVERTISING

Over 60% of the businesses surveyed advertise online, with Search Engine Optimisation, Facebook and AdWords being the most used channels. Each option can be relatively cost-effective and highly-targeted, and can be switched on and off any time which allows small businesses a whole new level of control.

Given the relative costs and unpredictable returns it is perhaps unsurprising that pay-per-click and pay-per-impression advertising is used sparingly.

### Do you use any of the following digital advertising solutions?



### SOCIAL MEDIA

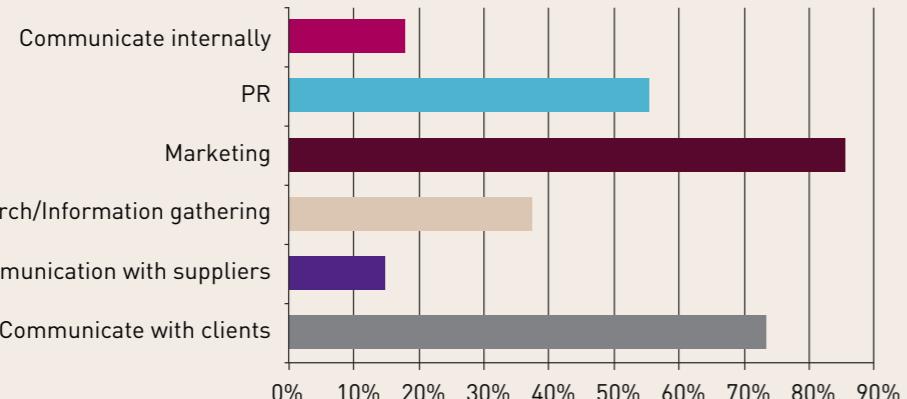
Social media is also playing an active role in the marketing and communications efforts of our respondents with 80% of businesses using social channels for a range of reasons.

### Which social media channels do you use to promote your business and communicate with customers and potential customers?

Facebook	87.40%
Twitter	44.62%
LinkedIn	64.30%
Flickr	1.05%
Tumblr	1.05%
Google+	29.13%
Pinterest	11.02%
Salesforce Chatter	1.31%
Yammer	4.99%
Blogs	18.64%

Facebook is indisputably the primary social channel used by businesses, with 87% of respondents connecting with their customers that way. Twitter, LinkedIn, Google+ and blogging are also very popular as businesses adopt content marketing approaches. This is backed up by their rationale for using social channels:

### How do you use social media in your business?



When looking at the impact of social media on businesses, it's unclear exactly how respondents' activity is generating benefits. This may be a result of the fact that businesses are investigating each channel and working towards an understanding of each and that many are still in a discovery phase.

### Please rate the following statements:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Social media is essential to my business	27.87%	33.48%	21.57%	11.01%	6.07%
Social media helps me generate business opportunities	23.25%	37.02%	22.80%	9.93%	7.00%
I feel confident about managing my businesses on social networks	18.51%	35.21%	27.54%	13.77%	4.97%
My business could function easily without social media	11.51%	24.83%	27.77%	24.83%	27.87%
Social media is playing an increasingly important role in my business	26.74%	33.26%	23.37%	10.34%	6.29%
Social media has made a real difference to my businesses revenue	12.36%	16.85%	38.43%	19.55%	12.82%

When analysing this data we based our uncertainty on the fact that against each metric a significant proportion of the respondents rated the statements as neutral, which we have interpreted as 'wait and see'.

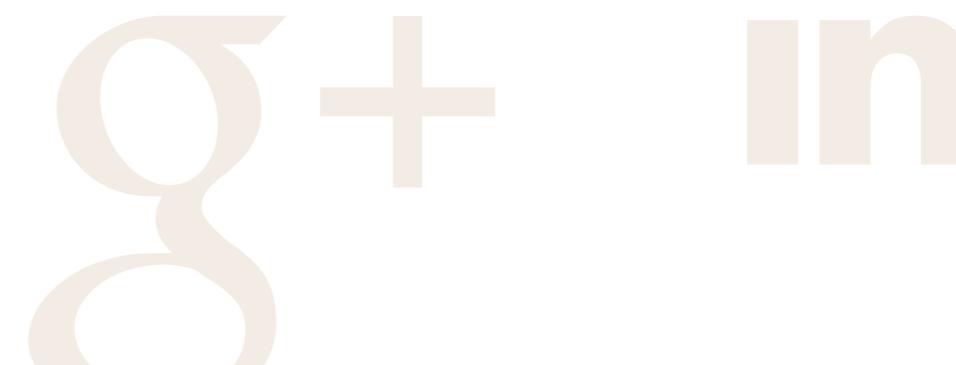
However businesses on the whole are positive about the benefits that social media has brought to their organisations, which hints that social media is becoming a valued, if not yet essential, part of the marketing armoury of Queensland businesses.

If we look through the findings it is clear that businesses are investing time, resources and funds in their quest to reach current and prospective customers through the use of digital marketing techniques. A consideration for all businesses should be the need to create a digital marketing plan to support their endeavours.

