Communications report
2012–13 series
Report 1—Australian SMEs in the digital economy

JANUARY 2014

Contents

Executive summary

SMEs as key drivers of the digital economy
Small and medium enterprises (SMEs) are categorised as businesses with less than 200 employees—with small businesses employing less than 20 staff, and medium-sized businesses employing 20–199 staff. Collectively, SMEs are big players in the Australian economy, estimated to account for 69 per cent of the total Australian workforce and 57 per cent of total business income earned during 2011–12.

This research report shows how, given their significant impact on the economy, SMEs stand to play a pivotal role as both consumers of communications services and facilitators of the digital economy through online service delivery and the application of digital communications to business processes. SMEs, like household consumers, are using multiple communications services, with many already-active players in the emerging digital economy.

Communications choices
SMEs are more likely to diversify their communications choices than physically substitute one service for another. At May 2013:

> The vast majority of SMEs (94 per cent) used a fixed-line telephone.

> Internet-based communications such as email (87 per cent), mobile telephony (70 per cent), and voice over internet protocol (VoIP) (29 per cent) all featured prominently in the communications choices of SMEs.

> Levels of adoption of IP-based communications such as VoIP were influenced by the size of the business with 39 per cent of medium businesses (employing 20–199 people) using VoIP compared to 28 per cent of small businesses (less than 20 employees).

> A fixed-line telephone together with mobile phone calls, email and a facsimile was the most prevalent communications service combination for SMEs with 47 per cent of all SMEs with this service combination (45 per cent for small businesses and 54 per cent for medium-sized businesses).

> 17 per cent of SMEs reported having some form of outsourcing arrangement to manage their day-to-day communications needs.

Internet access
The majority of SMEs were connected to the internet and satisfied with their internet service. At May 2013:

> 94 per cent of SMEs had an internet connection

> 87 per cent of connected SMEs used broadband with ADSL by far the most common broadband technology (75 per cent)

> 71 per cent of connected SMEs were satisfied in general with their internet service

> satisfaction with internet service components ranged from 73 per cent for service reliability to 48 per cent for service costs although there was a significant number of SMEs reporting 'don't know' for the latter.

Active online

Australians SMEs are active online, using the internet for a range of every-day business purposes. Communications, business research and transaction-based activities were the most common activities undertaken online by connected SMEs. At May 2012:

> 94 per cent of connected SMEs used the internet for communications purposes

> 77 per cent banked online

> 76 per cent paid bills online

> 71 per cent received payments online

> 66 per cent undertook business-related research online.

Intensity of use

Like household consumers, connected SMEs are also more likely to undertake multiple activities online—a reflection of growing confidence in using the internet as a business and customer engagement channel. At May 2013:

> 50 per cent of connected SMEs performed seven or more different types of online activities including multiple types of communications, financial transactions, search and information, and marketing

> 25 per cent performed 5–6 separate online activities

> 24 per cent performed four or fewer separate online activities.

Changing the way business is done

Some SMEs are exploring new ways of doing business. At May 2013, of connected SMEs:

> 18 per cent had developed mobile-optimised websites and four per cent have developed mobile applications to enable the delivery of services online to mobile internet users

> 26 per cent used social-networking channels, such as Facebook and Twitter, to market their goods and services to online consumers

> 39 per cent allowed staff to telework—working away from the office for one day or more a week

> 47 per cent used some type of cloud computing service such as web-based email and data storage services.

Figure 1 Key indicators—SMEs in the digital economy

Communications services used by all SMEs

Fixed-line telephone	94
Internet connection	94
Broadband (SMEs with internet)	87
Mobile phones	70

Activities performed by SMEs with internet access

Communications (e.g., email)	94
Banking	77
Paying bills	76

Devices provided to staff to access the internet

Desktop computers	87
Laptop computers	55
Smartphones	41
Tablet	24

Other

Used cloud services (SMEs with internet)	47
Allow teleworking (all SMEs)	39
Have an outsourcing arrangement (all SMEs)	17

Per cent of SMES within each category

Introduction

Background

The Australian Communications and Media Authority (ACMA) has continued with its practice of releasing a series of targeted reports that complement the statutory communications report. These complementary reports focus
in more detail on key aspects of the digital economy. The two reports to be released as part of the 2012–13 complementary series are:

> *Report 1—Australian SMEs in the digital economy*

> *Report 2—Cloud computing in Australia.*

These reports complement the ACMA *Communications report 2012–13*, which is produced to fulfil reporting obligations under section 105 of the *Telecommunications Act 1997*. The ACMA *Communications report 2012–13* is available at
www.acma.gov.au/commsreport

SME attitudes towards and use of communications services and online participation play a critical role in the development of any digital economy. SMEs are both consumers of communications services and facilitators of participation in the digital economy through the provision of services online.

This report seeks to build on the ACMA's 2009 report *Take-up and use of communications by small and medium enterprises.* It examines SME use of traditional and emerging communications and explores SMEs' participation in the digital economy in the context of connectivity, capability and confidence and how the internet is changing traditional business processes such as customer service.

Source of information

Unless otherwise stated, data presented in this report is from an ACMA-commissioned survey of SMEs conducted in May 2013. Information about the survey methodology can be located in the Appendix to this publication.

ACMA research snapshot series

In addition to its annual communications report series, the ACMA also developed, in 2013, the ACMA research snapshots series—short, fit-for-purpose research on key issues of relevance to the ACMA and its stakeholders.

Snapshots released to date are:

> *Australians cut the cord: becoming mobile only,* 5 July 2013

> *The connected business,* 15 October 2013

> *Home is where the work is: the digital worker,* 16 October 2013

> *Mobile apps: putting the 'smart' in smartphones,* 26 November 2013.

These and other reports can be accessed from the ACMA website
www.acma.gov.au/theACMA/Library/researchacma

The connected SME

SMEs—significant players in the digital economy

The digital economy in Australia continues to grow strongly with latest available data from the Australian Bureau of Statistics (ABS) showing that during 2011–12, Australian businesses earned $237 billion dollars in income from the sale of goods and service online—an increase of 25 per cent from 2010–11.[1]

The ABS also reports that at June 2012, there were 2.05 million small businesses (including non-employing businesses) and 82,326 medium-sized businesses operating in Australia. SMEs make a significant contribution to the Australian economy, accounting for 69 per cent of the Australian workforce (7.40 million workers) and 57 per cent of total income.[2] [3]

In this context, the application by SMEs of digital communications to business processes and customer service delivery is likely to be an ongoing driver of further development of the digital economy.

Connectivity

Connectivity, in this context, refers to access to communications services and use of the internet. The connected SME uses a combination of communications services in its daily business, and engages in the digital economy via a broadband internet connection.

Internet connectivity has facilitated growth in customer demand for the products and services of SMEs outside the normal geographically confined marketplace. The digital economy is enabling SMEs to engage with both national and global markets.

According to an international study of SMEs from 21 countries, including Australia, technologies such as the internet are providing opportunities to expand market reach and respond to increased global competition, with 66 per cent of respondents anticipating that over 40 per cent of their revenue will be generated from international markets within the next three years.[4]
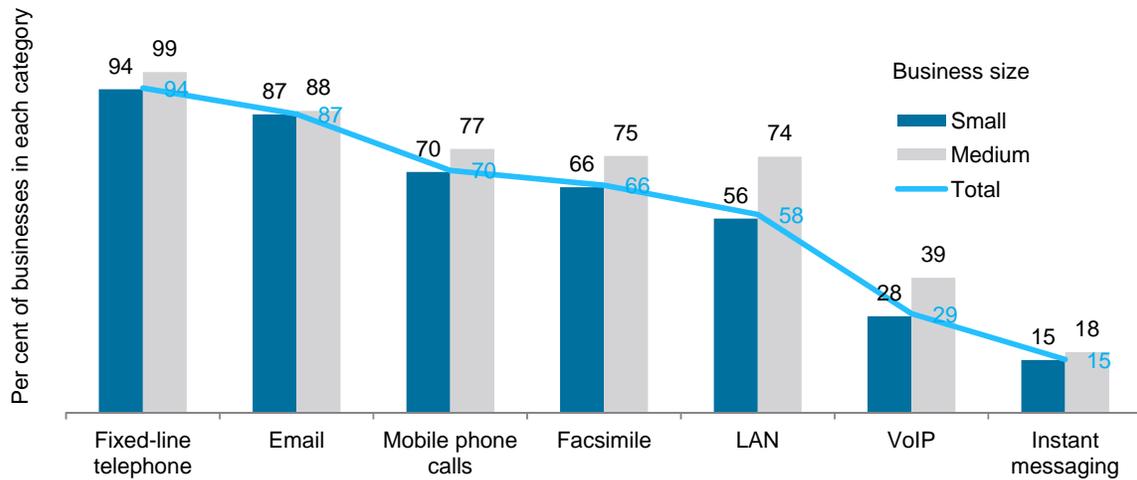
Communications services—diversification not replacement

SMEs are diversifying their communications channels without physically substituting traditional channels. While a fixed-line telephone is still used by nearly all SMEs (94 per cent), other communications services are featuring in the communications preferences of SMEs (Figure 2).

