



Optus Business Construction Industry Pulse

Great business
starts with
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Overview

Welcome to the *Optus Business Construction Industry Pulse 2022*. Part of an annual series that provides insight into small business sentiments and perspectives, this report reveals how the industry views the current business climate, and the year ahead.

Based on research conducted by ACA Research, this report focuses on how different businesses in the sector are adopting new technologies and where investments are being made, as well as broader topics that include economic conditions (opportunities and constraints) and sociocultural aspects such as mental well-being.

The Australian construction industry remains an area of special focus for Optus Enterprise and Business. As a significant contributor to the Australian economy, construction employed nearly 1.2 million people at the end of June 2021.¹ EBITDA increased 9.9% in FY21 to \$5.3 billion, and its industry value increased 2.6% to \$3.3 billion, the third largest of any industry sector.¹

The *Optus Business Construction Industry Pulse 2022* presents a snapshot of an industry at the precipice of change. In an everchanging world, the future presents considerable challenges, but also significant opportunities.



A handwritten signature in black ink, appearing to read 'David Coventry', written in a cursive style.

David Coventry
Vice President, Enterprise and Business Customers
Optus

September 2022

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About the Optus Business Construction Industry Pulse 2022 Research

The report is based on a survey of over 400 respondents in the Australian construction industry, completed in May & June 2022. All businesses had between 0 to 300 employees. Of those surveyed, 79% were either business owners or CEOs.



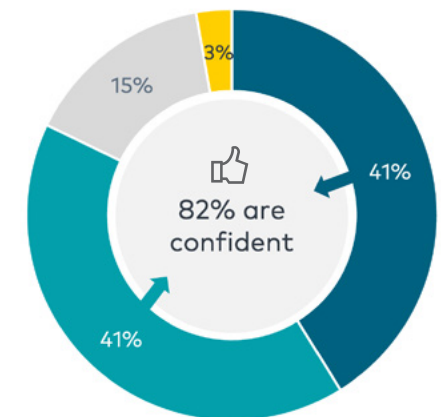


Confidence within the sector remains high

The *Optus Business Construction Industry Pulse 2022* is a snapshot of the challenges and opportunities for businesses in the Australian construction industry. This report looks particularly at the adoption of technology by construction businesses, how technology can support these businesses, and where technology investments should be made in the industry.

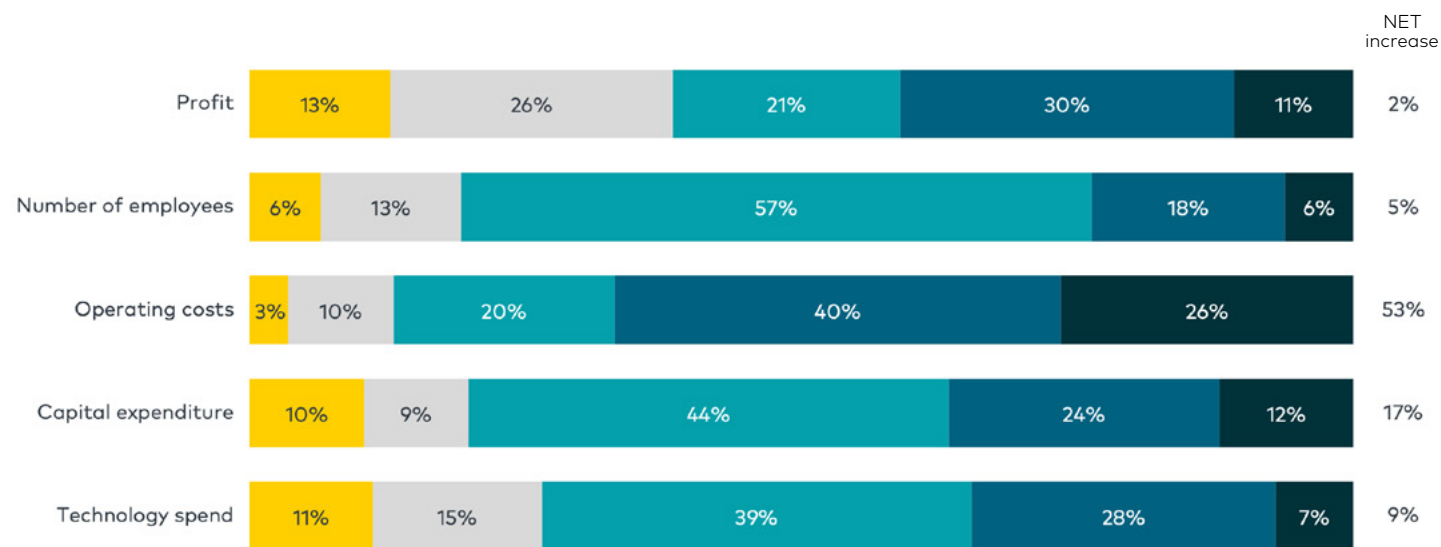
Confidence about the next 12 months remains very high, even though there are new challenges that simply did not exist before the COVID-19 pandemic - in the supply chain, with attracting employees and sub-contractors, and with an economy seeing inflation and interest rates rising to higher levels than have been seen in years.