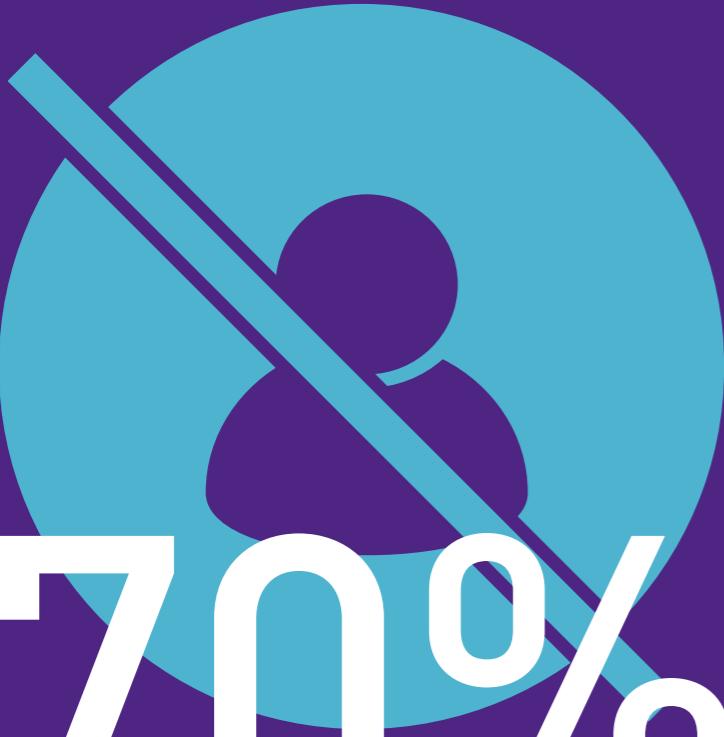
### SUMMARY

Businesses are looking to add digital channels to their marketing planning and engage with customers in new ways across paid advertising opportunities and free social channels. In many cases businesses are still discovering the potential of such channels and are yet to realise a clear and measurable commercial benefit to their business.

It is important that businesses look to develop a clear digital marketing strategy and plan in order to fully leverage the opportunities on offer and measure the success of their initiatives. Without a digital marketing plan and appropriate metrics, businesses cannot have certainty around the time, resources and financial investment made to grow their market through these new and exciting channels.

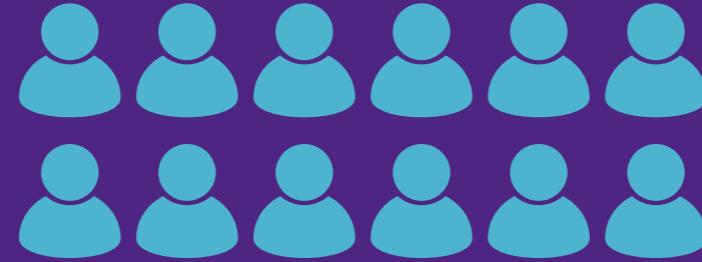


# STAFF & RESOURCES



**70%**

OF BUSINESSES DO  
NOT HAVE DEDICATED  
SPECIALISTS TO  
MANAGE THEIR  
DIGITAL BUSINESS



QUEENSLAND BUSINESSES ARE  
VERY TRUSTING OF THEIR STAFF  
BELIEVING THAT THEY WILL DO  
THE RIGHT THING WHEN USING  
THE INTERNET AT WORK



**46%**

OF BUSINESSES ALLOW  
UNRESTRICTED INTERNET  
ACCESS TO STAFF



**ONLY 13%**

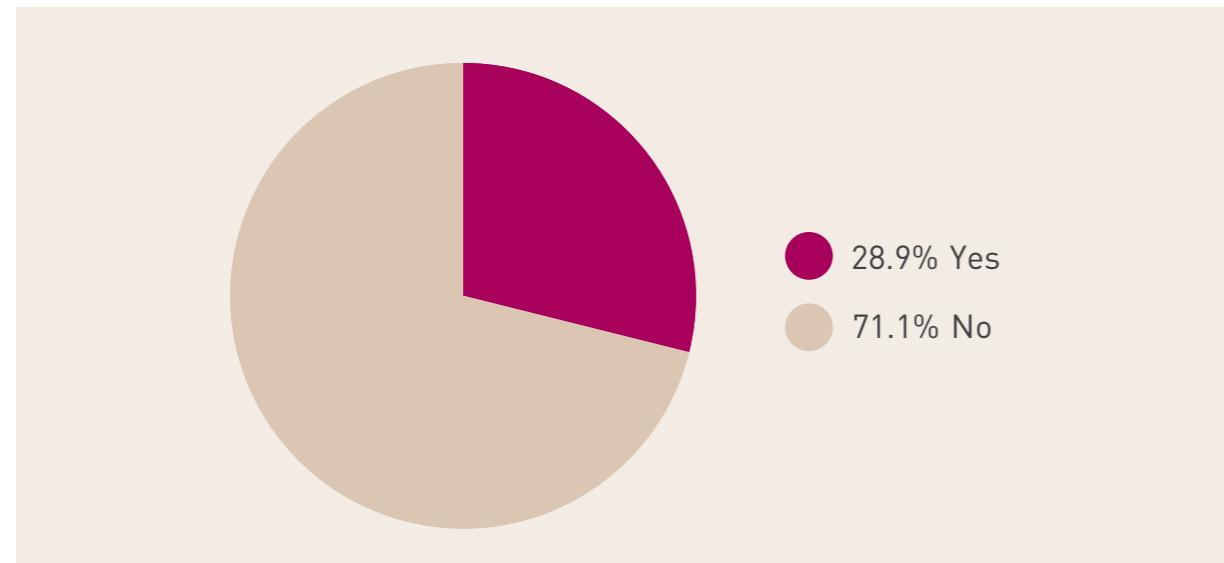
OF BUSINESSES DO  
NOT ALLOW THEIR  
STAFF TO ACCESS THE  
INTERNET AT WORK

**A key longitudinal question for small businesses since the inception of CCIQ's Digital Readiness Study relates to the capability of staff to cope with change, embrace new technologies and manage platforms, solutions, suppliers and services in a way that adds value to a business.**

Given the nature of our respondents, primarily small businesses, it is not surprising that the vast majority (75%) of businesses do not employ a dedicated IT manager to support their business.

Businesses are generally confident that they do have the staff in place to help their business grow and embrace a digital future, with almost two thirds confident of their peoples' capabilities. Given the nature of small businesses, many tend to employ a specialist/generalist strategy, where staff manage elements of a business's IT operations outside of their traditional job role. For example a finance and operations team may well manage IT services through outsourced suppliers and a marketing function may well manage social media and web platforms as part of their communications and customer engagement strategy.

