



Connectivity Scorecard 2010

Australia – moves up a place with a strong overall performance

Overview

Australia ranks 7th among innovation-driven economies¹ on the Connectivity Scorecard 2010. The country delivers a strong performance in the business segment, especially in the business infrastructure sub-category. While Australia fares modestly in the consumer infrastructure and consumer usage and skills sub-categories, there are some bright spots in its performance such as a high proportion of 3G connections and good tele-density. Its scores on government-related metrics² are at par with most of its peers.

Australia faces some challenges in the broadband arena, and the government has gone farther than most in terms of formulating a clear public sector role in the development of a National Broadband Network (NBN). The country's overall Information and

Communications Technology (ICT) performance is quite strong, and its productivity statistics show that Australian productivity growth has been ICT-driven to a greater extent than productivity growth in the majority of OECD (Organization for Economic Co-operation and Development) economies.

Strengths

Australia's ICT strengths come to the fore in the business infrastructure sub-category. The country not only has a relatively robust penetration of personal computers (PCs) and secure internet servers but also reports one of the highest business investments in ICT capital goods in the OECD. In addition, it notches strong scores for business uptake of broadband and the use of new enterprise data protocols. Overall, Australia's enterprise sector invests heavily in ICT.

	Score	Weight
Consumer Infrastructure	0.53 (0.96)*	0.12
Consumer Usage & Skills	0.54 (0.82)*	0.12
Business Infrastructure	0.80 (0.86)*	0.53
Business Usage & Skills	0.61 (0.87)*	0.13
Government Infrastructure	0.77 (0.93)*	0.07
Government Usage & Skills	0.78 (0.93)*	0.02

* The score of the leading performer for this component

Fig 1: Sub-category Scores and Weights 2010

¹ As defined by the World Economic Forum (meaning developed countries)

² While the "government infrastructure" sub-category of the Scorecard measures a country's performance on provision of e-government infrastructure, the "government usage and skills" sub-category looks at the usage of e-government services per capita.

Australia's performance in business usage and skills sub-category is more modest than is suggested by its outstanding infrastructure. However, this moderate performance does not stem from any particular weakness. Business spending on IT services is respectable and the proportion of businesses with websites is reasonably high. However, Australia's scores in this sub-category are somewhat skewed. So, measures such as aggregate corporate spending or investment measures could be dominated by heavy investment from large businesses, but metrics such as the proportion of businesses with websites might capture the usage gap between large businesses and small and medium enterprises (SMEs). Therefore, this is an area that Australia can significantly improve on to fully utilize its excellent infrastructure.

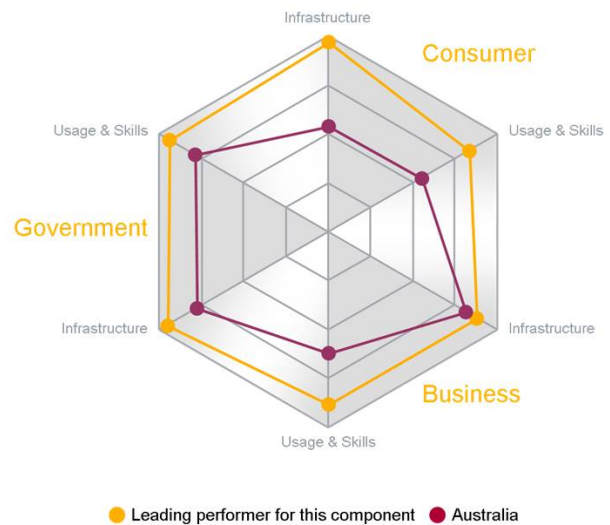


Fig 2: Sub-category Scores 2010

The country offers a respectable performance in the consumer infrastructure sub-category. Australia reports a significantly higher proportion of 3G connections compared to European countries or even the United States. Tele-density is, of course, near universal, while broadband penetration is at levels roughly comparable (when measured in terms of the proportion of households with broadband) to major Western European economies.

Australia also puts up a strong showing on government-related metrics, especially on the UN E-Government readiness Index and in terms of the proportion of schools with broadband access. However, the government's non-military R&D spending is relatively modest, which calls for further improvement.

