

# CORRECTED VERSION

## RURAL AND REGIONAL COMMITTEE

### **Inquiry into the opportunities for people to use telecommuting and e-business to work remotely in rural and regional Victoria**

Traralgon — 11 September 2013

#### Members

Mr D. Drum  
Mr G. Howard  
Mr A. Katos

Mr I. Trezise  
Mr P. Weller

Chair: Mr P. Weller  
Deputy Chair: Mr G. Howard

#### Staff

Executive Officer: Ms L. Topic  
Research Officer: Mr P. O'Brien

#### Witness

Mr N. Burrows, sales manager, Viatek.

**The CHAIR** — Welcome, Nigel, to the Parliament of Victoria Rural and Regional Committee inquiry into the opportunities for people to use telecommuting and e-business to work remotely in rural and regional Victoria. I hereby advise that all evidence taken at this hearing is protected by parliamentary privilege, as provided under relevant Australian law. I also advise that any comments made outside the hearing may not be afforded such privilege. For the benefit of Hansard, could you please give your name and business address?

**Mr BURROWS** — I certainly can. My name is Nigel Burrows; I work as a sales manager at Viatek, 167 Argyle Street, Traralgon.

**The CHAIR** — Thank you. Would you like questions as you go or at the end of your presentation?

**Mr BURROWS** — As I go is fine.

**The CHAIR** — Would you like to make a few introductory comments?

**Mr BURROWS** — I will give you a bit of background to where Viatek has come from, who I am and my role in the organisation. We are locally based, starting out of Warragul 25 years ago. We are predominately in the print industry, but we have expanded in recent times to telecommunications and IT. The merging of telephony and IT has led to an ICT-type of division within the organisation, and we are rapidly growing. I am the sales manager for the Traralgon branch of the ICT division, and typically we work with local customers. We have a presence throughout Victoria and regional New South Wales, with 13 offices in Victoria delivering services locally to communities.

We are well placed to understand some of the local issues that are relevant today. In the IT area we are seeing some very common themes. Our business is all about supporting local businesses. We believe technology should be used to enable businesses to grow, to let them focus on their business, and the ICT — the IT and telecommunications area — should be an enabler and the means by which you can get business throughput and grow your business.

Locally we have a range of customers, anything from two, three or four people up to some very large entities in the area. They span multiple sites, and there are some common challenges that you could see by some of the things we are talking about today. The key questions we get asked a lot are: ‘What is this cloud offering we hear about? Where has it come from? What does it mean? How do we use it? How do we actually engage with it? What is the cost?’. Typically we have found that after we have gone down the path of saying these are the services, they will say, ‘It sounds very good. Yes, I can understand the benefits of having it. It is managed centrally. It is managed in the city’. There is less of a requirement for them to have in-house IT skills, which can then be problematic as well, getting the right resources, skill sets and the salaries associated with that level of skill set.

With the return on investment, when you start to talk about the size of the internet connectivity pipe that you need for the size of their organisation, that can tend to blow that out of the water. Typically what we have found regionally is that if you look into the size of a pipe and, say, a 2 megabit-2 megabit connection is required, you are looking at in excess of \$1000 or \$1500 per month to rent that for one site, just because of regional areas, access to the technology, capability of the exchanges and the like. It can turn the equation back to having it in house.

Where we come in is we are a local provider, and we can provide the skill sets, the expertise and the recommendations. You can go back to a fundamental level for an organisation to say, ‘Why are you in existence? What are you actually trying to do? How does your organisation actually see itself strategically in 5, 6 or 12 years time? What are you actually trying to do, and how does your technology strategy support that? What does that mean, and what is the best way to move forward for you guys?’. That can come in in a variety of different ways.

Typically what we are finding now is that once we have done that process, we have gone down the road of looking at the cloud versus hosting or some other support, one of the other questions that comes back is about local support. If something does go wrong, if we have a cloud-offering provider who is based in Sydney and if something goes wrong, who do we call? How do we get some support? What do we do about local switches being down, the desktop not working or when we need a replacement keyboard? Where do they get some

service for that? That is where we come in, and we can provide this one-stop shop for everybody and that type of solution.

What we are typically finding is that one of the mechanisms that is preventing a lot of people is, again, the internet activity. What we are talking about today is the size of the pipe, the availability of that and how they actually access that information. Where they go to get it is a very big question. Education is another big thing that a lot of businesses struggle with — what does it actually mean? Where do they get the right information? Where do they get a trusted adviser to find that information?