This is reflected in the fact that 70% of businesses do not have dedicated specialists to manage their digital business.



There is also a confidence that, as the digital economy continues to grow and resources need to be employed or engaged, there will be a capable workforce available in Queensland, with the majority (53%) of businesses not concerned about a future skills shortage.

## STAFF GUIDELINES AND ACCESS

Whenever businesses provide staff with access to resources such as the internet it is advisable to have policies and guidelines in place to ensure staff members are aware of the responsibilities which flow from access privileges.

The rise of social media has opened up businesses to new employer and employee relationships with questions of account ownership, appropriate content and a range of additional issues becoming part of a business's operating, HR and IR landscape.

Business overwhelmingly allows their staff to access the internet, with 46% of businesses allowing unrestricted access to staff. Only 13% of businesses do not allow their staff to access the internet at work.

And generally business takes a liberal attitude to monitoring staff activity online with 72% of businesses not monitoring what staff access via the web or email.

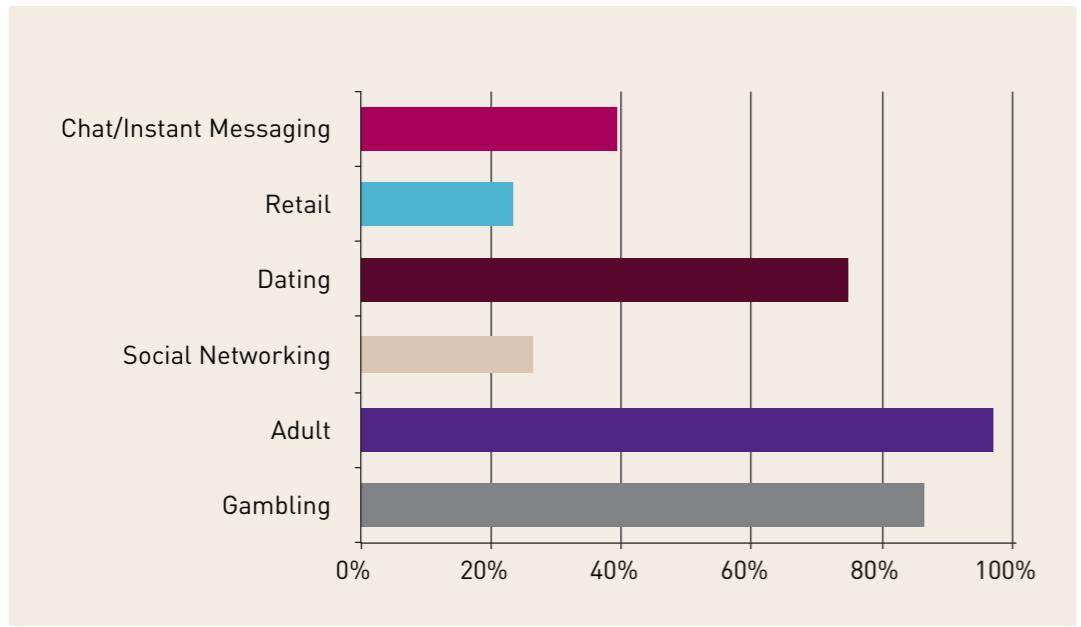
A small majority (53%) have taken the smart step of introducing a social media policy in the workplace. CCIQ's employer assistance line receives on average 500 calls per month on HR and IR issues and an increasing number relate to the conflicts caused by the blurred boundaries between work, home and play that are caused by social media.

It could be inferred that this level of trust in users is backed up by the attitudes of businesses in relation to key statements:

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
My staff spend too much time on the internet at work	1.07%	12.27%	39.20%	37.60%	9.87%
My staff have the skills to help make my business successful online	14.13%	42.93%	31.47%	9.87%	1.60%

In many ways it is pleasing to see that businesses believe that their staff use the internet in a fair way at work and also have the skills necessary to help businesses succeed online.

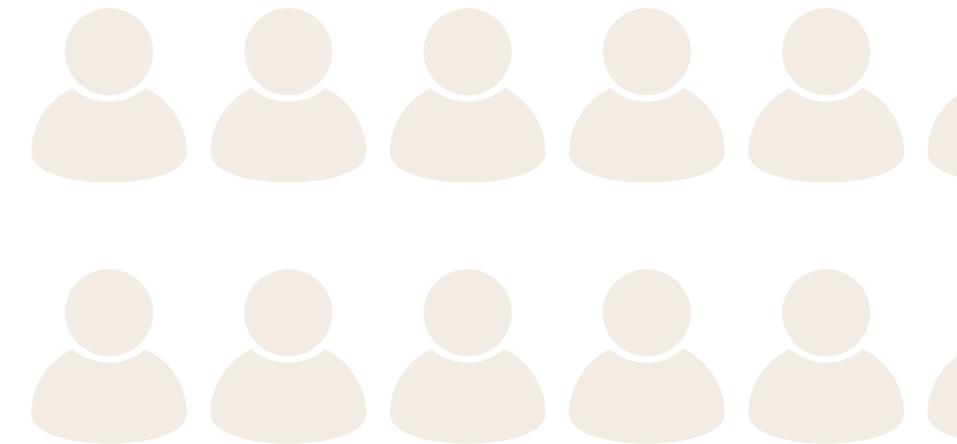
## What type of sites/services do you restrict access to?



### SUMMARY

Queensland businesses are very trusting of their staff believing that they will do the right thing when using the internet at work. As such they only apply light tough monitoring and filtering and feel that their staff spend an appropriate amount of time online in work time.

