


Cloud fast-track 'will transform economy'

EXCLUSIVE**By DAVID SWAN, TECHNOLOGY EDITOR**10:30PM AUGUST 1, 2021 •  13 COMMENTS

Australia could reap a \$224bn dividend by fast-tracking investments in digital transformation – and grow the economy by 1.3 per cent, more than six times the benefit of the Olympic Dam Expansion, new analysis from IBRS and Insight Economics says.

Shifting old legacy technology to cloud-based software-as-a-service (SaaS) systems would create 7500 jobs for Australia over 10 years and help future-proof the economy, the study released on Monday says.

Software delivered in the cloud is run on remote servers rather than by an on-premises data centre managed by an organisation's own IT staff.

The economic benefits of accelerating cloud technology investments and innovation would be felt nationwide, the study found.

Victoria's economy would receive a \$60bn economic benefit over a decade because of the scale of opportunities available to the state's higher education, retail, manufacturing and asset and project intensive industries.

This is followed by NSW (\$50bn), Queensland (\$31bn), Western Australia (\$30bn), ACT (\$20bn), South Australia (\$18bn), Tasmania (\$11bn) and the Northern Territory (\$4bn).

These numbers would be accelerated by \$9.7bn if Australian providers secured just 10 per cent more of available contracts.

Currently, 85 per cent of all SaaS sales go to foreign entities, coming at the expense of local jobs and taxes and the technology industry.

The \$62bn economic opportunity for federal and state governments over a decade is the equivalent of being able to build more than 11,500km of new roads or four new Sydney Harbour tunnels.

Alternatively, it's funding for an extra 11 million Australian hospital services, 90,000 registered nurses, 883,000 residential aged-care places or 87,000 teachers.

Edward Chung, chief executive of enterprise software company TechnologyOne which commissioned the report, said the economic benefits of widespread digital transformation were too big to ignore.

"Between 80 and 90 per cent of companies are still on-premise, and only 10 per cent of companies have really started their digital transformation," Mr Chung said.

"Those companies are getting the benefits and the efficiencies of that, and can reinvest it back into servicing customers," he said.

"We need to accelerate this as a nation. Not only will businesses benefit, through greater automation and being able to service their customers better, but these funds will be redirected into growing Australia, and the flow-on effects are amazing."

Mr Chung said with the research quantifying the economic benefits for the first time, it should spur action at every boardroom and for governments at all levels in Australia around how they think about technology priorities.

"While this transformation is already under way for many, for some it's still happening too slow.

"As a nation, we have a choice. We can continue to waste money on redundant on-premise - technology or we can fast-track the digital transition to SaaS where a \$224bn economic windfall can be reinvested back into Australia.

"The reinvestment of these funds could transform the lives of Australians for generations."

He said he understood the challenge for businesses and government agencies when it came to digital investments, especially when the economy was still in recovery mode.

"The industry needs to step up and do more to support business and government to simplify this transition," he said.

“TechnologyOne has made significant investments and will continue to invest to reduce cost pressures and to simplify the transition process.

“We are doing this because we know this is the answer to kicking this digital transition into a higher gear and I encourage other business leaders to do the same.”

DAVID SWAN, TECHNOLOGY EDITOR

David Swan is Technology Editor for The Australian. With deep experience across start-ups, business and tech David is uniquely positioned to cover Australia's fast-growing technology ecosystem and how it's chan... [Read more](#)