

Convenor - Maggie Leese (ABSIA): Right, so we have people joining us now and Ian take us away.

Co-Presenter - Ian Gibson (ABSIA): Welcome everyone to this ABSIA webinar this morning. I hope you enjoy it.

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Co-Presenter - Ian Gibson (ABSIA): Now what we're going to do, is we're going to run through ... we'll do some quick introductions. We'll run through the graphs and some of the insights from the survey report. And there'll be an opportunity for people to ask questions at the end. However, certainly welcome for people to send questions in. If you could just do so via the chat facility, then that would be great. And what we'll do is we'll get Maggie to read them out or to share them with us at the end.

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Co-Presenter - Ian Gibson (ABSIA): Most of you will probably recognise my name, but I'm Ian Gibson. I'm a Director at ABSIA. I'll be costing the webinar today with Chris Howard who's President of ABSIA. And assisting us is Maggie who is our Marketing Officer.

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Co-Presenter - Ian Gibson (ABSIA): I'd like to begin today's webinar by acknowledging the traditional owners of the lands in which we all meet today. I'd like to pay my respects to elders past and present.

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Co-Presenter - Ian Gibson (ABSIA): ABSIA decided to conduct this survey to better understand what was happening in the industry and to share this information back to our community.

We were interested in understanding what work the industry would like to see from the government that would be beneficial to the industry and provide opportunities for them. And therefore, how ABSIA could advocate for this work and help the industry to recover.

Co-Presenter - Chris Howard (ABSIA): Thanks Ian.

So the manner in which we undertook this was we collected the survey results over a two week period. We had a number of responses and as we expected, the majority of those responses were from Australia. Largely from tax, accounting and payroll, employee space but other software providers were represented as well.

Through our quality controls and checking, we did limit a number of results that were removed because they did not have complete data and we felt that it was important to ensure that we had an accurate picture of the survey results.

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Co-Presenter - Ian Gibson (ABSIA): What we have here is a word cloud. We felt that that was a good way to summarise the survey results.

Not surprisingly, the top five words were software, support, ATO, home and customers. But you can see, there's actually a good spread of topics there that were raised by participants in the survey.

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Co-Presenter - Ian Gibson (ABSIA): We started the survey by asking respondents about the impacts of COVID-19 on their business. This is a common theme which we'll explore in the next few slides as we ask about changes to revenue, staff and customers.

Co-Presenter - Chris Howard (ABSIA): While ABSIA did expect there to be impact, I think one of the most important results of the survey was that 90% of the respondents came with the survey responses stating that there was a level of impact due to COVID-19 to some extent. We can see this across many of the industries and we expect that the rest of the business software industry is likewise impacted.

However what we're seeing now with new cases arising in Australia, we do kind of expect that there will be further impacts and we're not entirely clear on how long these will continue but ABSIA will continue to monitor these as we progress through this challenging time.

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Co-Presenter - Chris Howard (ABSIA): Moving into the next slide, many of our respondents were quite worried about declines in revenue and the potential impacts to their businesses. These declines in revenue, you know, were really centred around a number of topics. The first being, of course, loss of revenue. However, these were also correlated to loss of market, inability to cover their debts, the risk of insolvency. And, you know, the loss of market was somewhat attributed to not loss of the business itself but indirect impact due to clients of these software providers having loss of market themselves. So indirectly impacting on the software industry.

We felt it would be interesting to see whether or not respondents, and the industry in general, were receiving COVID-19 stimulus measures and whether that's help to enable stay afloat and keep their staff on board.

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Co-Presenter - Chris Howard (ABSIA): At the point of this survey, most of the respondents hadn't actually stood down or reduced any staff at that time. We do think that this does allude to potentially medium and long term impacts affecting the industry or whether JobKeeper has enabled them to keep their staff.

It's promising to see however, that most of the organisations we spoke with are preparing to hire again. However again, this is depending on the longer term economic effects and the continued potential for future outbreaks.

Co-Presenter - Chris Howard (ABSIA): Carrying on. We wanted to better understand whether working from home and the need for businesses to stay connected would result in business software providers seeing an increase in customers.

What we found is that there was really no change given some saw increases due to people shifting to cloud based services while others saw decreases due to shutting down or hibernating, cost cutting measures or loss of staff and therefore decreases in users of the software.

We didn't analyse the reason behind any increases or decreases, but further comments in the survey did allude to why these were mixed.

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Co-Presenter - Ian Gibson (ABSIA): To better understand the challenges businesses were facing as a result of COVID-19, we asked what were they worried about when it came to their business.

Co-Presenter - Chris Howard (ABSIA): What we found is that the majority were worried about their customers including their customer survival and the financial viability. This worry then carried forward to potential cash flow impacts on themselves.