As the boundary between personal and professional is eroded through social media, it is worth businesses considering appropriate policies to protect their business and their staff in the event that content or interactions become inappropriate or harmful to their business.

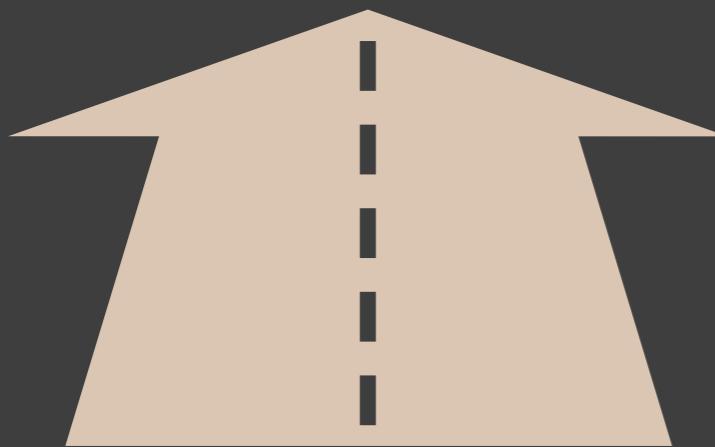


TRUST

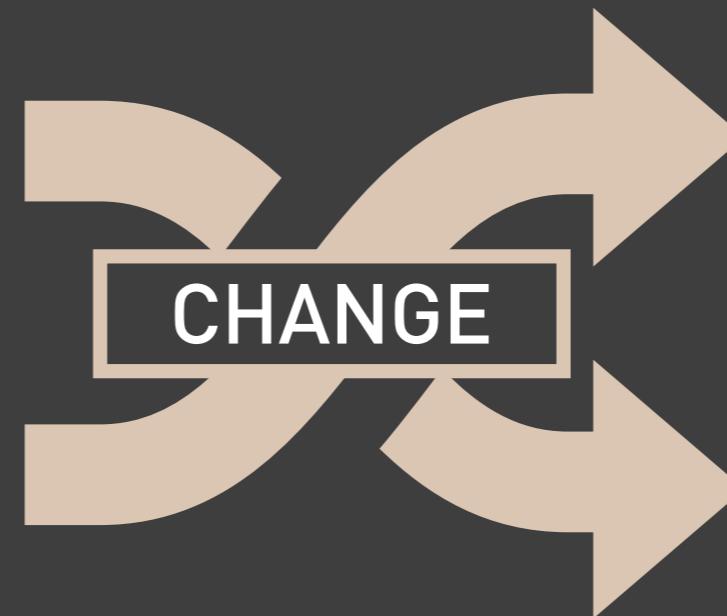


# DIGITAL READINESS

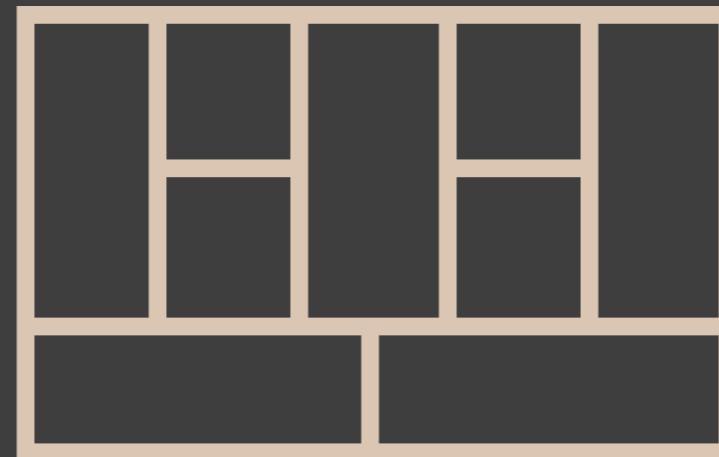
IN TERMS OF WHAT  
THE FUTURE  
WILL HOLD



