

Poor broadband connection costing Australia's small businesses big

With weak internet connection, regional small businesses are unable to bring in new customers, hire, or compete on a global stage

MELBOURNE, 10 October 2017 — New data from Xero ([@Xero](#)), the global leader in online accounting software, has revealed a third of Australian small businesses have difficulty accessing fast, reliable and affordable internet connections, hindering their growth.

An independent survey of more than 1,000 small business owners across Australia looked at how phone and internet connectivity affects business productivity, hiring, and growth.

The National Broadband Network (NBN) rollout began in 2010, yet many of Australia's small businesses are still paying for poor connectivity today, with:

- Around half of small businesses (48 per cent) struggle to reach and bring in new customers as a result of their poor phone or internet connection.
- Seven in ten small businesses (70 per cent) say poor connectivity is hindering their efficiency and productivity
- Nearly two-thirds (62 per cent) believe the quality of their customer service is affected by poor phone and internet connection

Digital disparity

Regional businesses are particularly at risk when it comes to a secure and fast internet connection.

For Wagga Wagga-based accountancy firm Paisley Robertson, this issue hits close to home. Despite having their internet server in Sydney's metro area, they were recently left without internet connection for three hours due to issues with their internet service provider.

"As a business that charges for our time, having a three-hour blackout equated to three hours of no productivity and had a direct impact on our ability to service clients and generate revenue. We're very reliant on being connected to our clients, and huge issues arise for us when we're cut off," said Natalie Payton, Accountant at Paisley Robertson.

"With some of our clients, their internet connection is so poor that we have to go back in time and manually print out coding reports and fax them across. Clearly, this is a more laborious and inefficient way to work," Payton said.

The survey found that over one in three small businesses headquartered in the Western Australian faced connectivity woes (36 per cent), while around a quarter (26 per cent) of New South Wales businesses had connectivity issues.

Trent Innes, Managing Director of Xero Australia, said: "Small businesses are the lifeblood of many regional towns, yet there's still a major digital divide compared to metro areas."

"If Australia is truly committed to our small businesses, it's imperative that all businesses have access to quality internet connections to help them do their jobs better. Whether they're in Melbourne CBD, or regional Darwin, we need to level the playing field. The roll-out of the NBN is a step in the right direction, and may begin to bridge the gap, but more needs to be done."

First world country, second rate connection

Despite having the sixth fastest mobile connections in the world on average, Australia's fixed internet connection is one of the worst in the developed world — [Speedtest's Global Index ranks Australia in 53rd position](#) (just one place above the American Island Territory of Guam). Small businesses say they are unable to find reliable, fast internet, affecting their performance and ability to compete on the global stage.

"Small businesses are the engine room of the Australian economy — they employ half of all Australian workers and generate a fifth of our GDP," said Innes. "If we want small businesses to succeed, we need to equip them with the tools to help them grow and perform. Currently, our small businesses are being seriously let down by the below-par connectivity available to them and that needs to change."

Home is where the heart is, not the faster internet

Despite poor connectivity, business owners are staying put, and reluctant to move in search of a better internet.

"The research has found that small business owners are, on the whole, unwilling to move to a state or city with better internet connection, and rightfully so. Having spent time with regional small businesses, it's clear that they have a lot to offer the Australian economy. There needs to be policies in place that enable regional businesses to thrive," Innes said.

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About Xero

[Xero](#) is beautiful, easy-to-use online accounting software for small businesses and their advisors. The company has over 1 million subscribers in more than 180 countries. Xero seamlessly integrates with over 500 apps. It was ranked No. 1 by Forbes as the [World's Most Innovative Growth Company](#) for two years running, while Canstar Blue rated Xero Australia's best accounting software for three consecutive years.