Others were more worried about how to run their business, manage projects and take care of their staff. Of note, the industry was also worried about the health and safety of their employees, which is a promising sign, of course, and the amount of compliance work that was required of them during this time.

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Co-Presenter - Ian Gibson (ABSIA): Obviously, one of the areas that we were interested in was transitioning back to the office afterwards and how the industry was going to implement those changes to workplaces in light of social distancing and increased hygiene measures.

Most respondents had their staff working from home at the time of the survey and so plan to return in line with the government roadmap. However, with new cases arising, I suppose most notably in Victoria, individual businesses' actual return to office plans will depend on their particular circumstances.

Co-Presenter - Chris Howard (ABSIA): And from the responses we received, we can expect a lot of businesses are going to be looking to implement more flexible working from home arrangements. ABSIA are certainly aware of a number of providers who are looking at this beyond the COVID response and looking at it as a more longer term strategic approach.

In the short term, given the risks involved in returning to the office for some, we can expect a variety of different return to work plans with some staff staying at home and others returning on a voluntary basis.

From what I'm seeing and hearing in the industry, it seems like many back to work plans have already changed dramatically and have been pushed back further. In Victoria specifically, there have been a number of extensions to push back return to work. Obviously due in part to the increasing cases.

From what we're seeing across Australia, this is likely to be on a state by state basis at the moment. It is going to be quite interesting to see how companies with offices in multiple states plan their return.

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Co-Presenter - Chris Howard (ABSIA): As we move to the next slide, it does seem that most respondents are going to be implementing changes to their workplaces as staff do return to the office.

One thing is clear is that most are limiting office space capacity for social distancing, requiring additional hand sanitation or washing stations, increasing the amount of cleaning that continues and rostering staff to limit the amount of staff within an office space therefore the social interaction.

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Co-Presenter - Ian Gibson (ABSIA): Given that COVID has forced many industries to pivot how they operate and the variety of potential responses to the challenges, we wanted to ask the business software industry how they felt.

Co-Presenter - Chris Howard (ABSIA): And what we saw was some fairly even results. Some saw this as an opportunity to make changes to their products, changes to the work practices, even so far as to implementing new sales or marketing methods to assist with COVID recovery.

Others took a more cautious approach and said that really it will depend on their medium term impacts and the longer term strategic view as well as how COVID will continue to be impactful.

ABSIA believes that the industry responded relatively well to the COVID situation and to the introduction of stimulus measures such as JobKeeper which truly demonstrated how fast our industry can adapt and work together to produce such significant results in such incredibly short timeframes.

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Co-Presenter - Ian Gibson (ABSIA): We wanted to better understand what regulatory changes the industry would like to see moving forward and therefore, based on that, how ABSIA could best assist. So we asked respondents for their top three suggested changes.

Co-Presenter - Chris Howard (ABSIA): And we received quite a number of suggestions that fit nicely into the heading you see on the slide here.

Respondents wanted to see greater flexibility in awards and workplace reform, essentially making COVID-19 changes to the industrial relations permanent given how COVID-19 has so dramatically changed everyone's day to day work.

They wanted to see simplification of tax systems and to introduce greater security. Responses around the Operational Framework were mixed. However, we did put a question out to the industry and something that ABSIA aims to work with DSPs on is "how can we support employers to solve their problems rather than having them rely on DSPs to solve them on behalf."

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Co-Presenter - Ian Gibson (ABSIA): In addition, we also wanted to ask about the government and industry initiatives that our members could capitalise on.

Co-Presenter - Chris Howard (ABSIA): And again, we had a large number of responses and we found that these fit rather nicely into the categories on the screen.

We've had a number of respondents want to see greater collaboration with DSPs with Fair Work. They wanted to see a representation much like ABSIA has with the ATO in allowing DSPs to work more directly with Fair Work.

In terms of promotional work, respondents wanted to work from anywhere solutions and Australian made software to be promoted. Others wanted to see incentives to encourage further digitisation, especially the digitisation of small to medium enterprises.

As we expected, e-invoicing was a popular topic among many respondents. They wanted to see more work in this area to increase awareness, to encourage further adoption of e-invoicing as well as the introduction of certain mandates.

In terms of government, respondents wanted to see more collaboration between the industry and government. Respondents wanted the government to reduce their reliance on DSPs to communicate and sell government initiatives. They wanted to see government continue to develop and promote digital wholesale services as well as the expansion of STP and SBR2 to be expedited.

Some of our respondents wanted to see new or continued incentives that support business innovation and modernise and help keep them afloat. They came up with suggestions like more APIs to encourage further innovation.

