

**AN ASSESSMENT OF THE ROLE OF AN
EXECUTIVE OFFICER
TO THE WA INFORMATION AND
COMMUNICATION INDUSTRY
AND THE
RELATIONSHIPS OF VARIOUS
ICT ASSOCIATIONS**

A Report for the
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Introduction

The Office of Information and Communications has commissioned this report to establish whether there is a useful role for an Executive Officer to serve the Information and Communication Technology Industry and if so what that role might be. It has also determined the level of support from the industry's associations for the position, in particular whether they are prepared to assist in its funding, as required under the Industry Executive Officer Program. This has required agreement between the associations as to the tasks and responsibilities of the position.

The project has followed four stages:

- to meet individually with representatives of each of the associations to discuss the Executive Officer position, primarily to ascertain their view of the role it should play and how it should be structured
- to ask each of the associations to complete a questionnaire outlining their priorities for industry development, their coverage of the ICT industry and the links they had with other groups;
- convene a workshop with representatives of all the industry associations and representatives of Office of Information and Communications to present the preliminary findings and recommendations from the first two stages; and
- for the associations to each confer with their members and/or executive committees to determine their preferred option for the Executive Officer position. (This last stage has been undertaken by OIC officers.)

To complete the first phase meetings were held with representatives of seven industry associations – the Australian Computer Society (ACS), the Australian Interactive Multimedia Industry Association (AIMIA), the Australian Telecommunications Users' Group (ATUG), the Australian Information Industry Association (AIIA), the WA Internet Association (WAIA), WA Land Information System (WALIS), Software Engineering Australia - WA (SEAWA) and the Institute of Management Consultants (IMC).

Meetings were also held with three other industry "stakeholders" – the Australian Telecommunications Co-operative Research Centre, the Electronic Commerce Network at Curtin University and Imago Co-operative Multimedia Centre – to discuss their views

of the proposed Executive Officer Position. The IMC, WALIS, the Australian Telecommunications CRC and the Electronic Commerce Network all felt the structure of any Executive Officer position was not relevant to them and chose not to participate in the project.

Discussions were also held with the CEOs of four actively exporting WA ICT companies which are not members of these major associations. The companies were: Dynamic Digital Depth Inc., Geographe Business Systems, Strategic Systems WA¹ and NDG Software.

The results of these discussions with the associations are outlined on pages 12-16 below. The collated responses to the questionnaires are at sections 18 to 26, the questionnaire itself is Appendix 2. The issues canvassed at the workshop with the associations are pages 27-30, the presentation prepared for the workshop is Appendix 3.

This process has provided the participants with the opportunity to understand more of the requirements of the Department's Executive Officer Support program (under which any position would be partially funded). It has also afforded an opportunity to discuss their views of the most appropriate role for the position with colleagues from other sectors of the industry. A series of key findings and recommendations from this project follow below.

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¹ Strategic Systems are now members of SEAWA.

Key Findings

1. **WA's ICT Industry associations are distinctly different, not only in the sectors they cover but also in relation to their objectives and priorities. These range from professional associations (quasi-guilds) to lobbying groups to service providers.**

Implications

This wide diversity of objectives makes identifying a clearly definable task or tasks for an Executive Officer, which associations feel strongly enough about to support financially, very difficult.

2. **There are significant differences in the resources of each of the associations.**

Implications

At least two, probably three of the associations do not have the capacity to make anything more than a minimal contribution to funding the Executive Officer position.

3. **There is little enthusiasm from most associations to fund a "peak ICT industry" organisation.**

Implications

The associations acknowledge that a viable peak industry organisation would require the leadership of a very capable individual to have the impact required. Under the dollar-for-dollar funding arrangements required by government for its support the associations would have to make a significant contribution to attract a suitable person. All of the associations are either unable or unwilling to make this level of commitment.

4. **Most of the associations have been created around "technology silos" – areas of specialisation based around technologies. (The AIIA appears to have the broadest range of technology concerns.)**

Implications

As information and communication technologies converge there is a growing need for "cross-fertilisation" between sectors to build projects and companies

around multi-disciplinary groups. An opportunity exists to extend the excellent networking that associations facilitate between industry members in particular sectors more broadly. The extension of WAITTA is an excellent initial step in this process.

- 5. A number of WA's leading ICT exporters have chosen not to join any of the existing associations and see no value in becoming members.**
- 6. Exporters' interests are poorly represented by existing associations, with the exception of the AIIA.**

Implications

These exporting companies' lack of involvement in local associations limit the possibilities for them to partner with other local companies – both those already exporting and those intending to – to capture other commercial opportunities. Opportunities for existing exporters to mentor aspiring exporters are also lost.

