



Pearcey Foundation Colloquium

**Australian Technology Park, Eveleigh NSW
Conference Hall, Bay 4, Locomotive Building
Thursday 4th November 2004**

“Information & Communications Technology – Charting a Course for Australia”

The Pearcey Foundation Inc. welcomed over 100 colloquium participants from an original invited list of eighty, for a workshop discussion that was intended to help chart the future for Australian ICT as we approach a new year, with a new national government term, a new and developing international trade framework and the continuing challenge of new technology and new global industry dynamics.

There were four workshop discussion groups, each with an appointed leader and a rapporteur and around fifteen-twenty group members. Each group examined one dimension of the overall theme. Respected journalist Beverley Head acted as overall Rapporteur and prepared a summary of the Colloquium conclusions for presentation at the Pearcey Awards Dinner that evening. To encourage a frank exchange of views, and in common with all previous Pearcey Colloquia, the “Chatham House” rules were applied, in that we do not attribute remarks to individuals in any public record.

About the colloquium...

The participants were widely representative of the ICT industries: ICT users, R&D interests, politicians and public officials, industry associations and commentators, SMEs, vendors and financiers. The aim was not to reinvent the past but move on to ask and try to answer the big questions of how to:

- **Exploit our strengths and skills (Group 1)**
- **Recognise our constraints that flow from economic, attitudinal and physical realities (Group 2)**
- **Maximise our opportunities for national and individual growth through ICT (Group 3), and**
- **Deal with threats from the real competitive forces we face (Group 4)**

Groups considered the following questions:

- **How can we establish Australia as a leading “connected nation”?**
 - A society confident and secure in its use of the Internet and online services
 - With a world-leading communications infrastructure
 - Creating compelling content for Australians and global audiences
- **How can we develop our ICT software and services industry to a position of recognised leadership in chosen areas?**
 - Attracting onshoring of international missions

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- Developing sufficient scale to compete through enterprise growth and partnerships
- Recognised as preferred supplier at home and an export leader
- **How to build the ICT Australia brand in niche markets?**
 - Focusing where national and global markets seek expertise that we have
 - Bringing together our R&D, SME, MNC and customer talents and interests
 - Coordinated promotional programs in key markets
- **Can we develop a “Collaborate-to-Compete” culture behind the ICT Australia brand/s?**
- **How to enable our innovators to become wealth creators?**
 - **The commercialisation conundrum**
 - **We can “back Australia’s ability” but can we collect on our wager?**
- **Can Australia’s ICT industries earn the recognition and confidence of investors and community leaders?**

Group Briefings and Composition:

In allocating participants to the four groups, we tried to balance numbers and interests, ensuring that interests such as researchers, users, governments, vendors, SMEs, financiers, industry representatives and authorities were present in each of the groups. We were delighted that such a broad range of high-level participants agreed to participate.

There was a brief report of the colloquium outcomes to the Pearcey Awards Dinner audience by Beverley Head. We want to take the work of the colloquium forward in 2005 in a process that will advance responses to the colloquium recommendations from relevant industry sectors and interests.

Group 1: Theme: Exploiting our strengths and skills

| | | |
|--------------------------|----------------------|-----------------------|
| Leader: | Bob Hayward | Gartner Group, |
| Rapporteur: | Randall Lieb-du Toit | NSW Pearcey Committee |
| Original Members: | | |
| | David Bohm | Foursticks |
| | Ron Cattell | MGroup |
| | Rob Durie | AIIA |
| | Jeff Goeldner | NSW State & Reg. Dev. |
| | Mike Greg | HCN |
| | Chris Hancock | AARNet |
| | Prof John Houghton | Victoria University |
| | Chris Howells | NSW Pearcey Committee |
| | Lachlan James | Innovation Capital |
| | Phil Kiely | Net Return |
| | Steve Killelea | Integrated Research |
| | Charles Lindop | NSW Pearcey Committee |
| | Bruce McCabe | S2 Intelligence |

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Pearcey Foundation Inc



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|--------------------|--------------------|
| Oliver Roydhouse | Inlink |
| Peter Shore | Unwired Australia |
| Neville Stevens AO | ACIF |
| John Thomson | Momentum |
| Darrell Williamson | Smart Internet CRC |