Take-up of communications channels differed with the size of the business, with the disparity in use greater for local area networks (LAN) and internet telephony. The networking of computers within an organisation via a LAN allows for the sharing of information and information technology resources. Medium-sized businesses were more likely to use each type of communications services than small businesses (Figure 2), which is expected given their greater communication requirements and access to resources. In particular, medium-sized businesses were more likely to:
> have a LAN (74 per cent of medium-sized businesses compared to 56 per cent of small businesses)
> use internet telephony (39 per cent of medium-sized businesses compared to 28 per cent of small businesses).

Figure 2 Type of communications services by SMEs

Figure 2 Type of communications services by SMEs

Typical communications services combinations

Like consumers, businesses typically use combinations of communications services with each service meeting a specific need (Figure 3). The most common combination used by SMEs was at least a fixed-line phone together with mobile phone calls, email and facsimile, accounting for 47 per cent of all SMEs (45 per cent of small businesses and 54 per cent of medium-sized businesses).

Figure 3 Top 10 communications services combinations used by SMEs
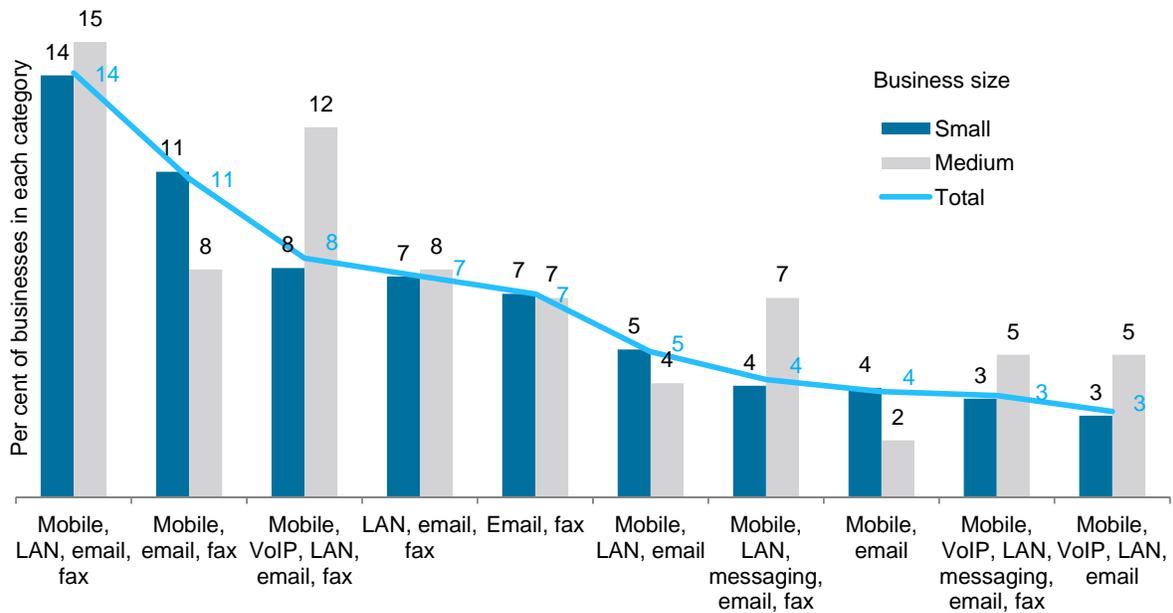
Base=SMEs with a fixed-line telephone.
Note: Of the 73 combinations, only the top ten are represented in this chart, accounting for 66 per cent of SMEs.

Internet connectivity

Most SMEs in Australia are connected to the internet (94 per cent) with a majority of these connected to a broadband internet service (87 per cent) (Figure 4).

Figure 4 Type of fixed-line internet connection used by SMEs
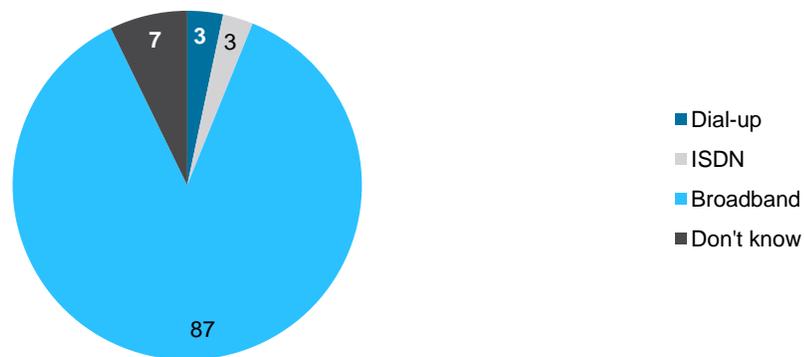
Note: Per cent of SMEs connected to the internet.

SMEs have moved beyond the traditional use of the internet for information-based activities to transaction-based activities. A broadband connection has become critical for businesses to ensure a relatively seamless interaction with online services and participation in the digital economy (Figure 5).

ACMA research shows that the most common broadband connection used by SMEs was ADSL (75 per cent of connected businesses) followed by cable/fibre (9 per cent) and datacards (4 per cent). Two per cent of SMEs indicated that they were connected to the National Broadband Network (NBN) (Figure 5) at May 2013.

Location is a factor in adopting broadband, as regional areas in general do not have the same options as metropolitan areas. Of the three per cent of SMEs who reported having a dial-up connection, most were located in regional areas.

By industry, SMEs connected to broadband ranged from 93 per cent for retail trade to 85 per cent for property and business services.

Figure 5 Types of broadband used by SMEs
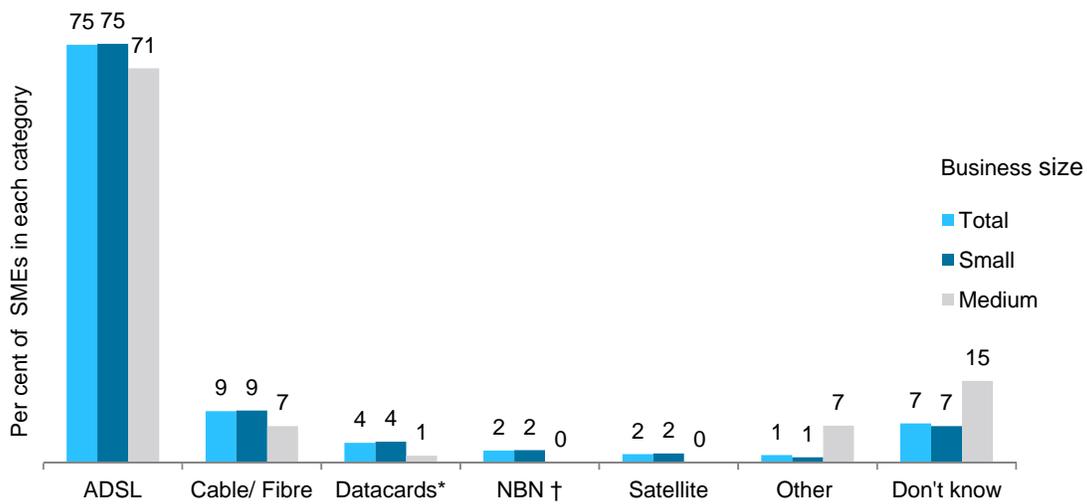
* includes 3G/4G data cards, dongles, USB modems and tablet sim cards. † includes fibre, wireless and satellite.

SME management of communications

Approximately 17 per cent of SMEs used some form of outsourcing arrangement to manage their day-to-day communications needs.

The most prevalent communication service to be outsourced was ongoing service/help (42 per cent of SMEs outsourcing) followed by website design/maintenance (20 per cent) (Figure 6).