- 7. There is little evidence of duplication of effort or services between associations.**
- 8. Collaboration between associations, particularly around the WA Information Technology and Telecommunications Awards and the Information Industry Forum, is very strong.**

Implications

The lack of tension over territory and/or jealousy between associations is a significant competitive advantage for the WA industry. The two projects mentioned have been very successful collaborative efforts and show good potential for more appropriate joint ventures.

Recommendations

1. **Without a significant change in attitude on the part of the majority of associations the government should not support the funding of an executive officer spanning the ICT industry.**
 2. **Individual associations, or groups of associations, which demonstrate a clear commitment to working with their members to develop export markets and conform with the other conditions of the Department's Executive Officer program, should be supported and encouraged to seek funding.**
 3. **Associations should be encouraged to seek out the views of exporting ICT companies in their specific sector to ascertain the additional services they might provide to attract them to join.**
 4. **Wherever possible the government should continue to encourage collaborative initiatives between associations.**
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Background: Executive Officer Support Program

The Department of Commerce and Trade has established an *Executive Officer Support Program* which is available to a number of selected industries. The ICT sector is one of these. Support can be provided by the Department in two ways:

- dollar-for-dollar support, up to \$30,000 for part payment of a salary; and/or
- meeting the cost of eligible expenditure by an association, including industry and market surveys, membership recruitment, improving the international competitiveness of its members etc.

The support is provided retrospectively. In-kind contributions from associations are acceptable to meet their contribution. The program limits total assistance to \$80,000 a year for three years, new applications for funding from successful applicants must be made in both years two and three. The ICT industry's eligibility for support under this program is from 1 July 1999.

The criteria for the program also specify that funding will support "an industry sector with a focus on exporting or import replacing or value adding to the State's economic resources". The Information and Communication Technology industry is one of the sectors which is eligible under the program. (Full details of the program conditions are attached below at Appendix 1.)

Government-Association Discussions re the Executive Officer Position

Discussions between industry associations and government regarding this issue have been underway for some time.

At a meeting of representatives of industry associations and the Office of Information and Communications² on 19 August, 1998 the position of Executive Officer was discussed in some detail. The meeting agreed the person filling the role should:

² Those present were: Sharon Brown, AIIA; Robert Gray, AIMIA; Barry Houghton, ACS WA Branch; Kim Heitman, WA Internet Industry Association; Walter Green, ATUG; Jo Bignaut, OIC; John Rogers, AIIA.

- provide a link into Government for the ICT industry, the proposed Executive Officer would act as a conduit between the two sectors to improve communication; and
- be passionate about Information and Communication Technology, not be a generalist.

It was also agreed that the opportunity to have one person speaking for all sectors of the industry on various issues was attractive. The meeting was told the Department of Commerce and Trade could provide office accommodation and services such as phone, photocopying, etc

Further informal discussions have been held about the position since then. This study is to bring these elements together and to provide potential resolutions.

The WA Information and Communications Technology Industry

The WA ICT industry, in common with the industry world wide, is enjoying extremely strong growth. The sector grew almost 30% during 1997-98, almost four times the pace of the state's economy. Based on the predictions of the industry 1998-99 was expected to grow even faster. The local industry has a good representation of branch offices of national and international ICT companies.

A survey of locally-owned companies earlier this year³ found the industry is very fragmented. There are also an increasing number of small firms and individual operators, either working alone or in partnership with others on larger projects. Almost half the companies surveyed did not see themselves as part of the ICT industry but as part of their "client industry", eg mining, finance etc.

Networking

All of the industry associations involved in this study have traditionally placed a high priority on providing their members with regular networking opportunities. The survey found they were achieving this. Networking between companies is widespread with nearly three-quarters (72.9%) of respondents saying that they had established networking relationships with other companies. The main goals of networking relationships are outlined in table 1 below⁴:

Table 1: Purpose of inter-company networking

Shared marketing relationships	50.3%
Market development	46.5%
Joint ventures	35.5%
Sharing technology	37.4%
Collaborating on product design	31.0%
Software design	24.5%

³ The survey of the industry was commissioned by the Office of Information and Communications and undertaken by Research Solutions, January 1999.

⁴ The total for the different types of relationships is more than 100% because respondents were invited to nominate as many forms of business relationships as they were involved in.

Exporting

The level of export activity amongst WA companies is critical given the requirement of the Executive Officer Support Program that any funding must be used to promote export activities. The industry survey found that 63.2% of organisations currently export products and services to markets outside Western Australia. Of those who export, 85.7% export to other Australian states and 75.5% export to overseas markets. Organisations with sales \$1m and greater (75.3%) were significantly more likely to export than those with revenue under \$1m (53.3%).

