

A man with a beard and short hair, wearing a blue denim shirt, is leaning over a workbench in a workshop. He is looking directly at the camera. In the background, there are large wooden structures and a high ceiling with windows. A power tool is on the workbench to his right.

Optus **Business** Construction Industry Pulse

Edition 1 - June 2021

Great business
starts with
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Overview

Welcome to the *Construction Industry Pulse* for 2021 - this industry report is part of a series published by Optus Business.

Optus Business exists to help owners to grow their business. We believe that we have the opportunity to accelerate the use of new technology, connect to next generation network infrastructure, improve customer experiences, create new ways to differentiate in the market - and grow.

Using new research conducted by Optus Business, with insights from business leaders and owners, and validated by Kantar, the report showcases how connectivity plays such a critical role in improving outcomes for businesses in Australia. The report focusses particularly on the adoption of technology by businesses, how technology can support them and where technology investments should be made for each industry segment.

A significant contributor to the Australian economy, the construction industry is an area of special focus for Optus. It employs 1.18 million people in nearly 395,000 businesses, generates \$360 billion (9% of Australia's GDP) and spans businesses from sole traders through to some of Australia's largest global companies¹. The *Construction Industry Pulse* for 2021 is a snapshot of the challenges and – more importantly - demonstrates opportunities for, and within, businesses that exist in the Australian construction industry today.



Libby Roy
Managing Director, Optus Business

June 2021



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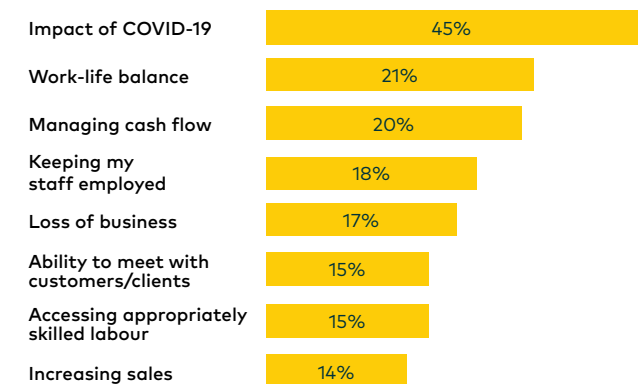


Confidence within the sector - a foundation for growth

Inevitably the COVID-19 pandemic proved to be the single biggest challenge for the construction industry in 2020. However, the industry's employment rate stayed broadly unchanged during the year and is forecast to grow over the next 2-4 years.²

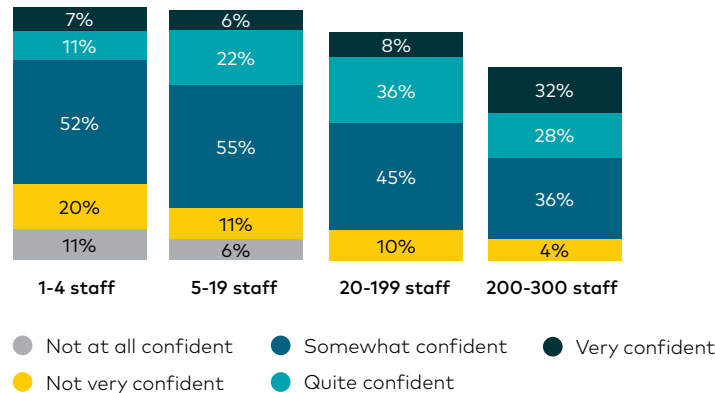
Though designated an essential service, and with many construction businesses therefore able to continue during 2020, many smaller construction businesses struggled to balance cash flows, and operate on building sites whilst following social distancing protocols.

Construction business challenges over the last 12 months³



³Optus Business Construction Industry Pulse Research 2021

Confidence in financial growth in the next 12 months³



As the industry moves back to relative normality, confidence amongst construction business owners in their ability to once again enter the workplace and perform their jobs is high. However, expectations on business growth are mixed.