Overall, 82% of those surveyed are confident about business conditions for the year ahead, and 41% remain very confident. This level of confidence is consistent across companies of every size, ranging from 82% of smaller companies to 95% of the largest companies.²



Construction business conditions confidence over the next 12 months (at May & June 2022)

● Very confident
 ● Quite confident
 ● Not very confident
 ● Not at all confident



Construction business expectations over the next 12 months

● Significant decrease
 ● Slight decrease
 ● About the same
 ● Slight increase
 ● Significant increase

Companies surveyed are also focused on growth. Over one-third (36%) have growth as a priority, and many are investing in technology, equipment and training to support this objective. A further 57% expect to maintain revenues, with just 6% expecting to downsize. Again, the sentiment is consistent across companies of all sizes. This confidence reflects the pent-up demand that exists as a result of delays in the delivery of materials, and the impact of raising interest rates on the real estate market. Investment in renovations continues post COVID-19, and is now double what it was 10 years ago at \$12.3 billion.³

This confidence is translating into action. Investment on capital expenditure is planned or expected by 36% of companies surveyed, on technology by 35%, and on recruitment by 24%. And despite increases being expected in operating costs (by two-thirds of those surveyed), 41% expect to be able to increase their profits in the coming year.

Companies are also changing their operations to manage the challenges they expect to face. They expect supply chain delays to continue, with 87% of businesses adapting their procurement and asset management processes to handle rising costs, and nearly one-third (31%) extending the life of equipment and assets.

Overall, sentiment is positive and confidence is high in the face of continuing challenges.

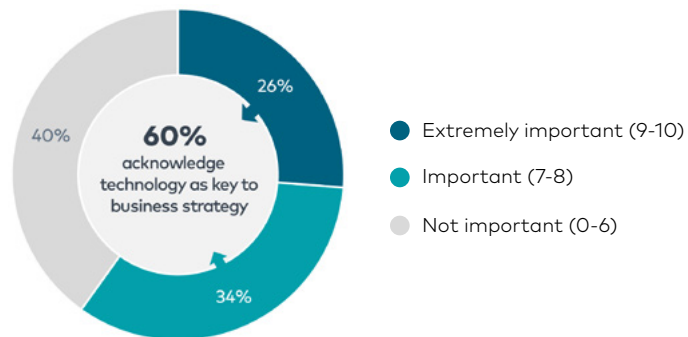
³ABS via the ABC



Technology and growth: a close relationship

Today's business needs are constantly evolving. The smart use of market-leading devices can set businesses up to run more efficiently. Access to interactive documents across the whole business at any time, for example, increases digital operations and productivity.

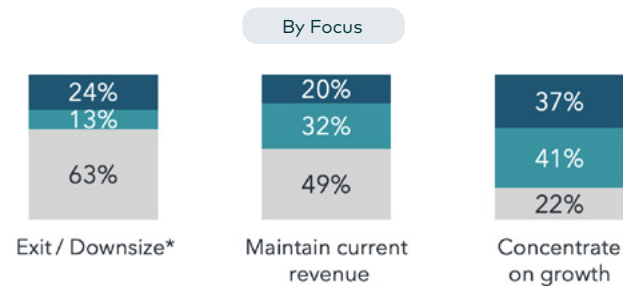
Of the businesses surveyed, technology is important to 60% - but the detail changes with companies of different sizes. And there is a correlation between those seeking or expecting growth and their planned investment in technology.