Weaknesses

Australia's weaknesses lie in the consumer category. A good performance in the consumer infrastructure sub-category is somewhat marred by low scores on metrics such as actual download speeds and deployment of advanced fixed broadband infrastructure. Australia's showing in the consumer usage and skills sub-category is equally weak, owing to its relatively modest voice and SMS usage. On the other hand, internet banking and e-commerce utilization are at relatively strong levels. Lack of reliable data to estimate frequent internet usage could also be one of the reasons for Australia's below-par scores.

Conclusions

There are no major changes in Australia's scores this year despite the inclusion of new metrics this year. The country gets high marks for very strong business investment in ICT assets, and this investment has been noted as a major contributor to Australian productivity growth in the last decade. It is true that on some broadband measures, Australia is not among the top-performing countries but the degree to which this reflects some natural constraints in broadband deployment is debatable. A major issue for Australian internet users has been a difficulty in securing peering and transit arrangements for internationally-bound internet traffic. The National Broadband Network, however, appears to be primarily focused on improvements in Australia's last-mile access infrastructure.

2010 compared to 2009

The Connectivity Scorecard is based on comparative scores of countries, and, therefore, each country's performance is measured in relation to the best performing nation in each segment at a given point of time. As with other indices of relative rankings, it is therefore hard to interpret the Scorecard in terms of absolute "improvements" or "deteriorations" and to make comparisons of scores over time.

Added to this, a number of changes were made to the indicators in the 2010 version of the Scorecard to reflect the changes in technology and to more precisely capture "real-world" data. The Akamai data³ on actual broadband speed was used this year rather than measures such as "fastest advertised speed by the incumbent" used in the previous edition of the Scorecard.

Akamai is a leading provider of cached content with servers located all over the world and its metrics capture not just the 'speed' that is measured in other speed tests, but also additional factors, such as congestion in the network, that affect the user experience.

In addition, the UN E-Government Readiness Index was used to measure countries' performance in the government category, rather than the Brookings Institution E-Government measures that was used last year. New metrics were also incorporated from the Economist Intelligence Unit.

About Connectivity Scorecard

The Connectivity Scorecard is a global ICT index which, unlike other available research, is the first of its kind to rank countries in terms of "useful connectivity". That is, it not only captures the deployment of ICT infrastructure, but also the extent to which governments, businesses and consumers "make use" of connectivity technologies to enhance social and economic prosperity. This "useful connectivity" is defined as the bundle of infrastructure, complementary skills, software and informed usage that makes ICT the key driver of productivity and economic growth.

Commissioned by Nokia Siemens Networks, the study was created by Professor Leonard Waverman, Dean, Haskayne School of Business, University of Calgary, and Fellow, London Business School. The study was conducted under Professor Waverman's direction by international economic consulting firm LECG.

For more information on the Connectivity Scorecard, visit www.connectivityscorecard.org

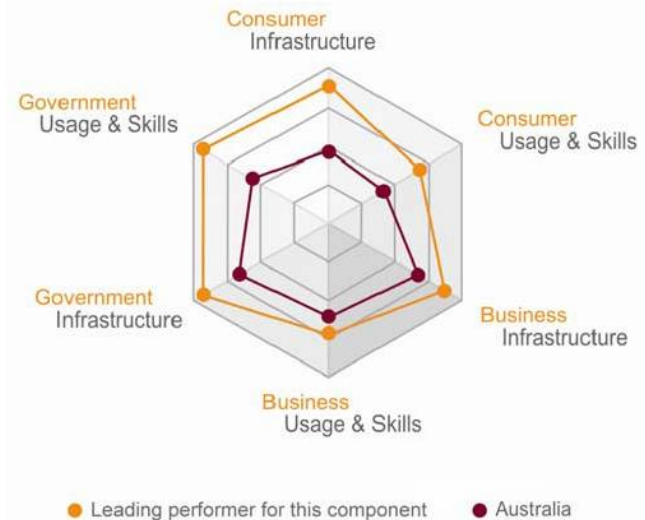


Fig 3: Sub-category Scores 2009

³ Akamai State of the Internet report is available at <http://www.akamai.com/stateoftheinternet/>

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