BUSINESSES ARE  
**VERY**  
OPTIMISTIC



BUSINESSES KNOW THAT  
THERE WILL NEED TO BE  
CHANGE IN ORDER TO BENEFIT  
FROM THE OPPORTUNITIES



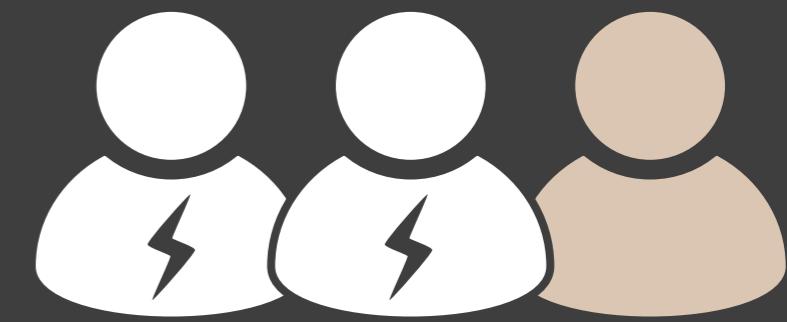
BUSINESS MODELS  
WILL NEED UPDATING

THERE ARE CLEAR REWARDS  
FOR SMALL BUSINESSES



BELIEVING THEIR MARKETING AND  
CUSTOMER COMMUNICATION WILL  
SIGNIFICANTLY IMPROVE

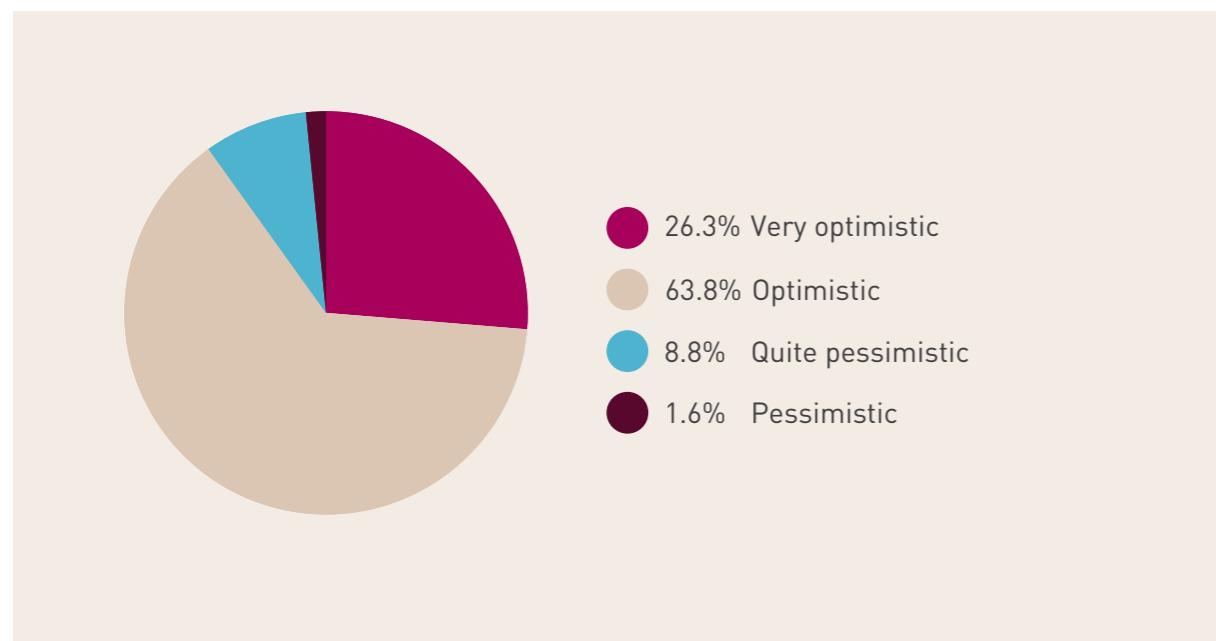
ALMOST TWO THIRDS  
FEEL THEY ARE  
**DIGITALLY  
READY**



## So how ready are Queensland businesses to take on the digital economy.

In terms of what the future will hold, businesses are very optimistic about the opportunities that the digital economy brings. Only 10% of businesses are facing the future with a sense of pessimism – a very encouraging statistic as from our research we know that confident businesses are usually able to see opportunity and benefit from new developments.

### What is your outlook toward adjusting to digital business (including the internet) opportunities?



However businesses also know that there will need to be change in order to benefit from the opportunities.

## What will change in the Digital Economy in your business?

Altered business model (to include online)	29.2%
Greater emphasis on online activity	43.3%
Improved research / information gathering capacity	39.5%
Improved online marketing capacity (interactive web content etc)	54.5%
Increased competition from outside businesses	19.6%
Online Education & Training	34.9%
Communication with suppliers	28.9%
Communication with existing clients	54.0%
Accessing new clients (leveraging social media platforms etc)	51.0%
Employment model (more remote workers locally / globally, greater investment in a mobile workforce)	21.3%
Financial management (banking, tax lodgements)	34.9%
Business administration (booking travel etc)	25.6%
New product development	22.1%

Business models will need updating. Competition will present challenges. But there are clear rewards for small businesses, with over 50% believing their marketing and customer communication will significantly improve, as will their ability to access new customers. And these feelings are supported by their positive sentiments across measured statements about the future economic opportunities that improved technology and connectivity can bring.

## Thinking about the future digital economy, please respond to the following statements?

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
The digital economy will have a beneficial impact on my business	30.55%	47.78%	18.54%	2.87%	0.26%
I will look to change how I trade because of the opportunities the digital economy brings	16.49%	42.93%	31.68%	8.12%	0.79%
The digital economy will only increase the current skills shortage	7.11%	19.21%	51.84%	18.68%	3.16%
The digital economy is exposing my business to more competition from overseas suppliers	10.21%	23.56%	31.68%	26.18%	8.38%
My business is well positioned to take advantage of the digital economy	17.54%	36.65%	36.65%	8.12%	1.05%
It is essential that my business becomes more digitally savvy	29.06%	45.03%	20.16%	4.97%	0.79%
As the digital economy grows, so will my business	17.68%	33.77%	38.79%	8.44%	1.32%
The digital economy is bad for my business and industry	2.36%	5.77%	22.57%	45.93%	23.36%
I will adopt a wait and see approach before investing significantly in digital business	3.17%	19.58%	40.21%	25.93%	11.11%

However Queensland's future economic potential will not be fully reached without support and access to knowledge and information.

## What is your preferred method for learning more about technology trends and opportunities that might be relevant to your business?

Reading relevant articles and publications in my own time (online or offline)	66.84%
Listening to relevant webinars and podcasts in my own time	45.45%
Participating in live webinars, so that I can ask questions	27.54%
Word of mouth from other business' I respect	48.93%
In person, by attending relevant industry events, conferences and, training	56.95%
Being able to pick up the phone and ask technology questions that are specific to my business	36.10%