**The CHAIR** — So where do they?

**Mr BURROWS** — That is one of the things we are trying to do. As an organisation, I am working with some other people in the region. We set up CIO management forums, where you pay a nominal fee to cover the cost of hiring a venue, and you get local people, CIOs and above, to come in and talk. We have presenters come in to get at some common themes. What are the common problems you are finding? How do you solve this problem? Every business is going to have a different strategic requirement, but fundamentally some of the concepts and problems they are experiencing are going to be the same. If you can share that problem and share that understanding, 9 times out of 10 you can get a common understanding of where things need to be and whether there is a common solution you can actually provide.

**The CHAIR** — What are some of the solutions you have found?

**Mr BURROWS** — Some of the solutions are doing a combination. What are the ways in which your organisation needs to run? Can there be some other means by which you are delivering the type of end user experience they need to the organisation? What is a pricepoint where you are actually going to be willing to pay the higher costs for having a dedicated internet connection and actually get some throughput or some functionality of people in different sites? Is there a return on investment? Is there a break-even point? If you have four sites and you are communicating regularly across them, is there a certain amount of money per site per connection? If you have some throughput communication between those sites, you can then actually analyse that and say, 'It does make sense to save it'. You can do those sums. So it does have some bearing on what it is they have done, because we have done it before and can show where we have done it.

One other concern that they keep coming up with is disaster recovery and backup. An organisation might be functioning fine for a number of years with an internal disaster recovery or backup strategy, but suddenly these organisations have to have retention of information. So if you think about the tax industry or some medical industries, they have to have that information on hand whenever they need it in case something happens. Where is that information stored? How do they store it? It is not small amounts of data. How do they keep that in one place, and how do they replicate it? If there is a disaster recovery plan, you have site A and site B, and if you have all of the information stored at site A and site A burns to the ground, where is that data then held?

**Mr TREZISE** — Is that part of an overall risk management program for a business?

**Mr BURROWS** — Correct; but it is how you address that. One of the vehicles by which you can help to offset that risk is the internet. So if we talk about cloud hosting, I am sure that you have all seen on your iPhones 'Backup photos to the cloud'. It is a similar type of technology, but again where is that going, and how do you get it there? It is all right if you are taking a couple of happy snaps on your family holiday and you have got them backed up to the cloud, but for organisations that have terabytes of data, how do they get it there, how do they know that it has been backed up and how do they test it? And how do they get local support for that?

One of the things we are interested in is providing that mechanism to say, 'We can house some backup for you', but again it comes down to the cost of the infrastructure to support that. How do you communicate that volume of data across a link? There are some effective technologies. There is deduping of information, where they only take the changes and you take a snapshot of everything you have now and move it physically, upload it and then take the changes across. There is a lot that needs to be done to get an organisation into that place, and that ability to do that is not open to every organisation, depending on where you want to slice the market to say, 'I don't have any information', but it would be interesting to see some surveys or some information about where the tipping point is for the number of employees or revenue per annum to what they can afford and where it is coming to. For the smaller entities who are trying to establish themselves, that price is at a premium that the majority cannot afford at this stage.

There are technologies that are coming out — you can see it all the time. There is wireless mobile data technology that is being released. The 4G network is still in its infancy. There is another technology above that already that can have speeds of 140 megabits a second down and 40 or 50 megabits per second up, which is a lot of information.

Some of the previous presenters were talking about schoolies — that after 3.00 p.m. the bandwidth dies. Yes, there are already plans out there that are dedicated business services which will not have that impact, because you have to have an ABN to register it. Yes, it is not foolproof, but if you have the pipe big enough, it becomes irrelevant. If you have ADSL2, which has 20 megabits down maximum and maybe 1 or 2 megabits up — maybe, if you are lucky — and everyone jumps on, it is at capacity of the exchange and the underlying infrastructure. But if each individual person has 50 down and 50 up, then it becomes irrelevant. It is just having that infrastructure out there. How quickly can you roll it out? What is the best option? Maybe it is a combination of fixed and wireless.

**The CHAIR** — So some of the businesses that are your clients actually pay extra so that they do not get interrupted by the schoolies, you are saying.