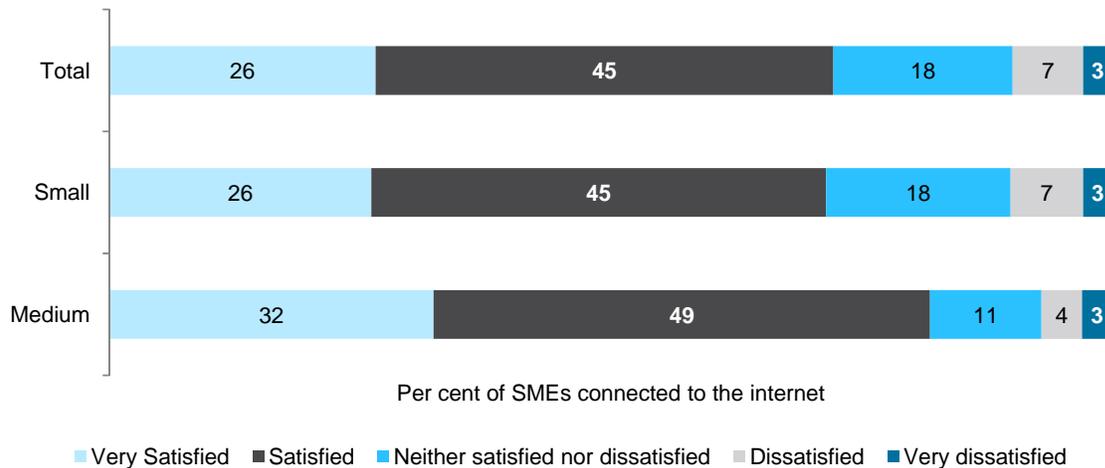**Figure 6 Outsourcing of communications services by SMEs**

Service	Per cent
Ongoing service/help/support	42
Website design/maintenance/NFI	20
Full management	19
Purchasing/set up	16
Don't know	10
Marketing/advertising	4
Other	4
Telephones	3
1800 number	3
Internet	3

Per cent of businesses outsourcing (17% of SMEs)
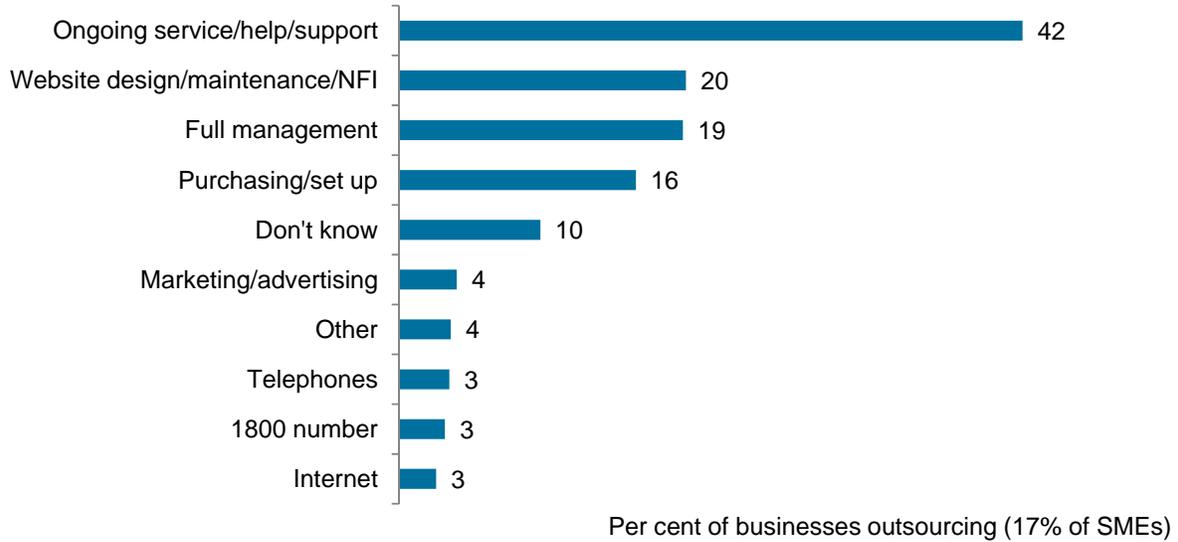
Note: Multiple responses allowed.

SME satisfaction with the internet

In examining SME engagement with the digital economy, levels of satisfaction with internet connectivity can be one measure of SME trust in the internet as a reliable business channel.

ACMA research shows that in general SMEs are satisfied with their internet service, with medium-sized businesses indicating a higher level of satisfaction (81 per cent) than small businesses (71 per cent) (Figure 7). Ten per cent of connected SMEs reported being either dissatisfied or very dissatisfied with their internet service—factors contributing to this dissatisfaction are discussed in the next section of this report.

Figure 7 Overall SME satisfaction with internet services

	Very Satisfied	Satisfied	Neither satisfied nor dissatisfied	Dissatisfied	Very dissatisfied
Total	26	45	18	7	3
Small	26	45	18	7	3
Medium	32	49	11	4	3

Per cent of SMEs connected to the internet

■ Very Satisfied ■ Satisfied ■ Neither satisfied nor dissatisfied ■ Dissatisfied ■ Very dissatisfied

The top four internet service components recording the highest levels of satisfaction (covering satisfied and very satisfied) among connected SMEs at May 2013 were:

1. service reliability, 73 per cent

2. data speed, 60 per cent

3. billing information, 55 per cent

4. customer service, 55 per cent (Figure 8).

Dissatisfaction levels (covering dissatisfied and very dissatisfied) were relatively consistent across internet service components ranging from a low of six per cent for billing information to 15 per cent for internet data speeds. The relatively low level of dissatisfaction indicates that internet connectivity does not appear to be an obstacle to participation in the digital economy.

Service reliability and data speed recorded the lowest levels of 'don't knows' in relation to satisfaction levels (three per cent respectively) compared to 22 per cent for billing information and 21 per cent for cost. This is likely due to the level of experience the respondent had with each service component. While the survey targeted individuals responsible for making communications decisions within the business, some respondents indicated that they made decisions about only certain aspects of communications services. This is reflected in the data, with sole operators and micro businesses (less than 4 staff) less likely to respond 'don't know' than larger small and medium-sized businesses. For example, 10 per cent of sole proprietorship businesses responded 'don't know' to billing information, compared to 29 per cent of businesses with 5-19 staff, and 41 per cent of businesses with 20–199 staff.

Figure 8 SME satisfaction with internet service components
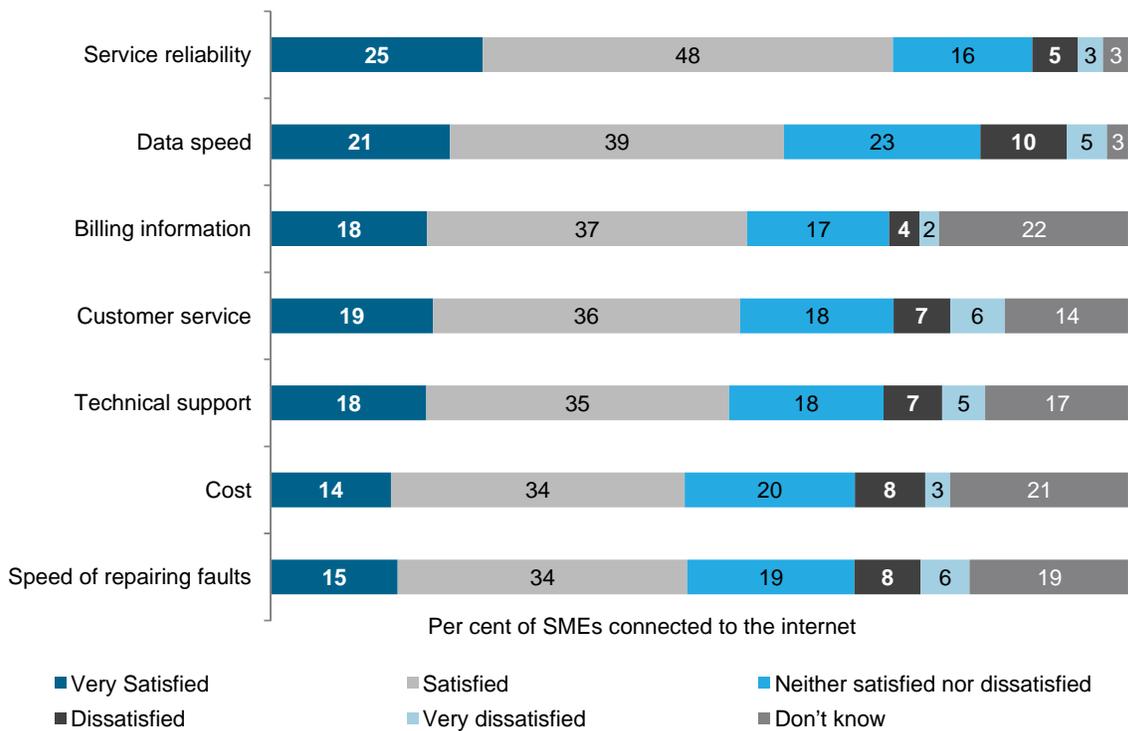
The digitally-capable SME

Capability is defined here as an SME's ability to engage with the digital economy. Digitally capable SMEs are diversifying their access to the internet by using combinations of devices to access the internet and are performing a wide range of activities online.