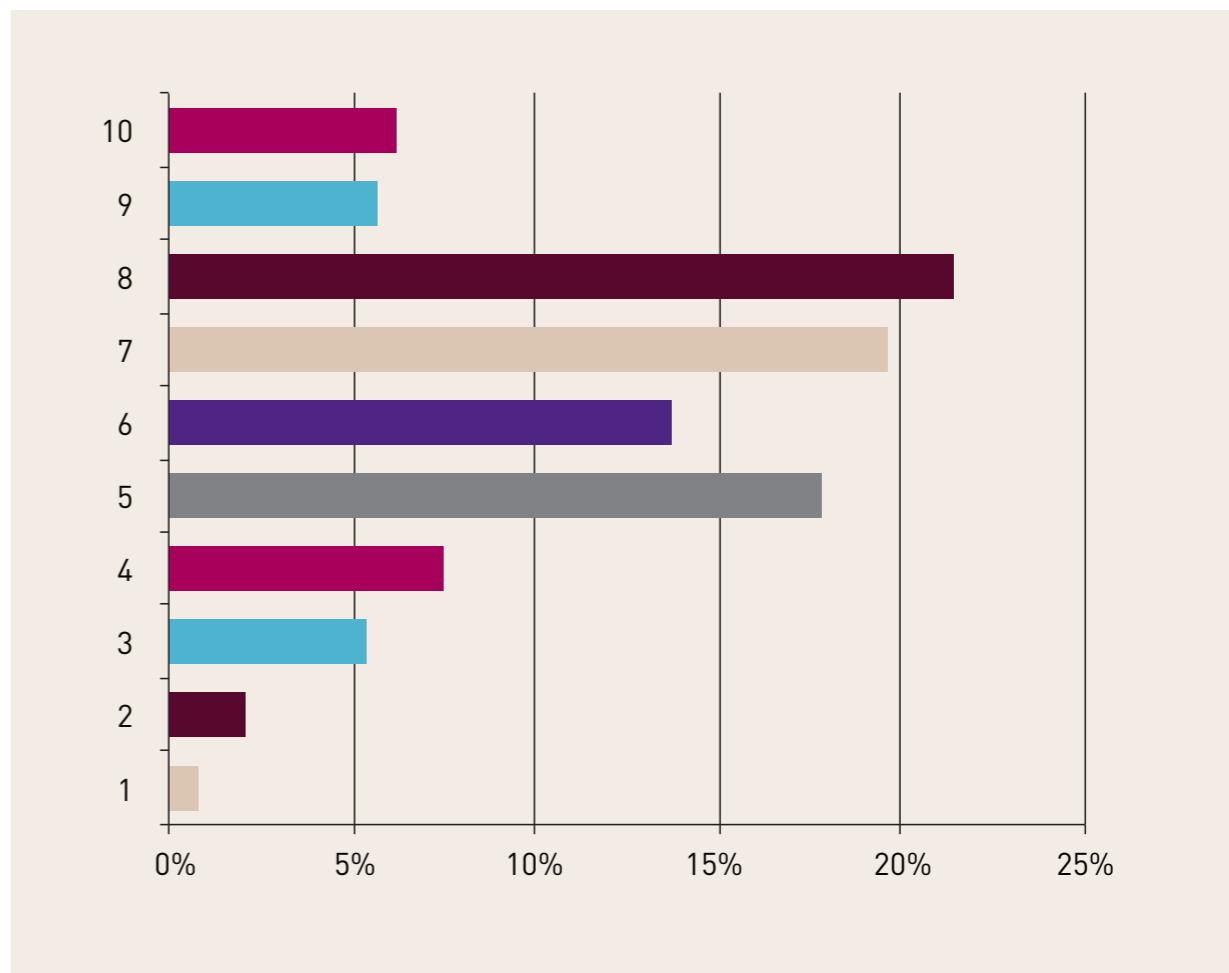
Technology providers should be positioning themselves as experts in their field. Providing relevant information, essential advice and content targeted at small businesses will be a great way to embed an IT business in the small business marketplace.

## What will assist you to better understand the potential business benefits of digital business (including the internet)?

Information/training sessions	53.74%
Online resources	51.15%
Greater awareness	39.66%
Greater access to relevant professionals	38.79%

Overall the positivity of businesses is well-founded and, over the course of the annual Digital Readiness Studies conducted so far, we are seeing initial fear being replaced by confidence and a sense of great opportunity.

Correspondingly, the majority of our survey respondents – almost two thirds - feel they are digitally ready, with an average digital readiness score of 6.4 out of 10 across all respondents.