Strength and Skills thought starters:

- Skills: education levels, research, innovation
- Demographics: Asian time zone, English language and multicultural
- Sound political, regulatory and legal framework
- Climate and quality of life, low-cost skills and infrastructure
- Early adopters of technology
- High Internet use and reliable communications infrastructure
- Specialist world-class capabilities:
 - Medical science, health care delivery
 - Mineral and resources extraction & processing
 - Automotive manufacturing and design, intelligent transport
 - Agribusiness
 - Film/video/music & performing arts
 - Financial services
 - Games and gaming devices and software
 - Sport/leisure

Group 2: Theme: *Recognising the constraints that flow from economic, attitudinal and physical realities*

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|--------------------------|----------------------|----------------------------|
| Leader: | Roger Buckeridge | Allen & Buckeridge |
| Rapporteur: | Mark Bezzina | NSW Pearcey Committee |
| Original Members: | | |
| | Prof Cyril Brooks | |
| | Marcus Buchhorn | GrangeNet |
| | Tim Cope | Uni of NSW |
| | Peter Coroneos | Internet Industry Assoc. |
| | Ian Dennis | Whitehorse Strategic Group |
| | Richard Dixon-Hughes | Health IT consultant |
| | Prof Michael Fry | Sydney University |
| | John Grant | Acting Govt CIO, AGIMO |
| | Chris Smith | Westpac |
| | Narelle Kennedy | Aust. Business Foundation |
| | David Merson | Mincom |
| | Robert Mitchell | Warren Centre |
| | Dennis Muscat | Pacific Internet |
| | Trevor Robinson | Pearcey Medallist |
| | Don Steiner | Invest Australia |
| | Gil Thew | NSW Pearcey Committee |
| | Warwick Watkins | NSW Govt |
| | Su-Ming Wong | Champ |

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Constraints thought starters:

- Hybrid industry structure – MNCs and SMEs not happy bedfellows
- Investor caution, indifference
- Cultural barriers to collaboration in business and research
- Lack of electronics component and manufacturing base
- Lack of scale in locally-based companies
- Fragmented industry representation lacks leverage
- Non-interventionist government attitudes to industry assistance and purchasing policies
- High cost of global marketing and representation
- Ongoing telecommunications competition & coverage issues
- Federal/State rivalry inhibits national strategic initiatives

Group 3: Theme: Maximising our Opportunities for national and individual growth through ICT

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|--------------------------|--------------------|-----------------------|
| Leader: | Angus Robinson | AEEMA |
| Rapporteur: | Darren Besgrove | NSW Pearcey Committee |
| Original Members: | | |
| | David Barbagello | Mincom |
| | Ian Birks | Ideas International |
| | Mara Bun | CSIRO |
| | Phillip Cronin | Intel Corp. |
| | Loftus Harris | NSW State & Reg. Dev. |
| | Peter Harrison | Austrade |
| | Chris Janssen | GPC |
| | Brad Keeling | Launch Engineering |
| | Tom Kennedy | Hyro |
| | John Kranenburg | SPAN |
| | Charles Lindop | NSW Pearcey Committee |
| | Senator Kate Lundy | Shadow Minister |
| | Lynda O'Grady | Telstra |
| | Prof Jim Piper | Macquarie University |
| | Mark Sayer | Tasmanian Govt. |
| | Greg Smith | SciVentures |
| | Brent Stafford | ITS Australia |
| | Phillip Wing | TVP |

Opportunities thought starters:

- Free Trade Agreements generating opportunities
- New political landscape reforms
- More optimism in industry outlook can generate investment and enterprise growth
- Health ICT programs gaining momentum – e.g. HealthConnect
- An end to government conflict of interest as regulator and owner of Telstra
- Piggy-backing on the growth of Asian ICT services industries
- Maturing intelligent home/building applications

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- New and innovative mobile services
- Demand for security and digital rights management skills and innovations
- Content for an increasingly connected world