Devices used to access the internet

SMEs now make a diverse range of technologies available to their staff. The combinations of technologies used by all SMEs reflect an increasing sophistication in their work practices, regardless of the size of the business.

SMEs use a variety of devices in their businesses, with desktop computers remaining the most popular internet access device (87 per cent of all) followed by laptop computers (55 per cent). However, other devices such as smartphones (41 per cent) and tablets (24 percent) are also used by a significant proportion of SMEs.

Medium-sized businesses provided a wider variety of devices to their staff, as shown in Figures 9 and 10.

Figure 9 Types of devices used by SMEs
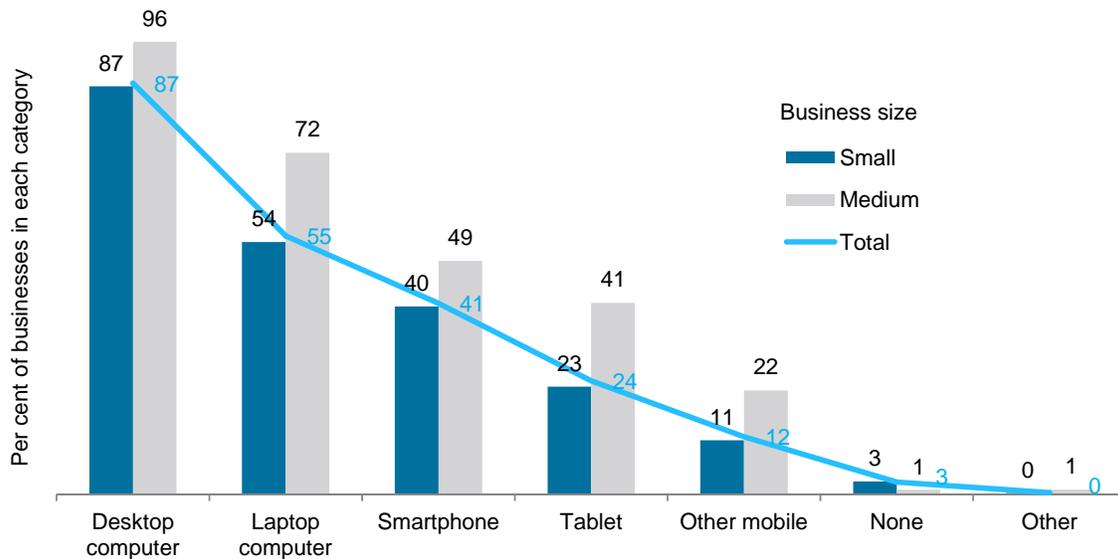
Device combinations

SMEs used a number of devices to conduct their online business, with the number of devices used increasing with size of business (Figure 10). In particular:

> small businesses (0-19 staff) use an average of two devices to access the internet, while medium-sized businesses use an average of three devices

> the percentage of businesses using two devices decreased with business size, ranging from 21 per cent of micro businesses (maximum of four staff) down to 17 per cent of medium-sized businesses

> the percentage of businesses using four devices increased with business size, ranging from five per cent of non-employing businesses to 26 per cent of medium-sized businesses.

Figure 10 Number of devices used by SMEs to access the internet by employment size
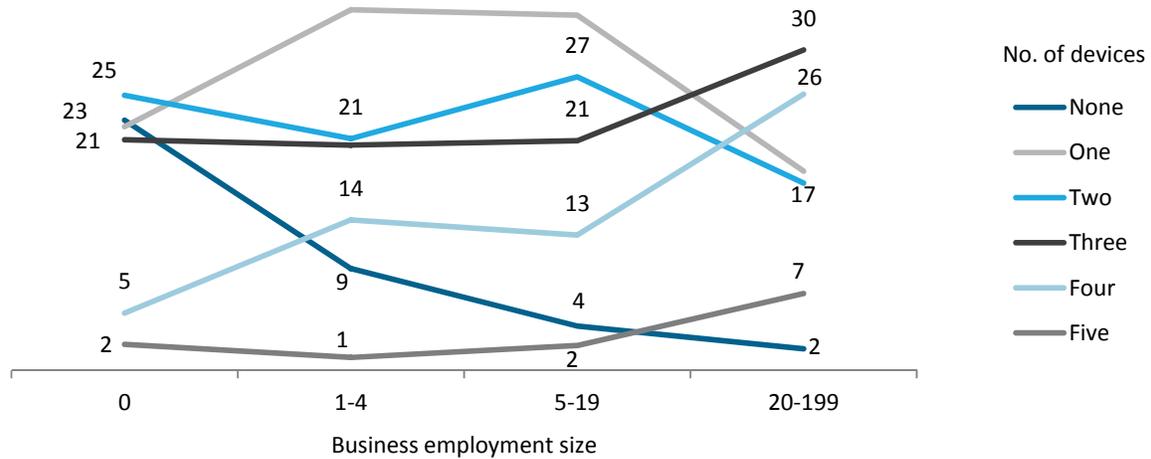
The types of devices used are also linked to size of business. Forty-seven per cent of small businesses use a single desktop computer and/or a laptop compared to 31 per cent of medium-sized businesses (Figure 11).

Small businesses were more likely than medium-sized businesses to only use desktop devices (29 per cent of small and 17 per cent of medium-sized businesses). Desktop and laptop computers were the second most popular combination of devices provided to staff, with small and medium-sized businesses equally providing this combination (14 per cent each).

Medium-sized businesses were more likely to use a wide range of devices. For example, 18 per cent provide desktops, laptops, smartphones and tablets to their staff, in comparison with 10 per cent of small enterprises.

Figure 11 Top 10 combinations of devices used by SMEs
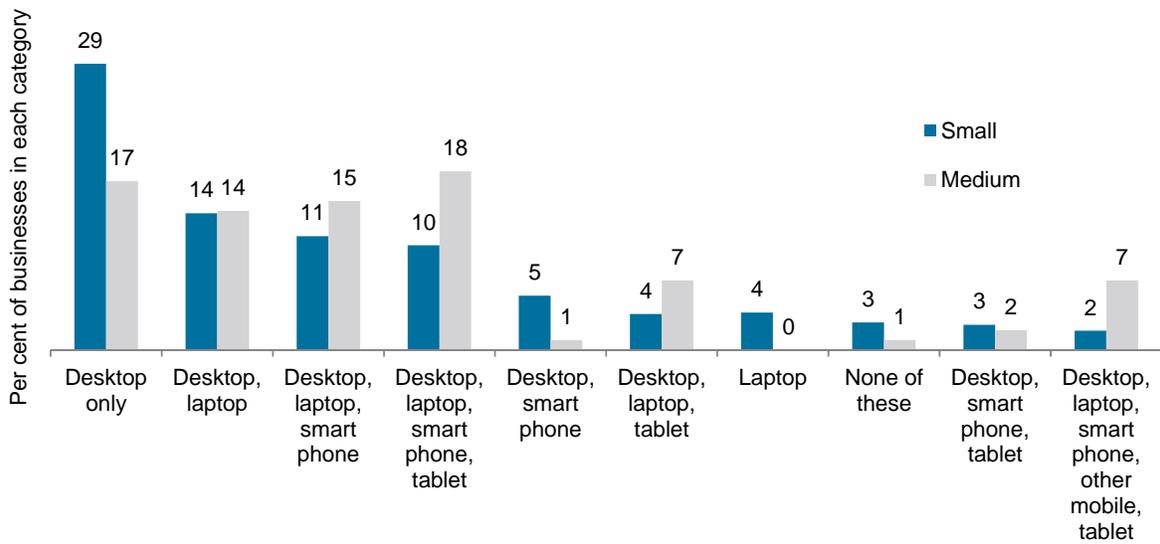
Active online