# SURVEY BACKGROUND

---

490 |  
SURVEY  
RESPONSES

70%  
BUSINESSES WITH  
FEWER THAN 20  
EMPLOYEES

SURVEY DATE  
22 FEBRUARY  
– 4 MARCH

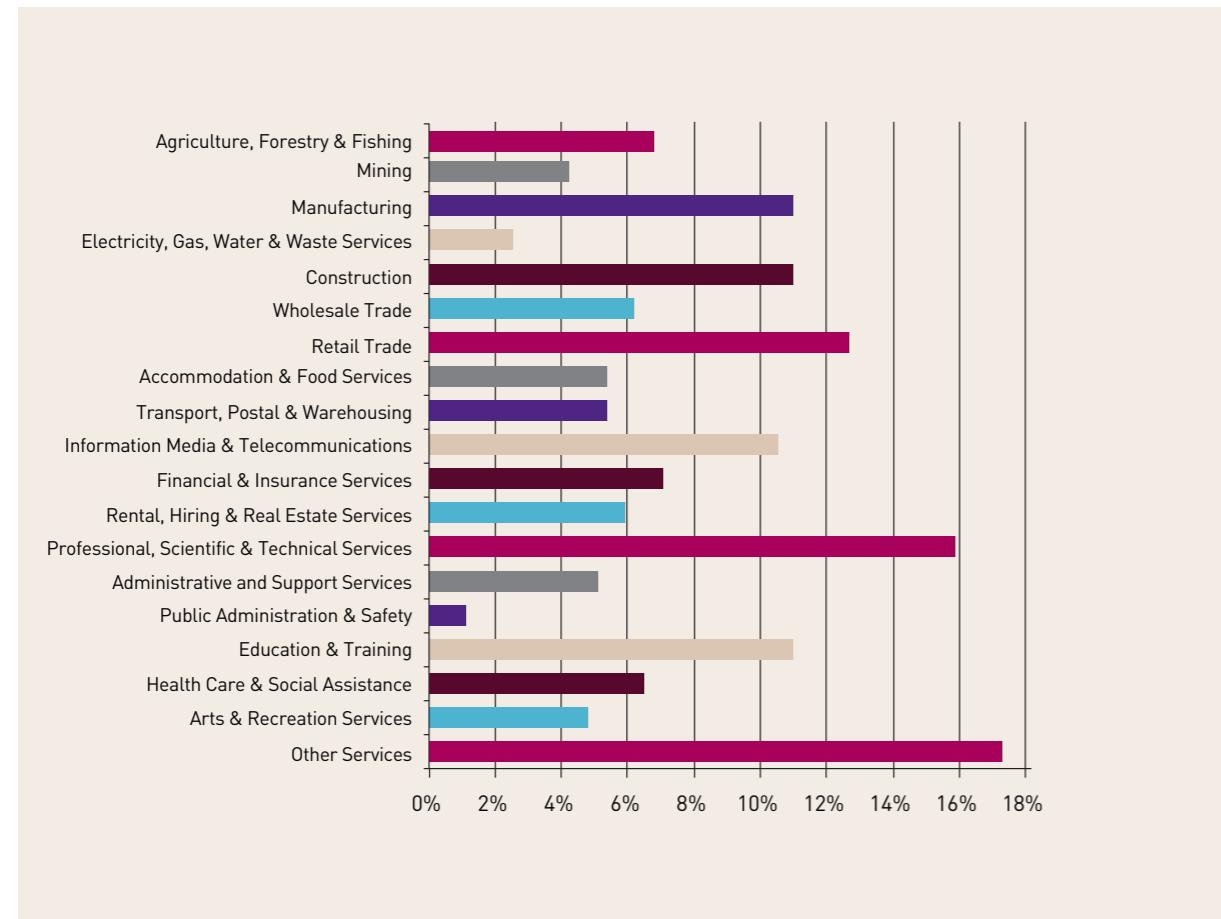
**The digital readiness survey was conducted in 2016 for the two weeks between 22 February and 4 March. 490 responses were collected.**

The survey was promoted to CCIQ's networks of small business owners across Queensland and via a campaign across social media.

## INDUSTRY REPRESENTATION

The survey represents a broad range of industries in line with CCIQ's role as a representative of the broad based small business sector and as such we are confident that we can accurately represent small business as a whole.

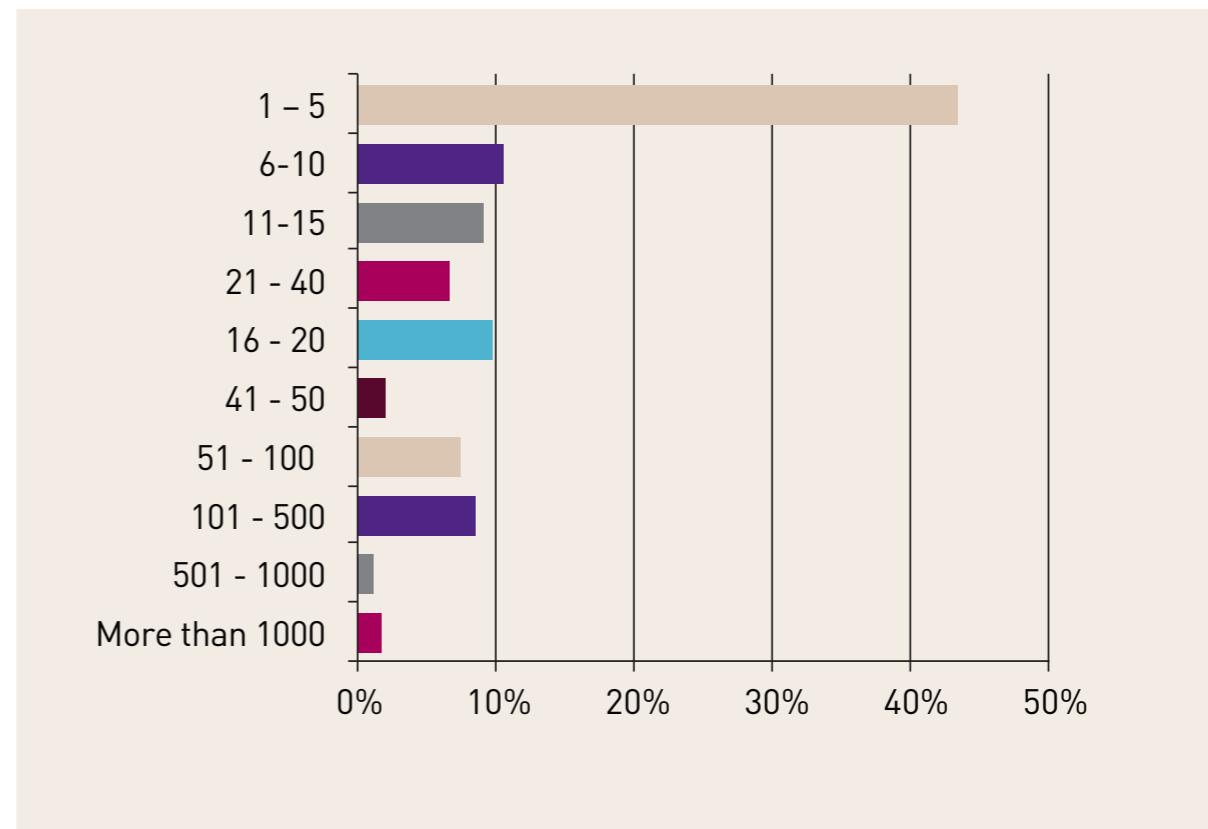
### Which industry sectors do you present?