Trends

The industry survey also asked company representatives for their views on future likely trends and the impact they expected these to have on their business. Respondents said they were concerned about the speed of change and the impact WA's distance from the major markets in following trends and subtle shifts. Despite this, a growing number of companies are exporting or planning to expand into export markets in the near future.

Companies regard networking with other firms as increasingly important. **Building partnerships and alliances with interstate and international companies has also become more important.** The most frequently mentioned areas of business focus in the future are detailed below in table 2.

Table 2: Future areas of opportunity for WA ICT firms

Consultancy	25.8%
Packaged applications	18.7%
Customised applications	15.5%
Systems integration	15.5%
Systems design/development	13.5%

Key industry issues perceived by the majority of respondents to be influential in affecting their organisations over the next three years were:

- Increasing competition
 - Lack of funding for export and for the development of new products
 - Ability to keep value-adding and short product life
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The Office of Information and Communications' Executive Officer Study.

In undertaking this study the consultants have: conducted individual interviews with representatives of each of the associations; circulated and collated a questionnaire; and conducted a workshop with the associations.

1. Interviews with WA ICT Industry Associations

Meetings were held with representatives from each of the associations to discuss the Executive Officer position and to respond to particular issues raised in the questionnaire mentioned earlier. (The results of the questionnaire are summarised in tables 3 and 4 and summarised below, the questionnaire itself is Attachment 2.)

A summary of the discussions with each association, plus relevant background information is outlined below.

Australian Computer Society (ACS)

Overview

1. The ACS is the oldest of the major ICT industry associations.
2. The WA branch is part of a federated structure, with significant autonomy.
3. Its primary goal is as a professional organisation to maintain and enhance the standing of its individual members, as such it is very active in providing opportunities to its members to maintain their skills base.
4. The ACS in WA has its own offices and full time secretariat.

Executive Officer

Having its own well established office and as a professional society representing individuals rather than companies the ACS had limited interest in the executive officer function.

Australian Information Industries Association (AIIA)

Overview

- The AIIA is primarily an organisation representing companies selling products.
- The local branch has good relations with its national office which has proven itself to be very successful in influencing federal government industry development strategies.
- The WA association has been very active in liaising with the state government on its purchasing practises and has been actively involved in the IIF.
- The local branch has an export group which runs information sessions for members and is well supported by the AIIA's national export promotion officer.

Executive Officer

As an active participant in the IIF the AIIA has been keen to have additional secretarial support available to the Forum and envisaged an Executive Officer to the ICT industries as being able to fulfil this role as part of his/her duties. Given the export bias to the program under which the position would be funded this may not be possible.

With regard to a cross-industry export support role the AIIA was supportive of this approach, even though it is the most active of the local associations in this regard already. It could see potential in collaborative export enhancement projects being run by the associations from the different industry sectors.

Australian Interactive Multimedia Industry Association (AIMIA)

Overview

- The WA branch of AIMIA has been going through a rebuilding phase. Imago CMC's support has been critical in this regard providing secretarial support and meeting facilities.
 - It is part of a federated association. Relations with the national office have been poor but are now significantly improved.
 - The improved relations have included the repatriation of half the membership fees from local members. None of the fees had been returned formerly. This has significantly improved the financial position of the Western Australian branch.
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- AIMIA feels its place representing primarily small, content producing companies places it “out on a limb” in relation to the other ICT associations. It sees government support for the industry primarily concerned with hardware and software producers, not content developers.

Executive Officer

Having recently come through a period of great uncertainty in terms of its survival the association’s priority is to continue with its consolidation. In light of the rebuilding which has occurred there is some doubt as to whether an executive officer focussed on assisting firms to export would help with more immediate needs. Getting representation to government is not a problem, AIMIA’s priority is to attract more of the larger content development companies to join.

Australian Telecommunications Users’ Group (ATUG)

Overview

- The WA branch of ATUG is an extremely active one, having the third largest membership of any of the states.
- It has a good relationship with ATUG’s national office with regular interaction and support.
- The WA branch employs a person part-time who is mainly concerned with membership relations.
- As the telecommunications sector is still subject to significant regulation and this occurs at the federal level much of the interaction with government occurs at the federal level and so is through the national office. (An important exception to this are issues surrounding state government purchasing and ATUG’s participation in IIF.)

Executive Officer

The WA branch continues to operate strongly. It has strengthened its links with other local industry associations recently (see discussion of WAITTA and IIF under “Association Collaboration” below). There is an interest in increasing the input into federal government policy-making, either through a WA ICT industry body or in collaboration with the WA government. The Group is broadly supportive of the creation of an ICT Executive Officer position.