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Co-Presenter - Ian Gibson (ABSIA): One of the issues that we wanted to try and understand, and so therefore the next couple of questions is going to focus on, was the industry's attitudes towards moving forward and whether they viewed this, in fact, as a time of change. Either due to innovation, and I suppose we all remember the phrase "necessity's the mother of invention", or through changing technology or attitudes towards cyber security.

Co-Presenter - Chris Howard (ABSIA): The majority of our respondents believed it would be a time of innovation and technological change. Others said it really depends on government policy, direction and the availability of investment funding.

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Co-Presenter - Chris Howard (ABSIA): Similarly, we found that most respondents agreed that their customer attitudes towards cyber security have changed in part due to the response to COVID-19.

With continued cyber security events, recent government announcements as well as the introduction of APRA's CPS-234 and the impact of staff working from home, we expect attitudes towards cyber security to further change. Without these events few businesses would not be

aware of the need for improved cyber security. This also highlights the benefits from hard work undertaken already by Digital Service Providers through the adoption of the Operational Framework and S-SAM for their ecosystem partners. In addition, CPS-234 has heightened the focus on securing those working from home especially as directors are now responsible for the cyber security of their third party suppliers and their workers.

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Co-Presenter - Ian Gibson (ABSIA): In conducting this survey, ABSIA hopes the industry finds value in knowing that they are not alone in their business challenges. We are hopeful, considering the reasonably positive attitude towards the next few months.

We'd also like to take this opportunity to recognise all the efforts and the work of the business software industry during this time. Without you, much of the work required to support stimulus measures, and I'm sure I don't have to highlight to many of you just how much work that was, but it would have been very difficult, if not impossible without the hard work of our members.

It was really, when you think about it, only achievable through the past five or so years of hard work particularly on Single Touch Payroll. And the resulting collaboration that that provided for the relationship between government and industry.

Co-Presenter - Chris Howard (ABSIA): So we've taken this opportunity to also better understand and identify how ABSIA can help work with the industry to help recover, to provide opportunities for moving forward.

Some of these initiatives we've already started pre-COVID behind the scenes activities. Understanding that some of these challenges have been affecting the industry over a much longer period of time. ABSIA have been in contact with Fair Work since the beginning of the year to help the industry navigate changes to awards and we will continue to move towards a relationship similar to what ourselves and DSPs have with the ATO.

We are actively working on how ABSIA can strategically expand and build upon our relationships with key government agencies and departments. This comes hand in hand with pursuing some of the initiatives and regulatory suggestions that we have received.

When it comes to what we are doing internally for our members and the business software industry, ABSIA are aiming to host more events, provide more podcasts and webinars with relevant people on important topics. We want to help our members with how to engage with government and to allow them to understand these processes much better.

Co-Presenter - Ian Gibson (ABSIA): While clearly cyber security has been a focus for ABSIA for some time now, we do look forward to working in this area and keeping members on important projects in the security area.

And of course, it would be remiss of me not to remind everybody. We do in fact have a very interesting security webinar coming up later this month which is featuring one of the senior security experts from Unisys.

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Co-Presenter - Ian Gibson (ABSIA): Now that sort of brings us a little bit to the close or at least to a point where this is a good opportunity for people to ask questions.

I did see that we had some questions coming through as we were speaking and maybe we can start with a couple of those.

The questions, I think, related to one. What percentage of the respondents ... as Chris mentioned earlier in the presentation, some of the responses we got we filtered out because of not all the questions were answered but when you look at the percentages, we think we got somewhere between 60 and 70% of our members responded to the survey. So certainly, that would make it statistically significant.

The second question that was asked was about whether COVID accelerated the move to SaaS models for software companies. I think that's a little bit less definitive but certainly the direction or what was clear in the direction is people are increasingly moving towards digitalisation. So in most cases yes, that's SaaS models for software companies. But obviously, Single Touch Payroll has pushed a lot of companies towards digitalisation of their payroll services. The government's stimulus packages has only accelerated that and so yes, I think that's a clear outcome. To what extent, probably a little hard to say at this point.

Maggie do we have any other questions that have come through.

Convenor - Maggie Leese (ABSIA): Just a reminder, yeah, to send any questions through the chat. But just wondering if you can explain a little bit more about the SSAM and its importance in that security area there?

Co-Presenter - Ian Gibson (ABSIA): Chris do you want that one or do you want me to field that?

Co-Presenter - Chris Howard (ABSIA): Look I'll start and then perhaps you can fill in some further details if I miss anything so.