**Mr BURROWS** — Exactly, because it is dedicated architecture or dedicated links that the vendor provides to them for a premium fee, but it becomes a necessity. We have a lot of organisations that come to us and say, ‘We’ve got an office here and an office here. We are struggling to get connectivity between the sites’. So there is a lot of technology you can put in place to make it talk, but it is dependent on how many users there are, what type of work they are doing, how it is that they are communicating and what it is that they are actually doing on a computer system. Is it voice? Is it data? Is it video? What they are actually sharing across that link will determine our recommendation for the size of the pipe, and then it comes down to: can they get it? The closer you get to the city, of course, 9 times out of 10 the answer is yes, and it is cheaper. When you come out this way and the further regionally you go: ‘Can we get it?’ ‘Don’t know’ — question mark. If you can, you are limited to these types of services, and the price then goes up.

The common theme I keep hearing coming back to me is, ‘When is the NBN coming? That will fix everything’. But the answer is that they have the problem now. They have the need now, so what do we do in the short term? So we try to come up with mechanisms to address it.

**The CHAIR** — This committee is looking at how we grow telebusiness and e-commerce in the rural and regional areas now. Have you had businesses come to you that were not optimising their current usage, and how did you get them to use extra?

**Mr BURROWS** — The answer is, ‘It depends’. If you have a mobile workforce, there are ways in which you can do that. There are tablet devices that can have SIM cards installed which can talk directly, so it is not sharing a bandwidth pipe, depending on where that host is. But, again, if you have a device that is talking to a mobile tower or to a server that you have in house, eventually it has to come back in somewhere, so the size of that pipe and where it is housed is the question. That is where you have the hosting model. If that is housed somewhere else which can cater for a larger group, you can split some services.

**The CHAIR** — Do you have businesses that come to you that grow their business from your advice on actually further using telecommuting or further using e-business to actually grow the business?

**Mr BURROWS** — They definitely struggle, and they do not have an answer because regionally if they are able to, say, work from home, it is the connectivity issue they have. For example, I live in Korumburra. We can only get ADSL1, which is a very small type of communication, and if they are working from those sorts of places, it becomes an issue. Depending on what type of work it is that they are doing, they either do not work from home — they do the commute, and then it impacts on distances to travel and, as you know, the other impacts we have been talking about.

**The CHAIR** — So if there were a hub in Korumburra — what are your views on the hubs?

**Mr BURROWS** — It depends upon what sort of hub you are looking at, but the answer would be — —

**The CHAIR** — Give me your picture of a hub and what you would ideally have in a hub.

**Mr BURROWS** — You would have a combination, I guess, of a wireless and fixed-type of service delivery. What Viatek are looking at doing — we would be very interested in an establishment of some sort of hardware-hosted model that we could offer, coupled with a solution that is cost effective and supported locally. It comes back down to the local message that we keep hearing and I think you have heard this morning: they want some local support. They want local business to be able to support local business, and having a local presence and having a local offering, whether it is a PPP project type of thing or something else that is funded some other way, would be a very good idea.

**Mr TREZISE** — As I asked before, would a regional city like Sale or Traralgon be able to support a hub at the present time? Would there be demand for a hub in 2013, or is it something these regional cities need to be considering into the future?

**Mr BURROWS** — I think the sooner we can get a solution or any type of increase that will benefit any business in any area, regardless of what size it is — the answer for me would be that the sooner you can possibly do something would be more beneficial for anybody. The other point is that the telecommuting type of question you have been raising is how you have that connectivity of service, so the black spots and what we have been talking about before — as a salesperson I am on the phone a lot of the time. I have Bluetooth in my car. I am always on it. Between here and lots of places you just do not have the ability to be connected. I have never caught the train between here and the city, but I would imagine that that is not a problem-free experience with connectivity either, which again limits the ability for people to — it just limits their ability.

**The CHAIR** — Do you have any pearls of wisdom you would like to leave us with, Nigel?

**Mr BURROWS** — Not pearls, I guess. The reliance on the internet is going to be, obviously, undoubtedly increasing as the population grows and as demand for those types of service grows. The type of change that is going to be coming forward — video is something that is going to be more and more prevalent. If you look at things, not just for schools and education but for medical — one of the key things we do is that we work with a lot of medical centres. They have the requirement to have some specialist videoconferencing or some sort of link back to a specialist for obvious reasons, and that connectivity link is being questioned or not being able to be deployed as effectively as it can be because of the cost implications of having the requirement for the size of the pipe.

**The CHAIR** — Thanks very much for that, Nigel, and thanks very much for taking time out of your very busy schedule to come and address us and inform us of your business and your clients and how the region could move forward. In approximately 14 days time you will get a copy of the draft transcript from Hansard. You will be able to make corrections to obvious errors, but other than that, it will be as it is. Once again, thank you very much, and all the best with Viatek.

**Mr BURROWS** — Thank you.

**Witness withdrew.**