Software Engineering Australia (WA) (SEAWA)

Overview

- SEA (WA) is a new association, an equivalent national body has also been established.
- It is a service-based organisation which provides members with access to infrastructure many could not afford alone and to training. In the future it hopes to also have a role as a venture capital provider.

Executive Officer

The lobbyist/auditor role does not seem an appropriate function for SEA (WA) members but as most, if not all, are involved in export it does see value in an appropriately scaled position which furthers these goals.

Western Australian Internet Association (WAIA)

Overview

- The association has seen a decline in its numbers in recent years. This is not an indicator of decline, the association remains very strong. Membership has fallen as the internet industry consolidates around a number of larger players.
 - The WA association is largely autonomous from its federal body with some significant philosophical differences between the two groups.
 - WAIA operates on a very firm financial basis generating fees (and providing an important service) from its peering exchange.
 - The association operates a “flat” operational structure with the executive meeting face-to-face monthly and online most days. WAIA’s secretarial/executive officer functions are outsourced to an external provider. (See the discussion below under “Structure of the Executive Officer Role”.)
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Executive Officer

The domestic focus of the vast majority of WAIA's members, and the rapid growth in the local internet market, makes pursuing export markets a low priority. As this local demand slows it is possible that some companies may look off-shore to seek out new markets for services in particular.

The association believes IIF has been a useful conduit for dealing with a number of issues with the state government, it has collaborated with ATUG on a number of these issues.

Imago Co-operative Multimedia Centre*Overview*

- As a part of the federal government-funded Cooperative Multimedia Centre program Imago has a role in developing the WA interactive multimedia industry.
- It has supported the local branch of AIMIA through the provision of staff time and secretarial assistance.

Executive Officer

Imago believes the small size of most of WA's multimedia companies means they require a different approach, particularly in structuring an overarching industry development approach. These companies require more mentoring opportunities and would favour a networked structure in the delivery of these assistance programs rather than a hierarchical approach.

Association Collaboration

The level of communication and interaction between the industry associations is high. It was also impressive to hear the positive views most association representatives had of each other and the commitment to continue to cooperate. Collaboration between the associations over recent years has revolved around two major initiatives: the Western Australian Information Technology and Telecommunications Awards (WAITTA) and the Information Industry Forum (IIF).

The Western Australian Information Technology and Telecommunications Awards

This long-running award program, to recognise achievements within the industry, has been a fixture on the Western Australian ICT industry calendar for many years. It has been a joint exercise between the Australian Computer Society and the Australian Information Industry Association for most of its history but has recently been significantly expanded. The Australian Telecommunications Users' Group, the Western Australian Internet Association and the Australian Interactive Multimedia Industry Association have also become involved. The program of awards has also been expanded to take account of these new areas of concern. All the participating groups are positive about their collaboration.

The awards are run on a break-even basis with the ACS serving as the primary underwriter. The other associations' contribution is primarily their members' time and some in-kind contributions, for instance AIMIA members have developed and maintained a web site for the awards.

Information Industry Forum

The Information Industry Forum was established relatively recently. Its focus has been on Government purchasing practices. The Forum was created by the Office of Information and Communications to facilitate improved communication between the industry and the government purchasing managers, in particular Contract and Management Services (CAMS). Although all the associations have been invited to participate (and at various occasions they have done so) the AIIA, ATUG and WAIA have been the most heavily involved.

2. Questionnaire: Association Links

A section of the questionnaire to associations asked about the level of contact and the amount of collaboration which occurred between them and other relevant bodies⁵. The associations were asked to describe the level of contact they had with the other groups on a scale from 1 – for no contact – through to 7 for frequent (monthly or more often). Table 3 below sets out their responses.

It shows a good level of interaction between most of the associations, in particular those which are better established. SEAWA, which is the newest association still has “thin” links with the other groups but even during this study it was clear that these were growing rapidly. From the reports of the other associations the AIIA has strong links. All the associations report frequent contact with their national organisation with the exception of the WAIA which effectively operates autonomously from the national body.

The second part of the questionnaire dealing with associations’ links asked for the level of collaboration between each group⁶. They were asked to state whether collaborations occurred, did not occur or whether there was the potential for collaborations to occur. Their responses are set out in Table 4 below.

The table shows a strong focus on collaboration on the part of the ACS and a generally positive attitude to working together on the part of the other groups. Much of the collaboration within the sector occurs around the WAITTA Awards and the Information Industry Forum, both of which are discussed at greater length below.

⁵ AIMIA and AIIA did not respond to this section of the questionnaire.

⁶ AIMIA, AIIA and Imago did not respond to this section of the questionnaire.