Larger construction businesses are optimistic about financial growth in the next 12 months whilst those with fewer than 20 employees are more cautious.³ More than half of these companies are unsure that they will be able to grow, and 11% of those with fewer than 5 employees don't expect to grow at all in 2021.³

By far the most important goal for the year is sales, with the Australian construction sector expected to grow by 7.1% in 2021.⁴ Businesses with 5-19 employees are aiming to expand, with 22% saying they would like to increase employee count and 47% wanting to keep all staff currently employed.³ Additional priorities include employing the staff required, training them with the skills they need, and providing them with the technology they need to collaborate and improve productivity.³

The top three investments in the next financial year will be staff training, salary increases and business technology, in areas that will include strategy, personalised solutions and in the increased use of interactive documents.

Alongside these positive perspectives around skills, growth and technology, sit risks from cyber-attacks. Construction businesses recognise the potential threats but only 16% declare they are concerned, and only 47% have measures in place to stop cyber-attacks.

³Optus Business Construction Industry Pulse Research 2021



The impact of hybrid working

The idea of hybrid working - working at home as much as in the office, or on a work site - took hold in 2020 across all industries, and across many businesses.

The construction industry could claim to be a leader in hybrid working by virtue of the nature of the daily work routine being on-site, with clients or on projects. Admin work has, for many small construction businesses, often been done at home (and represents the largest set of tasks done by construction businesses⁵).

Home was the most-common place of work for those surveyed (30%), on a par with being on-site (29%).⁵ What's more, two-thirds of all construction businesses surveyed were set-up to enable some employees to work from home, at least some of the time.

⁵Optus Business Construction Industry Pulse Research 2021

What's changed is the appreciation of the opportunities and challenges this can bring

Being well set-up raises new challenges for construction businesses, around supporting employees now wanting to work from home, or requiring them to do so. Technology plays its part in hybrid work, with employees setting up permanent or semi-permanent home offices, with attendant demands on networking, connectivity and bandwidth, as well as IT support.

Inherently, smaller businesses may be less likely to provide this type of support if they have fewer resources, and smaller budgets. Such businesses typically operate hybrid business models in smaller numbers than their larger peers.

However, for employees, there were marked differences in attitudes to working from home, depending on the size of the company they worked for. Those in smaller businesses were most likely to feel that they were well-prepared and supported to work at home (45%).⁵ Those in larger companies were less convinced (31%).⁵

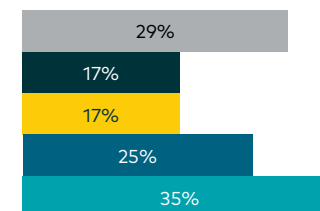
And of those in smaller companies, only 19% wanted more regular meetings: in larger businesses, the number was as high as 61%.⁵

Hybrid working solutions

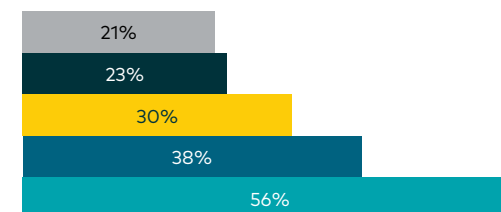
1. Hybrid working is alive and well. Devices such as mobiles, tablets and laptops all connected through simple plans can help businesses to run efficiently
2. Broadband solutions with unlimited data allowance exist to allow customers to be connected at home just as reliably as when on the road, or on-site
3. No matter the size of the business, being connected to a reliable network does not need to be a large technology investment

What companies have done to enable working from home⁵

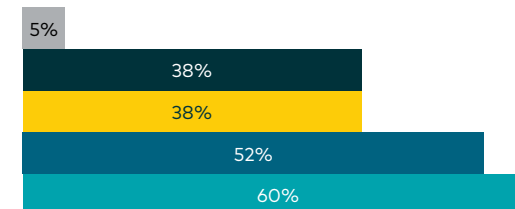
1-4 staff



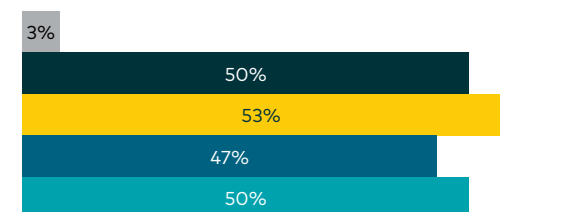
5-19 staff



20-199 staff



200-300 staff



- Nothing
- Provided tips and tricks on working from home
- Provided information on and offered support services
- Provided software/additional IT support
- Allowed employees to take hardware and equipment such as monitors home