ABSIA worked with the ATO and other government agencies to develop the third party security framework, which is officially called the S-SAM. The S-SAM allows DSPs to ensure that we have a security framework in place for working with third parties to help further extend the capability of our security models and the maturity. This framework has been adopted and

promoted and is now a working piece of the Operational Framework. For further information on this certainly reach out to ABSIA, we can provide some further details.

Co-Presenter - Ian Gibson (ABSIA): I think Chris the thing that I'd add. Listeners might recall we said in one of the survey responses that there was sort of a mixed response to the Operational Framework and that does touch upon S-SAM in as much as ... so the mixed responses we got was one the one hand, generally larger organisations welcomed the security and confidence they got from using the Operational Framework. However, typically smaller SMEs, recognised the burden that compliance with the Operational Framework places on them. And that's exactly where S-SAM comes into play, it allows smaller entities to participate in that ecosystem in a secure way and a way that gives people confidence but without necessarily having to go through the full rigors of the Operational Framework. And I think that's an important point but also clarifies what we meant by the mixed results for the Operational Framework.

Co-Presenter - Chris Howard (ABSIA): So Ian, one thing that I'll ask you to maybe talk a little more about as well is the reference to CPS-234 that I spoke of earlier. So can you shed a little more light on that for our listeners?

Co-Presenter - Ian Gibson (ABSIA): Sure. I think for those that aren't across it, APRA bought out a standard recently called CPS-234. It's essentially a security standard. It applies to all APRA regulated entities. Now there's probably a bunch of people on this call that are thinking "oh that doesn't apply to me because I'm not APRA regulated" and that's not true. And the reason for that is, the two key characteristics of CPS-234 is one it actually brought into the scope the supply chain, if you like, or third party providers to APRA regulated entities. And two, it made directors responsible for cyber security. And the combination of those two things means that now you've got a whole lot of directors who are concerned about cyber security but not just within their organisation but extending right through to all their third party providers and if you think about that within the context of where we've all been with COVID-19, that extends right through to employees that ultimately are working from home in a variety of settings and with a variety of security capabilities. And so, I think, even if you're not regulated by APRA, if you have clients that are regulated by APRA, then CPS-234 is going to touch you or impact you. And it's going to impact your staff and how they work from home. And, you know, I think that's one of the clear messages or clear things that have come out of people's experience from working from home is the realisation of just how important that is. Particularly when you compare it to the very clear jump in cyber incidents. I think there was a survey that came out recently that cited a 300% increase in cyber incidents since March as evidence of that.

Does that sort of provide enough there Chris or would you like me to go into that a bit more?

Co-Presenter - Chris Howard (ABSIA): *laughs* I think that's a good starting position.

What I might say is once again if anyone has any further desire of information, please hook on to our website. We do have information on there as well.

So, Maggie, I think we might hand back over to you now.

Convenor - Maggie Leese (ABSIA): Yes. So I'd like to thank everyone for joining us today. As you may be aware, you can access the survey results in the form of the report on our website. The link is there. You can also find it on our news section.

So our website is www.absia.asn.au if you're new to ABSIA and what we do. You can always contact us at info@absia.asn.au and find us on social media by simply searching ABSIA.

As we mentioned, there was a bit of information about the SSAM there, we have so much information about the SSAM on our website and we also have two recordings of webinars we've done previously if you ever want to catch up on that information.

And on that, this webinar has been recorded today and we'll be providing a copy of the slides and the recording up on our website.

Co-Presenter - Ian Gibson (ABSIA): Maggie, can I just add. I'd like to call out, thanks to everyone that responded to the survey. We do appreciate that. We know that there was a lot of detailed questions some of which was considered commercially sensitive. And so we do appreciate the openness and the preparedness, particularly when so much was going on for people to take the time out to respond to the survey.

And then just the other call out, I just wanted to thank Maggie for all the hard work and effort she put into actually issuing the survey, writing up the report and getting us all organised for today's webinar. For those that know Chris and me, that's no mean feat.

Co-Presenter - Chris Howard (ABSIA): Yeah, it's a full time job. So I'd like to second that thank you to Maggie. And also second that thank you to everyone who completed the survey and attended today.

And as always, I will say you know if there's anything else or if you have any comments or suggestions or questions, please do feel free to reach out to us as we are quite keen to hear from yourselves.

Convenor - Maggie Leese (ABSIA): That wraps up today's webinar so thank you all for joining and we hope to see you on future webinars or around our ABSIA community.

Co-Presenter - Ian Gibson (ABSIA): Take note we finished on time today.

Co-Presenter - Chris Howard (ABSIA): Yes

Laughter.

Co-Presenter - Chris Howard (ABSIA): Thank you everyone.

Convenor - Maggie Leese (ABSIA): Thanks.

Co-Presenter - Ian Gibson (ABSIA): Thanks guys.