The four main types of online activities performed by all SMEs were communications (such as email at 94 per cent), banking (77 per cent), p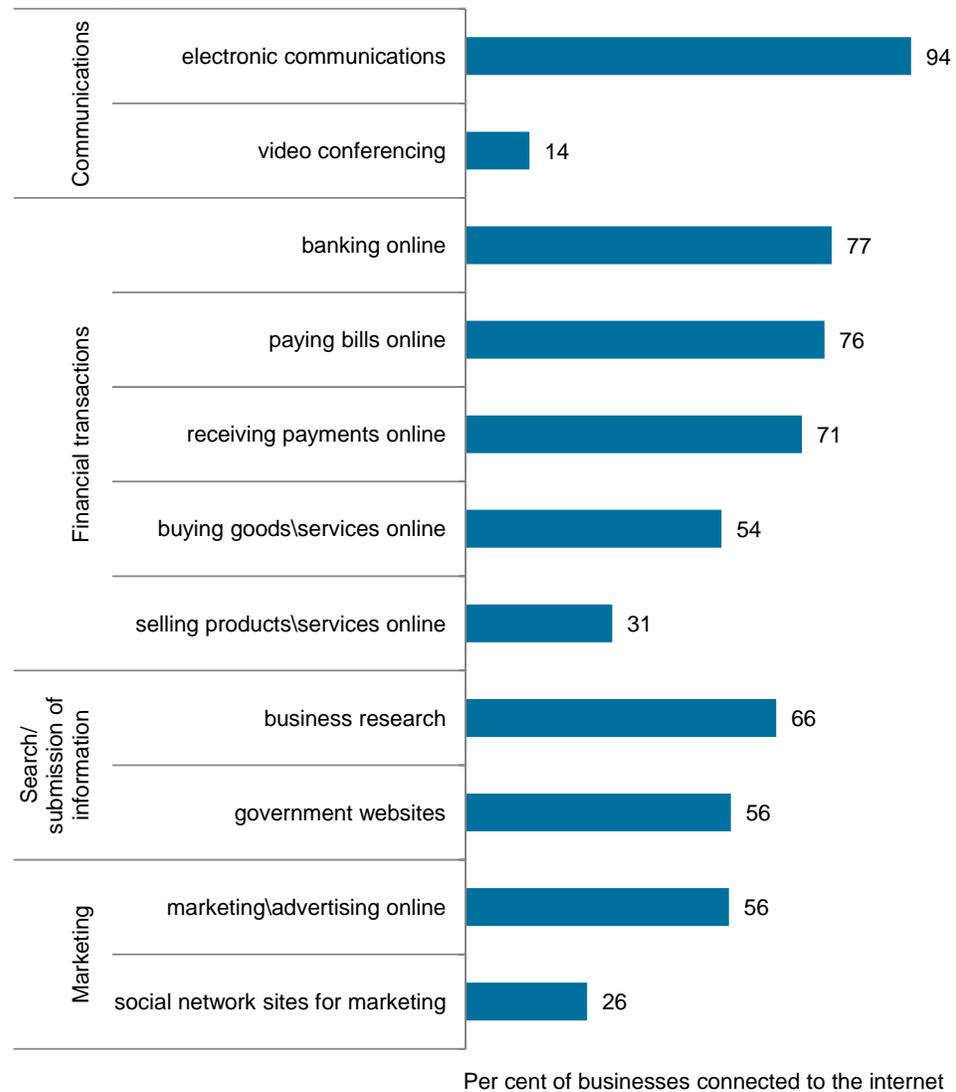aying bills (76 per cent) and receiving payments (71 per cent) (Figure 12). Analysis shows that 61 per cent of SMEs performed all four of these types of activities, along with at least one other type of activity.

Figure 12 Activities performed online by SMEs

Per cent of businesses connected to the internet

The shift from communications/information activities to transactional activities is evident, with three out of the four most common types of online activities performed by SMEs involving financial transactions.

The types of activities performed online are relatively consistent between small and medium-sized businesses, with the exception of activities costing money to implement. (Figure 13). For example, medium-sized businesses were more likely to:

> advertise their business online (74 per cent) than small businesses (54 per cent)

> sell products/services online (44 per cent) than small businesses (30 per cent)

> use video-conferencing (34 per cent) than small businesses (12 per cent).

Small businesses were more likely to use the internet for activities attracting no additional cost such as:

> banking (78 per cent of small and 68 per cent of medium-sized businesses)

> paying bills 76 per cent of small and 68 per cent of medium-sized businesses.

Figure 13 Types of activities performed online by SMEs by employment size

Per cent of businesses connected to the internet in each category
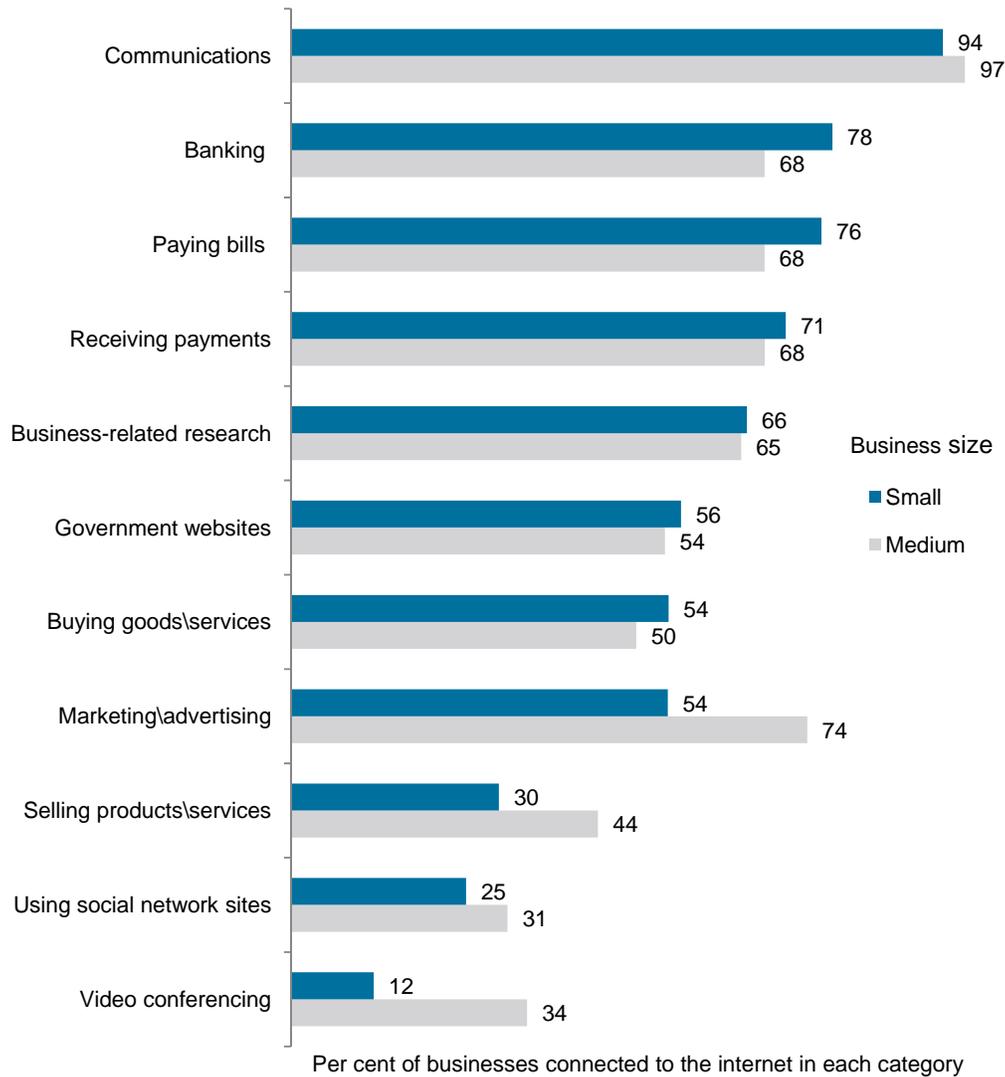
Web presence

Websites play a pivotal role in delivering online services—typically the first point of contact between a business and the online consumer.

According to current research, 64 per cent of business had a website, with medium-sized businesses much more likely to have a website (90 per cent) than small businesses (64 per cent) (Figure 14).

Eighteen per cent of SMEs advertise their business on other websites, again with medium-sized businesses more likely to engage in this activity over small businesses (27 per cent and 18 per cent, respectively).[5]

The proportion of SMEs with a web presence appears to have reached saturation, with only a slight increase over the five years to 2013.