⁵Optus Business Construction Industry Pulse Research 2021



Expansion, growth and sales

The primary goal for the next year across all construction businesses is to improve sales performance. Construction businesses with 5-19 employees aim to expand: 22% say they would like to increase employee count and 47% seek to keep all their employees.⁶

This is echoed in ABS data that suggests 19% of small businesses economy-wide expect to increase staff numbers over the next few months (March 2021).⁷

Resources needed to achieve business goals in the next 12 months



⁶Optus Business Construction Industry Pulse Research 2021

Networks that have capacity, can accommodate large amounts of data, and that are secure and affordable, will be important across the construction industry, including for small and medium sized businesses.

Supporting all of this will be new training in the applications and business solutions that employees will increasingly turn to. Key to growth will be employee skills - of those already in companies, and those they seek to hire.

Growth solutions

1. New connectivity technologies such as 5G and software defined networks create new opportunities for construction businesses to grow
2. As businesses invest in more devices to keep their employees consistently connected, the threat of cyber-attacks grows. Optus Business works with world-leading partners to mitigate this threat

Connection to a reliable network via multiple devices ensures businesses never miss a customer or opportunity





New technology - impact and opportunities

For businesses in the construction industry, the adoption of new technology is reflected in company size.

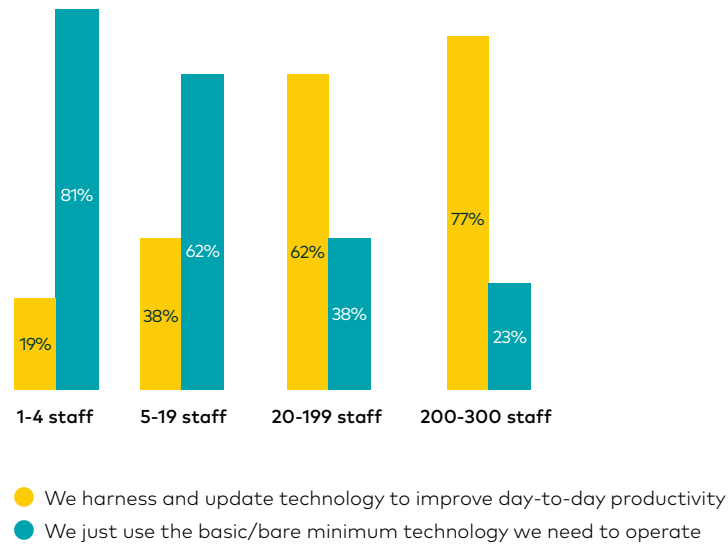
Currently, smaller businesses rely on the bare minimum of technology (81%).⁸ Larger companies harness and update technology to improve their operations and do so more often. Decision makers in larger businesses are also more positive towards introducing new technology.

⁸Optus Business Construction Industry Pulse Research 2021

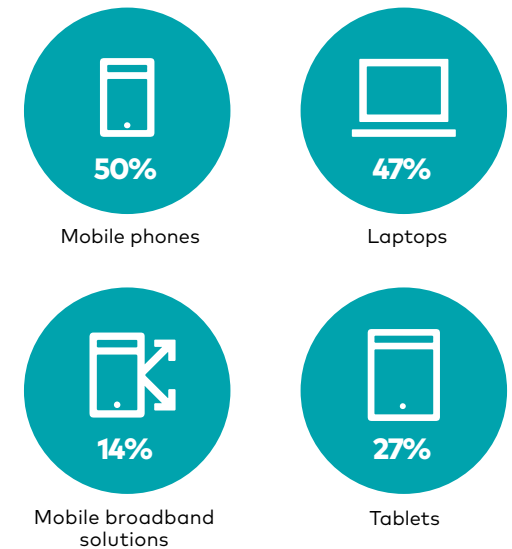
**Empowering
businesses to invest
in technology to help
them grow**



Adoption of new technology⁸



Technology solutions that businesses are looking to invest in over the next 12 months⁸



With organisations shifting to remote working, there is a strong case for companies in the construction industry to seek out and consider digital tools that increase productivity. Industry examples include workflow management tools accessible across multiple mobile devices, or the comfort of fast network speeds to access 4D and 5D simulation tools.