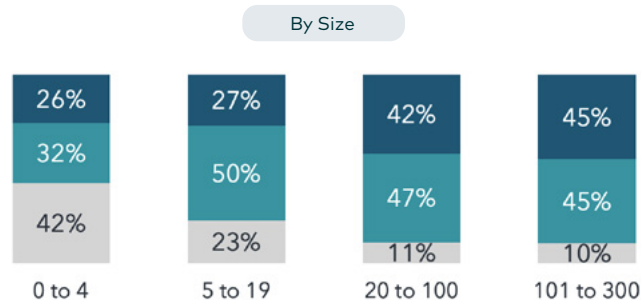
Importance of technology in business strategy

**Connecting your
business devices to a
reliable network
ensures you never
miss a client or an
opportunity**





*Indicates smaller sample size (n<30)



Importance of technology in business strategy

● Extremely important (9-10) ● Important (7-8) ● Not important (0-6)

Of those companies with a focus on growth, 78% regard technology as being key to their business strategies, and this is very important for 37% of businesses. Only 22% of those seeking growth regard technology as unimportant.

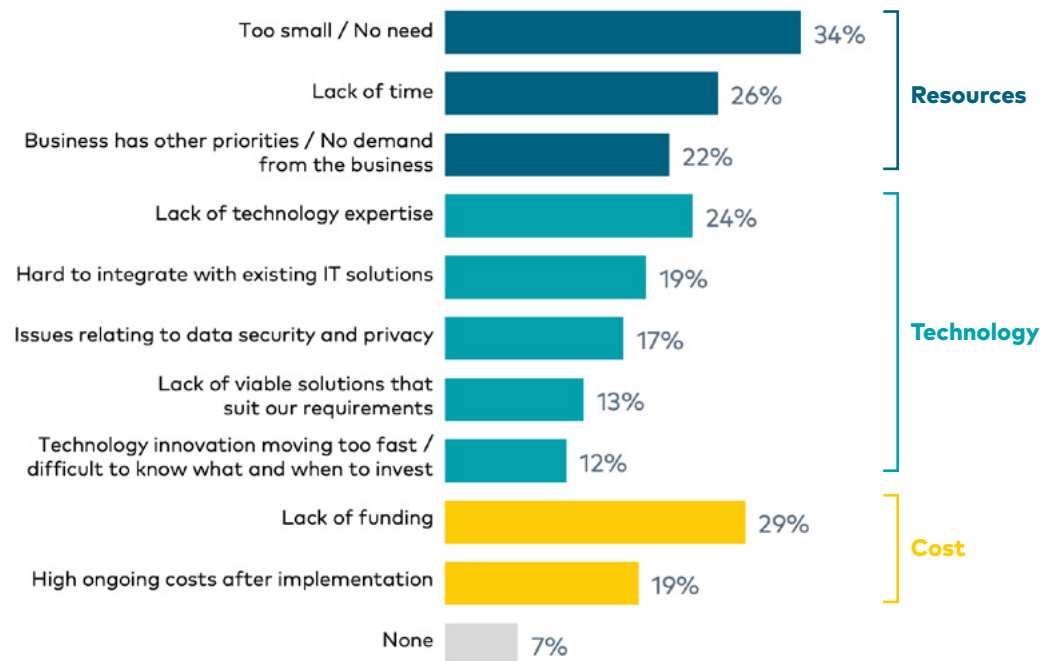
This is in marked contrast to companies seeking to maintain current revenue, and companies seeking to downsize or leave the market. For those seeking to maintain revenue, 52% regard technology as important. For those expecting to downsize their companies, just 37% see technology as important.

It is also interesting that 58% of the smaller companies regard technology as important: an understanding of the role technology can have is not unique to the largest companies with the bigger resources.

By considering how best to invest in and deploy new technology, smaller companies or microbusinesses are confident they can accelerate their growth.