Figure 14 SMEs with a web presence
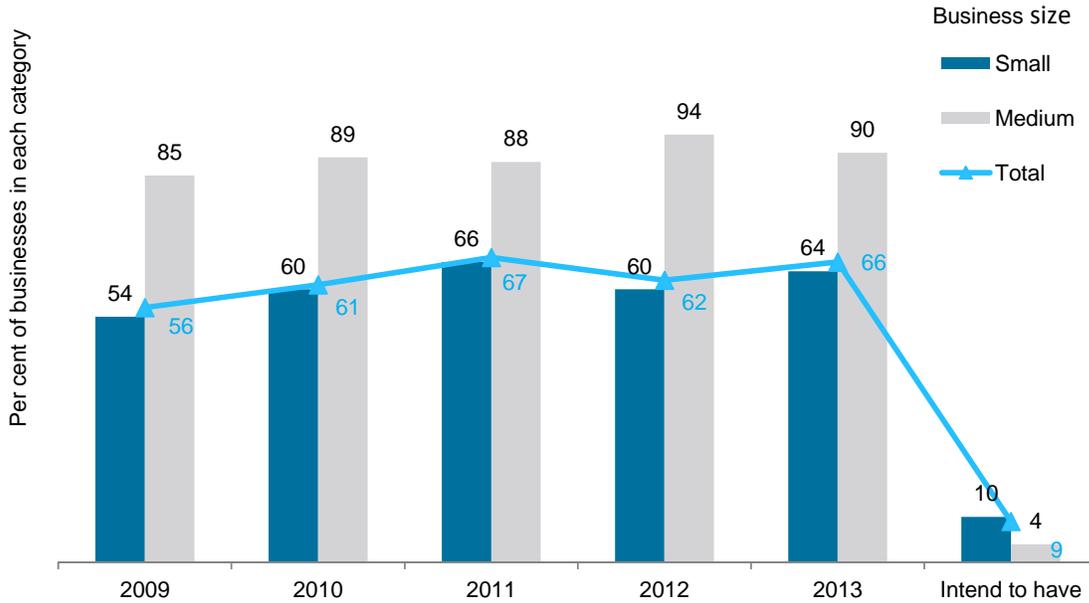
Consumer use of business websites

Continued growth in the number of internet users has facilitated increased use of websites for customer service delivery by SMEs. During June 2013:
> 5.27 million people aged 18 years and over went online to research a product or service to buy
> 2.78 million purchased a good or service online
> 1.95 million read product catalogues online
> 1.64 million used price comparison websites (Figure 15).

Figure 15 Select product research and purchasing activities undertaken online by consumers
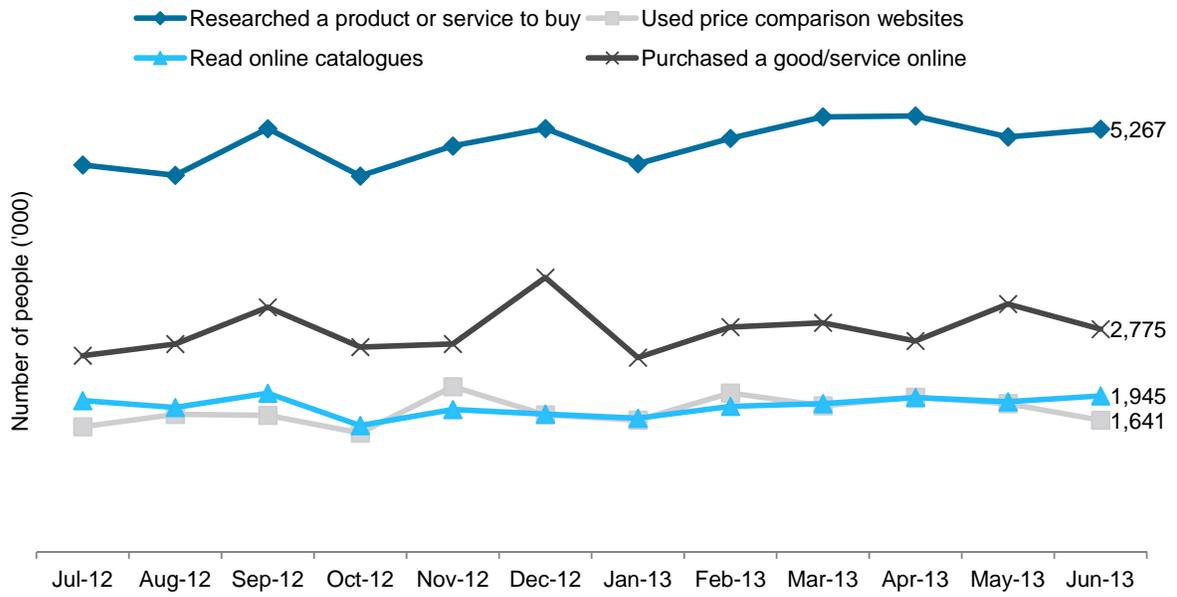
Base=Persons aged 18 years and over.
Source: Roy Morgan Single Source.

The digitally-confident SME

Confidence in this context is defined to be an SME's level of intensity of engagement with the digital economy. A useful metric is considered to be the number of separate activities performed online and the level of online service delivery. A confident SME is using communications services intensively and is changing business practices to:

> realise increased productivity through such practises as offering staff the opportunity to telework

> gain efficiencies through the use of new services such as cloud computing

> respond to the demand for mobile services through developing mobile applications and mobile-optimised websites

> use online marketing tools and social networks to access an increasingly global market place.

SMEs are undertaking multiple types of activities online. Community use of the internet has changed substantially in the past decade—shifting from communications/information activities to transactional activities. How SMEs use the internet has also evolved, with a majority of SMEs now using the internet for banking, purchasing and receiving payments for goods and services.

Online intensity

Analysis of the types of activities performed online found that SMEs are heavily engaged in the digital economy, indicating a high level of confidence in performing multiple types of activities online.

Fifty per cent of SMEs are performing seven or more types of online activities including multiple types of communications, financial transactions, search and information and marketing activities (Figure 16).

Figure 16 Number of types of online activities performed by SMEs by employment size
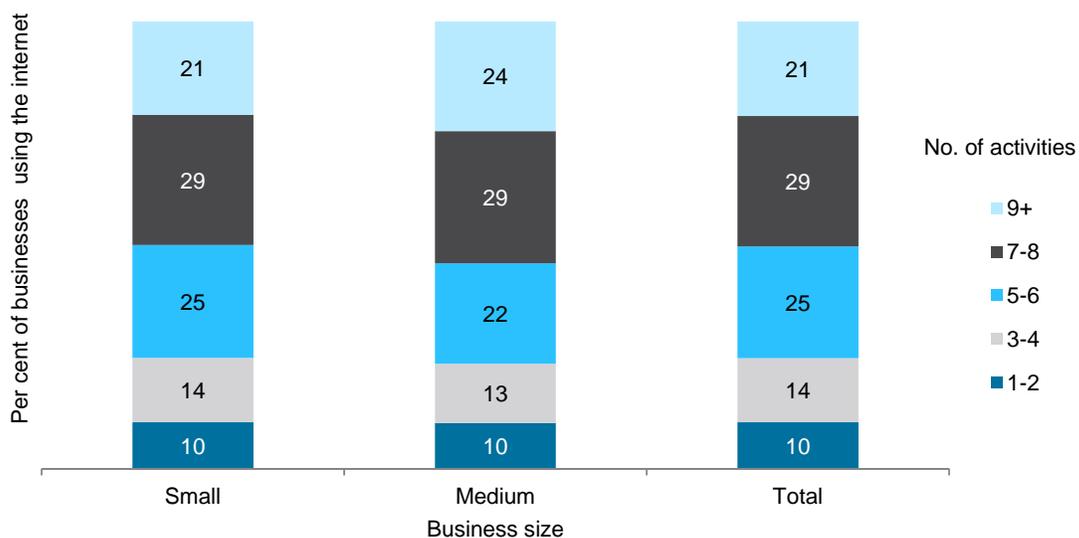
No significant differences were apparent between the number of activities undertaken and location of business. Regional businesses performed slightly more activities online than metropolitan businesses, with 53 per cent of regional businesses performing seven or more tasks, compared with 47 per cent of metropolitan businesses (Figure 17).