When employees are always connected, being remote is no longer a disadvantage: it helps a business become competitive, by reducing downtime as a result of being on-site or in-transit.

Expectations of gains from technology vary greatly with business size. Larger construction businesses expect significant improvement in achieving their business goals. Of particular focus for businesses are best-practice strategies (30%), personalised solutions (23%) and interactive documents (21%) accessible by the whole business at any time.⁸

⁸Optus Business Construction Industry Pulse Research 2021

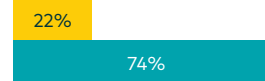
All of these point towards sales growth as the primary objective for construction businesses, of all sizes. Execution of the strategy to deliver this growth will be enabled by digital solutions that drive productivity and efficiency, and that make it easier for staff to work collaboratively from remote locations.

Technology adoption solutions

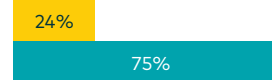
1. Upgrades to new devices and network services are likely to be high priorities in the next 12 months. A telco review could form part of the decision-making process prior to investment
2. Access to interactive documents across the whole business at any time increases productivity in the digital age. Smart use of market-leading devices on the Optus network can set businesses up to run efficiently
3. Optus Loop is an internet-based telephony solution designed to help businesses of any size keep connected whether in the office or on the move

Feeling towards introducing new technology into the business⁸

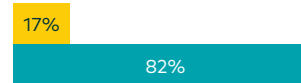
1-4 staff



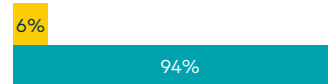
5-19 staff



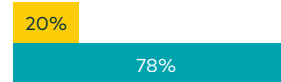
20-199 staff



200-300 staff



NET



● Negative
● Positive

⁸Optus Business Construction Industry Pulse Research 2021





Staying secure and managing risk

With more value created through digital collaboration, Australian businesses face increasingly complex cyber threats. According to the Australian Cyber Security Centre (2020), bank accounts, email systems and business devices, including computers and mobiles, are just a few of the critical business assets that face compromise.⁹

Our research shows that larger companies (47%) express concern about serious cyber-attacks against their businesses - mostly around viruses and attacks on company data.¹⁰

Threats of most concern¹⁰



¹⁰Optus Construction Industry Pulse Research 2021

Amongst businesses in the construction industry, the threat of cyber-attacks grows significantly with the size of the business. Despite the difference in threat, smaller businesses are still protected almost to the same extent as large businesses, making the threats proportionately smaller for them.

Whilst cyber-attacks are a threat to construction businesses overall, only half of them (47%) have defence measures in place.¹⁰ Being potentially so 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 customer, business and financial information.

30% of larger businesses (200-300 staff) have already been attacked, compared to only 7% of small businesses (1-4 staff)¹⁰

Security technology solutions

1. As businesses across all industries are particularly vulnerable to cyber threats, the Home Affairs Department's \$8.3 million Cyber Security Connect and Protect Program assists businesses with tailored advice and assistance from trusted sources, to help them prepare for and mitigate against these risks
2. Complete a technology audit on all points of vulnerability, whatever the device, whoever the user. Investment into new technology should come with the right focus on security
3. An annual telco review with Optus can help ensure that businesses are utilising devices in a smart and effective way

¹⁰Optus Construction Industry Pulse Research 2021



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The Optus Business Construction Industry Pulse Research 2021 is based on a survey of over 400 respondents in the Australian construction industry, completed in March 2021. All businesses had between 1-300 employees.

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