**78% of companies
focused on growth
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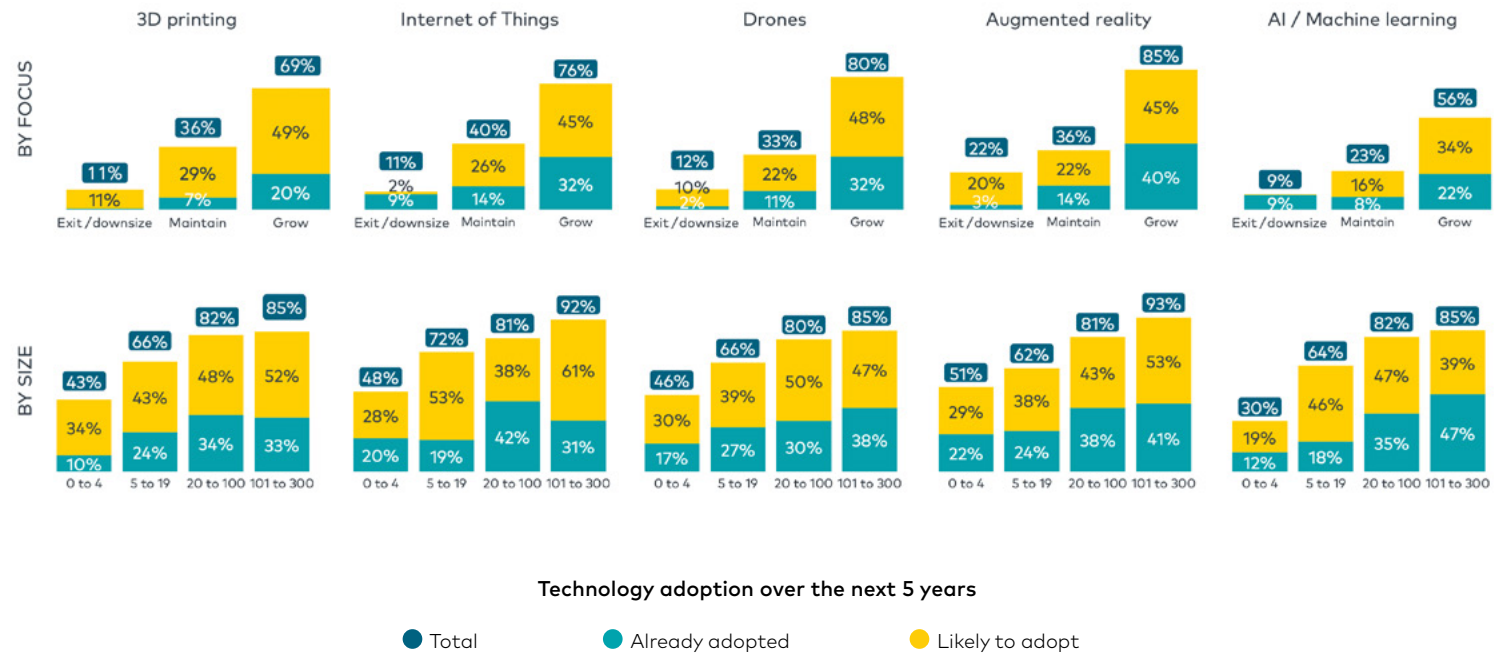


Barriers to implementing new technologies

This attitude to technology is reflected in how it's used: companies planning growth regard it as strategic, those planning to downsize might see it as an add-on that is often difficult to use or implement.

Companies seeking growth deploy technology in areas that respondent's said, "...direct resources to security upgrades and training", and provide "...a deeper knowledge of the business and enhance the capability of work." Technology also improves efficiency and helps businesses to increase revenue and profit, and as one decision maker summarised it, "Important data capture elements are essential to best business practice."

One-third of companies have a transition plan, one-quarter rely on an external IT partner for advice and support, 22% have a dedicated internal resource, and 18% provide technology training. Yet even for companies focused on growth, technology implementation can still be difficult, and the complexity of implementation can still be daunting. Nearly one-third of companies (29%) are currently doing nothing to support the introduction of technology. Lack of time affects 26% of companies, lack of finance affects 29%, and lack of expertise affects 24% of those surveyed.



New technology attracts attention from companies of all sizes, with more than 80% of businesses with 20+ employees planning to buy relatively advanced technology - 3D printing, drones, Internet of Things (IoT) devices, augmented and virtual reality, and AI-based applications - over the next five years.

Most interesting of all, many organisations have done so already. As examples, one-third of companies with growth as a focus and one-third of the largest companies already use drones, and 40% of growth companies and large companies have invested in augmented reality.

As businesses further invest in emerging technology and innovation, the threat of cyber attack grows. Optus works with world-leading partners such as McAfee® Multi Access to help mitigate this threat.



Challenges and risks remain, however. Two-thirds of businesses are managing their technology internally with little or no support from external solutions or technology partners. This is a potential risk for smaller companies with a lack of resources and technology skills. These companies have an increased likelihood of outdated or unoptimised systems and processes, leading to compromised efficiency and possibly an elevated risk of cyber attack.