Figure 17 Number of types of online activities performed by SMEs by location

Changing the way business is done

SME engagement with the digital economy is typically characterised by:
> increased online service provision
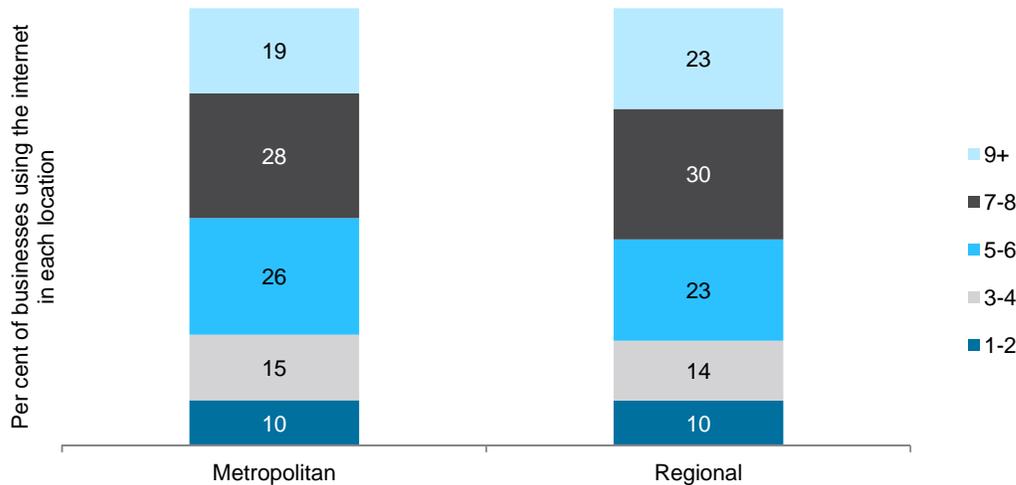
> exploration of new ways to reach out to online consumers

> the use of digital communications to facilitate increased productivity.

This section examines how, and the degree to which, SMEs are using the internet to change the way they reach out to customers and undertake everyday business activities.

Social networking as a marketing tool

Confidence has increased in digital advertising/marketing, with SMEs realising the potential of online advertising to expand their reach to the global marketplace.

Social media in particular is a growth area as a low-cost option for businesses to advertise their products/services and engage in marketing activities.

During 2012–13, over five million people (65 per cent of the population) aged 18 and over researched a product or service to buy over the internet, and an estimated 253,000 (three per cent) of Australians aged 18 years and over reported that they purchased a product or service as a result of advice from a social network.[6]

Twenty-six per cent of connected SMEs were estimated to be using social networking for marketing/advertising purposes (Figure 18). Of these businesses:
> 88 per cent used Facebook

> 24 per cent Twitter

> 21 per cent LinkedIn

> 10 per cent YouTube.

Figure 18 Social network sites used by SMEs for marketing purposes

Figure 18 Social network sites used by SMEs for marketing purposes

Per cent of businesses using social networking for marketing purposes

Social network site	Value
Facebook	88
Twitter	24
LinkedIn	21
Youtube	10
Other (Please specify)	4
Don't know	3
Pinterest	2
Blogging sites	2
Website \ our own website	1
Googleplus	1
Gumtree	1
Instagram	1
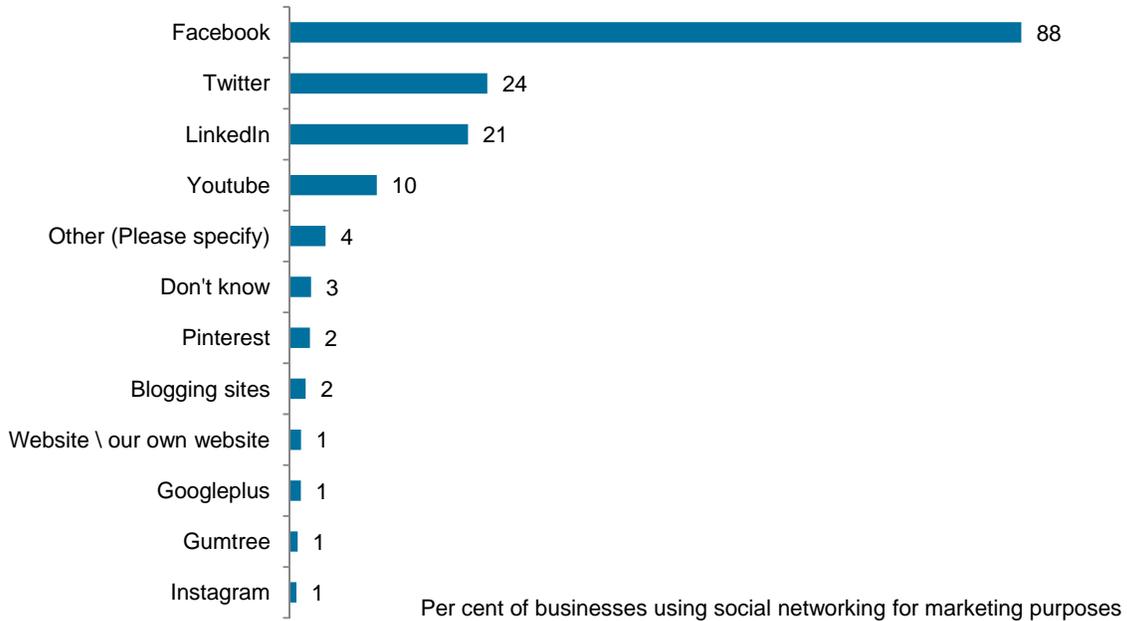
Mobile-optimised websites and applications

Wireless technologies have provided new ways for businesses to engage with consumers, enabling a greater range of activities to be performed over a mobile phone handset.

Consumers are increasingly going online via their mobile phones to perform a range of activities. During June 2013, over 2.11 million people (27 per cent) aged 18 years and over conducted one or more buying, selling or shopping activity online via their mobile phone.[7] Specifically using a mobile phone:

> 1.31 million people researched a product or service online

> 627,000 purchased a good or service

> 305,000 read online product catalogues

> 163,000 used price comparison websites (Figure 19).

Figure 19 Purchasing activities performed online via mobile phones by consumers

Legend:
- Researched a product or service to buy
- Read online catalogues
- Used price comparison websites
- Purchased a good/service online by mobile

Y-axis: Number of people ('000)

End values: 1,311; 627; 305; 163
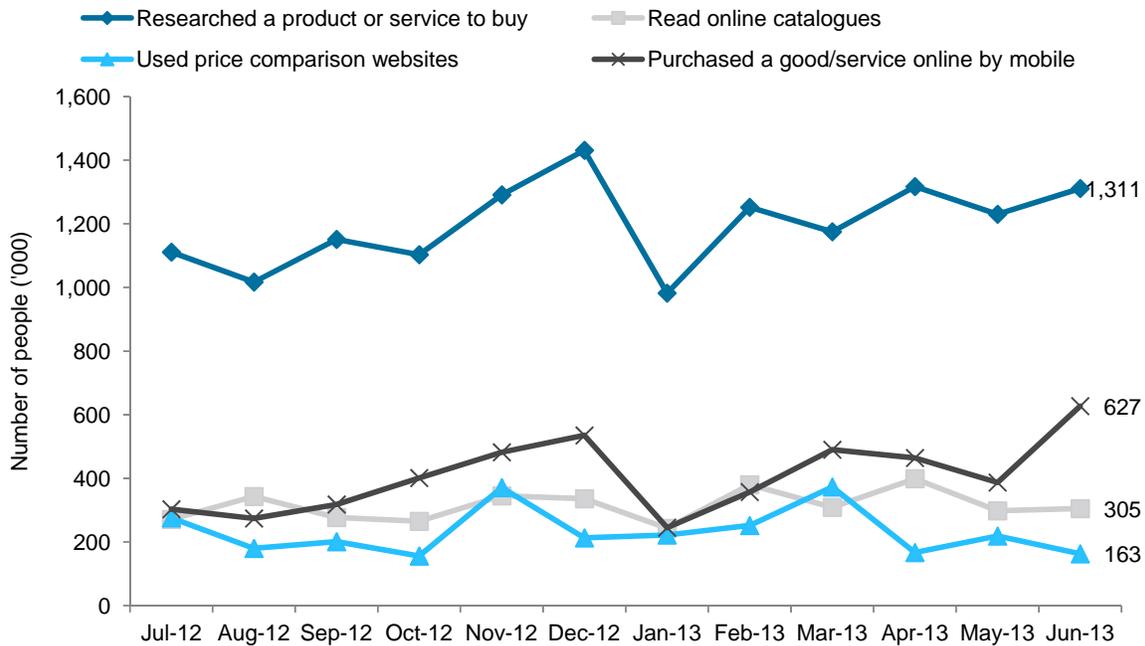
Base=Persons aged 18 years and over.
Source: Roy Morgan Single Source.

SME's development of apps and mobile-optimised websites

Despite the growth in take-up of smartphones and activities performed online via mobile phones by Australian consumers, only 18 per cent of online SMEs actually had a mobile-optimised website at May 2013 (Figure 20). However, recent research has shown that the number of SMEs with a mobile-optimised website has doubled in the past year (up from 9% in 2012).[8] Medium-sized businesses are more likely to have produced a mobile-optimised website than small businesses (27 per cent of medium-sized businesses compared to 18 per cent of small businesses).