## BUSINESS SIZE

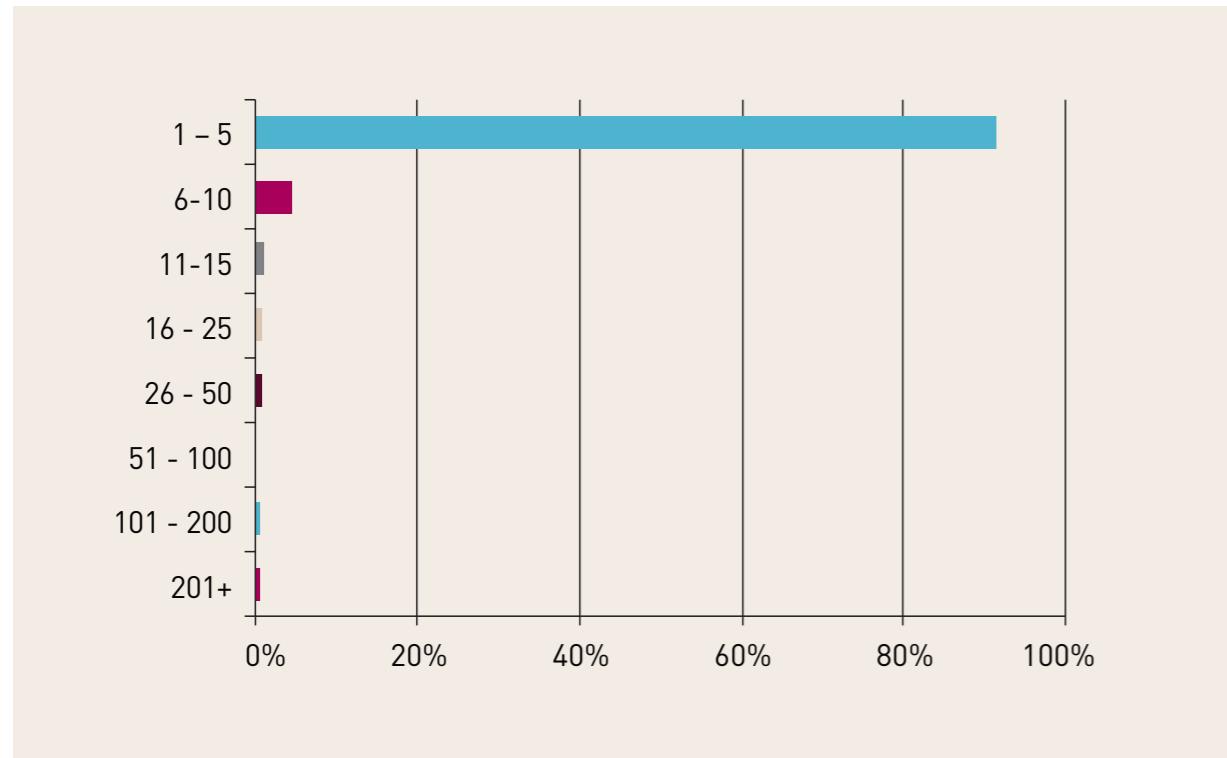
With over 70% of responses being drawn from business with fewer than 20 employees, we confidently feel that this survey represents the sentiments of small business.

### Approximately how many employees do you have?



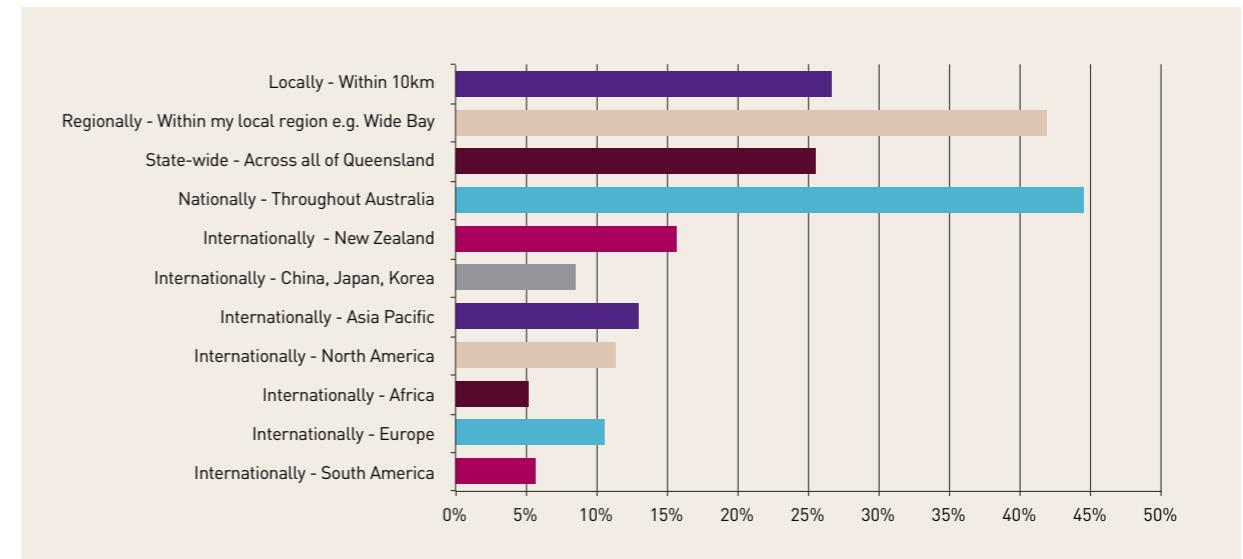
## BUSINESS LOCATIONS

Businesses involved in this year's survey typically operate between 1 and 5 locations.



## AREAS OF TRADE

In relation to trading locations, businesses trade across their local communities, state, nation and globally.





**Chamber of Commerce & Industry Queensland**

375 Wickham Tce, Spring Hill QLD 4000

Telephone 1300 731 988

[www.cciq.com.au](http://www.cciq.com.au)