Group 4: Dealing with threats from real competitive forces we face

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|--------------------------|---------------------|--------------------------|
| Leader: | Clem Doherty | Like Minded Individuals |
| Rapporteur: | Mark Nicholson | NSW Pearcey Committee |
| Original Members: | | |
| | Tony Hill | Internet Society |
| | Scott Bozic | Oakton |
| | Mary Brittain-White | Retriever Communications |
| | Leith Campbell | Australian Telecom CRC |
| | Mike Clarkin | IT Consultant |
| | Prof Trevor Cole | Sydney University |
| | Barry de Ferranti | ACS |
| | Hun Gan | Starfish Ventures |
| | Col Hoschke | Mainpac |
| | Loretta Johnson | AEEMA |
| | Peter Jones | Pearcey Medallist |
| | Charles Kent | Foursticks |
| | Warren King | CSIRO |
| | Phil McCrea | ac3 |
| | John O'Callaghan | APAC |
| | Prof John Patrick | Sydney University |
| | David Spence | Unwired Australia |
| | Paul Twomey | Argo Pacific |
| | Dennis Furini | ACS |

Threats thought starters:

- Growing skills shortage
- Increasing competition from regional universities
- Failure to accelerate broadband rollout and speed
- Trade agreements failing to deliver
- Australian ICT services lose out to offshoring
- Unhelpful government purchasing policies
- Company failures destroy investor confidence
- Lack of political interest and support
- Brain drain

For more information:

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Pearcey Colloquium Rapporteurs report

This is an edited version of the address made to the Pearcey Medal Dinner held in Sydney on 4.11.2004 by Beverley Head, rapporteur for the 2004 Pearcey Colloquium.

Good evening ladies and gentlemen and thank you for inviting me to act as rapporteur for today's colloquium.

After 20 years as a journalist focused on the ICT sector, on occasion today there were times today when I felt a little like Bill Murray in the movie Groundhog Day – the same things happen over and over and the same issues keep on rearing up. Well today I was delighted to notice that some of the groundhogs took a bit of a beating, as did some of the sacred cows.

We may be here in one of Australia's oldest temples to the industrial age – but today's colloquium delivered very much a focus on the future.

ICT is an important industry sector, with profound reach and impact on every other business and activity in Australia. At the beginning of the millenium, and with the Australian and US Governments newly re-elected, the possibility that an FTA between our two countries will be signed by January and the looming prospect of an FTA with China – today was an ideal opportunity to take what we have learned and move onto identifying opportunities for the sector and the nation.

It's testament to the importance of this initiative that so many distinguished and experienced members of the industry have taken the time to be here today and on behalf of the Pearcey Foundation, indeed the sector as a whole, I'd like to thank you. I'd also like to thank the four leaders who had the challenge of something akin to herding cats, and the four scribes who worked with the individual groups to capture the essence of the discussion and crystallise that in their individual reports.

From their reports, and my own observations as I moved through each of the sessions this afternoon, I think one of the clearest issues to emerge is that it is time we moved on from thinking 'this is what the IT sector is' to 'this is what the IT sector does.'

To expand on what the IT sector does, an overwhelming priority for Australia must be to invest much more in technology and communications infrastructure and particularly in broadband. At present what Australia has is not broadband but fast Internet.

Rolling out broadband will be hugely important in delivering a truly connected nation that understands the opportunities that ICT can deliver. This is not about budgets to meet perceived current needs – this is about open-ended investment in what will be our future. It is about networking the nation in order to liberate opportunities, improve skills sets and stimulate an interest in this area in the general population.

Of course one of the stimulants for their interest is success. Yet this was another issue the groups grappled with. In 2004 what is success? Is it fostering companies such as Radiata which are world leaders and recognised as such by Cisco which purchased the company? Is that a success, or is it a failure because the company has left Australia? Do you only claim a success when someone has made a motza through an IPO on the Australian sharemarket?

That the industry is trying to define success is yet another clear indication that this is an industry which is maturing. While it is maturing there was at the same time some frustration among the groups that some of the old ground was still being gone over, the old issues revisited – that there were still groundhogs and sacred cows in the paddocks was a concern. There remains though an optimism, an enthusiasm and a sense of urgency – that we really must advance ICT in Australia and make it a national priority in order to prompt growth both in the ICT sector, but also in other sectors that it serves.

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Demonstrating the maturation of the industry it became clear that no one is interested in technology for technology's sake. This is a sector which understands the pull of the market.