Cloud computing

Hotmail and social-networking sites are cloud services which have been available for a while. However, new cloud services are coming onto the market, including online file and application services, and these are targeted towards consumers and businesses alike.

Cloud services can enable a range of opportunities for increasing flexibility in business practices. Typical opportunities include being able to access business applications and services across a range of devices and networks regardless of location, and lower IT costs through using online back-up and storage services.

Cloud services have been widely recognised by analysts and government as fostering innovation and boosting economic growth. For example, on 29 May 2013, the Australian Government released the National Strategy for Cloud Computing, which included promoting the benefits of cloud computing to small businesses and not-for-profit organisations.[9]

Forty-seven per cent of SMEs connected to the internet used some type of cloud computing service— 51 per cent of medium-sized businesses and 47 per cent of small businesses—Figure 20.

The second report in the Communications report series; *Report 2—Cloud computing in Australia;* will provide an in-depth look at cloud computing services.

Figure 20 New and emerging areas in SMEs online activities
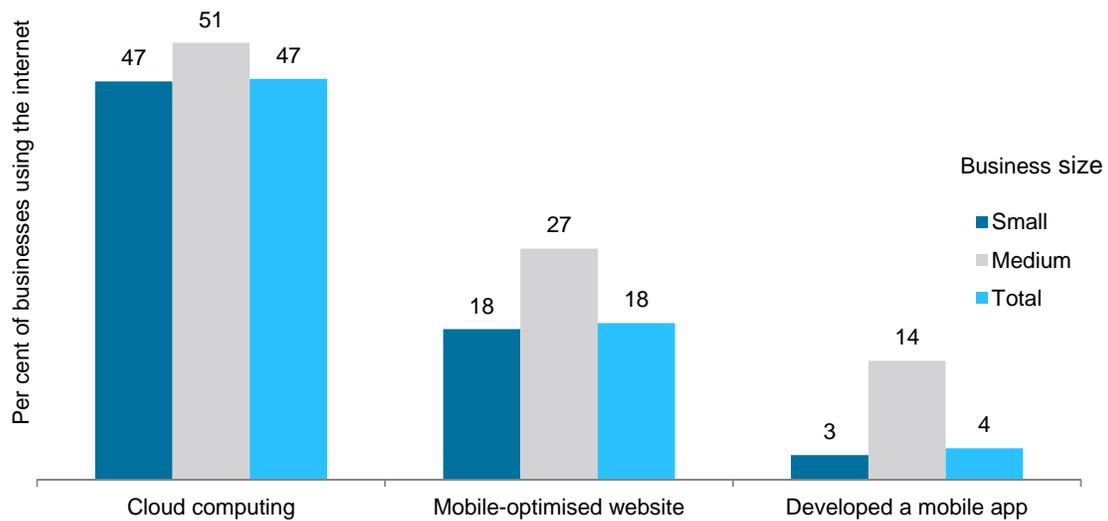
Digital communications and flexible work arrangements

At May 2013, 39 per cent of SMEs were estimated to allow their staff to telework, substituting at least one day a week to work away from the main place of work. Medium-sized businesses were more likely to allow teleworking arrangements than small businesses.

Digital communications plays a crucial role in facilitating teleworking. Seventy three per cent of SMEs report that providing staff with access to the internet is critical to enabling staff to telework.

Teleworking is not confined to any particular industry. However, some industries such as wholesale trade, property and business services, and personal/other services reported the highest levels of teleworking (Figure 21).

Figure 21 SMEs allowing staff to telework at least one day a week by industry

Industry	Per cent
Communication services*	67
Wholesale trade	51
Property and business services	47
Personal and other services	46
Construction	45
Mining*	44
Cultural and recreational services	40
Finance and insurance	39
Agriculture, forestry, fishing and hunting	38
Manufacturing	34
Education*	33
Transport and storage	33
Retail trade	33
Electricity, gas and water supply*	29
Accommodation, cafes and restaurants	27
Health and community services	21

Per cent of businesses in each industry

* indicates a sample size of less than 20 and should be used with caution.

More detailed information about the use of the internet to work away from the office can be found in the ACMA's research snapshot: *Home is where the work is* www.acma.gov.au/theACMA/engage-blogs

Barriers to participation in the digital economy

While this report has presented a positive picture of SME use of the internet to communicate, promote to and transact with their customers, some evidence suggests that SMEs are not realising the full benefits of participation in the digital economy.

The issue of barriers to SME engagement with the digital economy is not unique to Australia. The OECD reports that while SMEs in OECD countries have generally high levels of internet connectivity (94 per cent) on average, only 35 per cent reported being involved in online purchasing and 18 per cent reported using the internet to sell goods and services.[10] In 2013, the European Commission stated that, while significant progress is evident in SME participation in the digital economy, businesses and consumers continued to face significant barriers that prevent them from realising the full potential of a 'Digital Single Market'.[11]

In Australia, while 65 per cent of SMEs agree that conducting business online is important to future business growth, only 14 per cent feel that they are taking full advantage of this. In particular, small businesses have indicated they would like to increase their capacity to sell goods and services online, with 30 per cent wanting to sell goods and services online, and 26 per cent indicating they would like to be able to accept online payments.[12]

Sixty per cent of SMEs indicated that their self-perceived lack of knowledge about the digital environment is preventing them from being more efficient. However, only half (51 per cent) have actively tried to improve this, mainly through independent learning tools such as online search (65 per cent of those who have tried to improve) and online tutorials (49 per cent of those who have tried to improve).The three main areas where SMEs were reported to wish to improve their knowledge are:

> developing a web presence (30 per cent)
> utilising cloud-based solutions (25 per cent)
> accepting payments through websites (19 per cent).[13]

Appendix—Research methodology

ACMA-commissioned survey of SMEs

The ACMA-commissioned research on SMEs was conducted by Woolcott Research between 21 May and 5 June 2013.

SMEs are defined as either sole proprietorships or businesses employing up to 199 staff. This is consistent with the definition used by the ABS.

The ACMA conducted computer assisted telephone interviewing (CATI) to both mobile phone and fixed-line numbers sourced randomly from the Electronic Yellow and White Pages business listings with 1,500 small and medium-sized enterprises. The sample of businesses for CATI was drawn from all metropolitan and regional areas of each state and territory and results were weighted by selected Australian and New Zealand Standard Industry Classification.[14]

The survey captured SMEs across a range of industries (see Figure 21 for overview of industries covered), with the largest proportion of businesses falling within the property and business sector (26 per cent), followed by construction (13 per cent) and retail trade (10 per cent).

Table 1 SME survey sample composition

State/ Territory	Small*	%	Medium	%	Total	%
NSW	459	33	31	30	490	32
VIC	351	26	24	24	375	25
QLD	293	20	22	22	315	21
SA	98	7	7	7	105	7
WA	153	10	12	12	165	11
ACT	28	2	2	2	30	2
TAS	9	1	1	1	10	1
NT	9	1	1	1	10	1
Total	**1,400**	**100**	**100**	**100**	**1,500**	**100**

* including non-employing, micro and small

Endnotes

[1] Australian Bureau of Statistics, *8129.0-Business Use of Information Technology*, 22 August 2013.

[2] Australian Bureau of Statistics, *8155.0-Australian Industry, 2011-12*, 28 May 2013.

[3] An additional 1,306,093 businesses are non-employing (sole proprietors).

[4] Oxford Economics, *SMEs: equipped to compete,* survey conducted 2nd quarter 2013 and results available at http://www.oxfordeconomics.com/recent-releases/smes-equipped-to-compete

[5] Sensis, *2013 Sensis e-Business Report—the online experience of small and medium enterprises,* September 2013.

[6] Roy Morgan Single Source, June 2013.

[7] ACMA, *AMCA research snapshot no: 1 Australians cut the cord*, 5 July 2013 www.acma.gov.au/theACMA/engage-blogs/engage-blogs/Research .

[8] Sensis, *2013 Sensis e-Business Report—the online experience of small and medium enterprises,* September 2013.

[9] Department of Broadband, Communications and the Digital Economy, *The National Cloud Computing Strategy*, May 2013.

[10] Organisation for Economic Co-operation and Development, *OECD Internet Economy Outlook 2012*.

[11] European Commission, *Building tomorrow's E-commerce: A call to action for SMEs and E-tailers*; http://ec.europa.eu/digital-agenda/en/news/building-tomorrow%E2%80%99s-e-commerce-call-action-smes-and-e-tailers

[12] PayPal, *Digital Literacy Among Small Business in Australia*, October 2013.

[13] ibid.

[14] The Australian and New Zealand Standard Industry Classification—the ANZSIC — is an industry classification produced by the Australian Bureau of Statistics and Statistics New Zealand.