Investment into new technology should come with the right focus on security to help protect businesses from digital threats. A regular / biannual [Business Success Check](#) with Optus can help ensure that businesses are utilising technology in a smart, secure and effective way.

Technology take-outs



Growth and technology are tightly connected. Execution of the strategy to deliver this growth will be enabled by digital solutions that help drive optimisation



Many companies still run manual processes across various business functions and the opportunity therefore exists for technology to enhance efficiency and productivity



Virtual working and even more mobility will see new investment in mobile services, cloud services and mobile devices





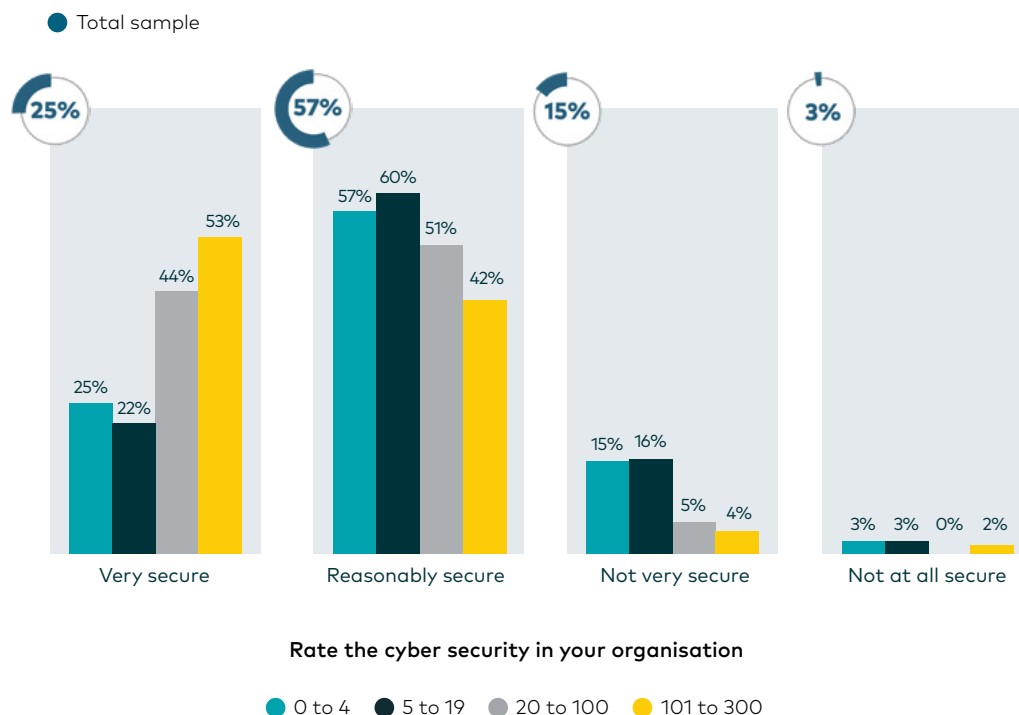
Cyber security: realism not matched by proactive action

The results of the research indicate that there appears to be good awareness of cyber risks and a sense of realism about how secure organisations believe they are. Overall, 68% are concerned about the risk of cyber attacks, with one-quarter of those surveyed being very concerned.

Being potentially exposed creates another level of company risk with legislative or regulatory consequences. There are severe implications relating to breaches of cyber security – especially when linked to critical infrastructure and privacy breaches. For any business, this makes it important to protect client, business, and financial information.

The best cyber security is preventative. Optus can help to reduce exposure to security threats and incidents





As to assessing whether they believe themselves to be secure, smaller companies believe they are less secure than their larger peers and competitors. Overall, 25% of companies believe they are very secure, 57% reasonably secure, and 3% not at all secure. The sources of attacks suffered by those surveyed are varied, ranging from attacks by employees, to outdated hardware or infrastructure, to remote employees and employees increasingly using their own devices at work.

Attacks through social engineering – the practice of conning individuals using social media or other online applications – was highest (at 65%) in the largest companies, and was also a significant threat to businesses with between 5 and 19 employees.

Education and awareness, and regular audits of security systems and standards, are important aspects of managing risk, and are relatively cost-effective (although they do require an investment in time). However only 24% of those surveyed regularly perform assessments to test and identify vulnerabilities in their systems and infrastructure.