It also recognises that it is no longer sufficient to produce technically competent graduates or MBA students with CVs in their pockets that make them candidates for McKinsey & Co. Australia needs graduates emerging with business plans in their pockets and with entrepreneurial approaches.

This ought perhaps to be communicated to the tertiary sector and factored into curriculum development. Some of the delegates also thought that there may be a role for NICTA in fostering an "entrepreneurial ecosystem". I'm not exactly sure what that is, but it sounds good, and NICTA - we'd like one.

What might support such an ecosystem however is the maturing ICT sector itself which now also recognises it cannot operate in a vacuum – but in collaboration with other industry sectors. As some delegates explained there is a huge opportunity given this cross sector collaboration, for the ICT sector to not only lobby Government ICT ministers for oxygen and attention – but also to lobby the health minister with regard to medical ICT applications, or the agricultural minister with recommendations about how ICT might be used in those sectors.

Because the ICT industry does focus on so many sectors, and because of the nation's SME heritage it became clear also that ICT cannot be characterised as an homogenous single industry. It is not a coherent beast but is fragmented and heterogeneous. Those fragments however can perhaps work together effectively in some industry verticals. It might be possible to forge inter company clusters, particularly if broadband networking does become ubiquitous, allowing a Sydney-based ICT company specialising in agribusiness solutions to work with a company in the same field in Western Australia.

By forming these virtual communities of interest, or clusters – in photonics say or primary industries – the SMEs can reach a critical mass and working together develop a brand awareness for their slice of the ICT sector.

Again with a robust broadband infrastructure it will be possible for these SMEs to collaborate with other businesses in other sectors, developing applications which meet their needs. The industry sectors nominated as particular areas of strength for Australia included primary industries, agribusiness, education, health, medical research, environmental solutions and complex financial instruments.

With this level of fragmentation might it not be possible to establish something with the reach and clout of say a Woolmark brand or the Wine and Brandy Corp? But there could be a network of smaller branding initiatives which might then sit under an umbrella branding entity promoting Australian ICT solutions as a whole.

By collaborating with other industry sectors and working together on branding it might also extend the boundaries of what we typically call the ICT sector reflecting the reach of technology, and the effect it has on the broader economy. To reinforce what shone through the sessions, the game has moved on – this is no longer about what the ICT sector is, but what the ICT sector does.

That in turn might help some of the cultural impediments which were identified during the day. For example at present there is a lack of general community understanding about ICT's capabilities. There is a paucity of skills – young people and their parents don't see ICT as a 'cool' profession. If they get a good mark in their HSC they want to become lawyers or doctors. If, by working with other industries, the ICT companies can demonstrate that technology is not

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all about programming, but is about an application of a technology to a business problem, then young people may be prompted to rethink their career options.

Once we have a more connected nation their attitudes will automatically change as they see first hand how technology can affect their lives. And hopefully working with other industries to deliver benefits will see Australian technology recognised by both the private and public sectors as the equal of any in the world.

It should also prompt universities and research institutions to identify and deliver more commercially focussed IP recalling it's what ICT does rather than what ICT is that now matters.

So the delegates tackled some of the cultural issues and how the sector might raise awareness in the broader community.

Now for the policy and direction. First and foremost there needed to be an investment in infrastructure, and perhaps that is one area to which the surplus could be channelled in order to generate a new engine of economic wealth for the country.

Then there are other issues to tackle. We as an industry need to remain vigilant – just as we as a society are vigilant about our liberties and democracy – we as an industry sector need to remain vigilant about competition policy and not simply leave competition policy development in the hands of the ACCC. This is particularly important if all those small and medium indigenous enterprises are to flourish.

There needs to be a careful re-examination of the media ownership rules.

One interesting suggestion was that a separate regulatory regime be constructed for internet protocol communications in order to promote competition and innovation in this arena.

And while the minister may wish to sell off the rest of Telstra – one group was adamant that she might then want to break it up in the interests of serving the Australian ICT sector as a whole.

In summary, today's Pearcey Colloquium has opened a window on what could be Australia's future as far as ICT is concerned. If there is the appetite to advance some of these findings into more concrete initiatives there is the opportunity for Australia to advance significantly its status as an ICT producer and user.

It is, ladies and gentlemen, a new beginning. I wish you well with your endeavours, and again thank you for your attention.

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