The research also discovered that companies tend to act most of all after they have been attacked. Companies are responding to, not pre-empting, cyber attacks. The risks of not being proactive about security are high: of those businesses who did suffer loss in financial year 2020-21 due to a cyber attack, an average of \$8,999 was reported lost by small businesses, and \$33,442 for medium businesses.⁴

In FY21 an average of \$33,442 was lost by medium businesses that reported cyber attacks⁴



Cyber security take-outs



Increased use of social media by businesses for marketing, business development and transactions add new risks to businesses



Review the [Small Business Cyber Security Guide](#) from the Australian Federal Government's Australian Cyber Security Centre for guidance on protection and best practice



Businesses should consider talking to their technology partners on education around security issues in general, and risks associated with employee vulnerability in particular



Businesses should not wait to be attacked before auditing their security and vulnerabilities



An annual [Telco Review](#) with Optus can help to ensure that business devices are safe from cyber attacks, identity theft, viruses and data breaches across connected devices

⁴[ACSC Annual Cyber Threat Report 2020-21](#)

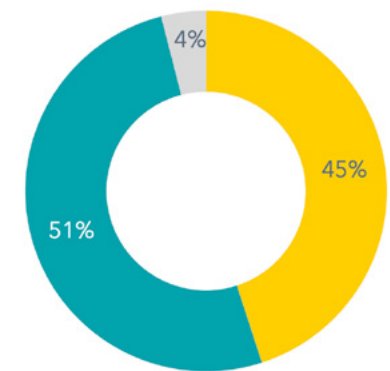




Employee well-being: the hidden factor

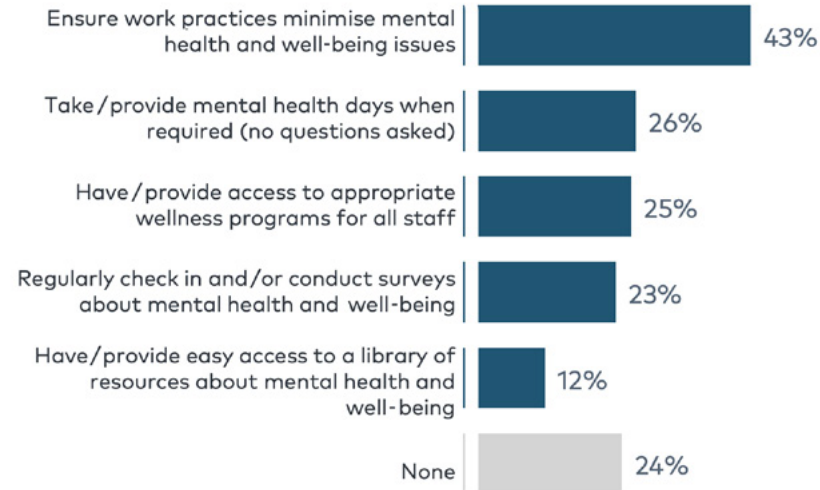
Personal mental health is essential to individual fulfillment and company success. The impact of COVID-19 should not be underestimated, with the Australian Federal Government reporting large uptake of mental health services between March 2020 and January 2022, and increases in phone calls to mental health support services.⁵

The *Optus Business Construction Industry Pulse 2022* found that nearly half (45%) of all construction firms reported some staff had experienced issues with mental health and well-being during the pandemic.



Construction firms that reported staff experiencing mental health issues during pandemic

● Yes ● No ● Don't know



Initiatives in place to manage mental health and well-being of employees

To manage this, companies have programs and strategies in place to support employees - either programs to ensure workplace practice minimises mental health issues (43%), allowing mental health days to be taken with no questions asked (26%), or providing ready access to resources about mental health (12%). Inevitably, larger businesses have more programs in place than smaller companies, although companies of all sizes have implemented formal programs to minimise issues to similar degrees (at 47% and 42%).

However, nearly two-thirds of individual decision makers surveyed are concerned about their personal mental health, with nearly one-quarter (22%) being very concerned. Managing work-life balance is by far the biggest contributor to this (41%), followed by managing the finances of the business.

What's more, personal concerns are more common in larger companies: small businesses are less complex to manage, with fewer dependencies and responsibilities.

Well-being take-outs



Having programs in place pre-empts potential well-being issues later on



Decision makers should seek resources to help them manage their own mental health



Technology has a role to play in managing finances, efficiency, suppliers and compliance, in turn alleviating work pressures and improving work-life balance

Get all the support you need to help your business succeed

- 📞 Call 1300 133 198
- 🔍 Search optus.com.au/telcoreview

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