



SMALL TO MEDIUM ENTERPRISE ENGAGEMENT

November 2021

Summary report of a survey of SMEs and water businesses by WSAA and the IoTAA



About WSAA

The Water Services Association of Australia (WSAA) is the peak industry body representing the urban water industry. Our members provide water and sewerage services to over 24 million customers in Australia and New Zealand and many of Australia's largest industrial and commercial enterprises.

About IoTAA

The Internet of Things Alliance Australia (IoTAA) is the peak Australian IoT industry body with over 500 participating organisations and 1000 individual participants working across 12 workstreams. They address deployment and uses of Internet of Things (IoT) devices and services in Australia. Their mission is to accelerate the adoption of IoT in Australia to improve our competitive advantage and benefit society.

Acknowledgement of country

The Water Services Association of Australia and IoT Alliance Australia acknowledges and pays respect to the past, present and future Traditional Custodians and Elders of this nation. We recognise their continuing connection to land and waters and thank them for protecting our waterways and environment since time immemorial.

Disclaimer

This report is issued by the Water Services Association of Australia Ltd and individual contributors are not responsible for the results of any action taken on the basis of information in this report, nor any errors or omissions. While every effort has been made to ensure the accuracy of that information, the Water Services Association of Australia (WSAA) does not make any claim, express or implied, regarding it.

Copyright

© Water Services Association of Australia Ltd, 2021

ALL RIGHTS RESERVED

This document is copyrighted. Apart from any use as permitted under the Copyright Act 1968, no part of this document may be reproduced or transmitted in any form or by any means, electronically or mechanical, for any purpose, without the express written permission of the Water Services Association of Australia Ltd.

For more information please contact info@wsaa.asn.au



TABLE OF CONTENTS

1.1 Context	4
1.2 Summary of results	4
1.2.1 Respondent overview	4
1.3 Interpretation of survey results	4
1.4 Detailed responses to questions (de-identified data)	5

1.1 Context

This survey was developed as a result of engagement between the Internet of Things Alliance Australian (IoTAA) and the Water Services Association of Australia (WSAA), with support from the Australian Water Association (AWA). It was a preliminary attempt to understand options to improve the uptake of Small to Medium Enterprise offerings in the digital space by water utilities in Australia and New Zealand in 2021.

1.2 Summary of results

1.2.1 Respondent overview

A total of 11 organisations responded to the survey. Of these the majority were SMEs, with at least one government owned water business and one private sector water business also participating. Whilst there are opportunities to improve the ability of SMEs to provide value to water utilities, some changes are needed to procurement approaches and internal policies by water utilities. A follow up forum will be convened to discuss and progress these preliminary findings.

1.3 Interpretation of survey results

The majority of respondents felt that water utilities could do much better at supporting SMEs and that the reason for lower than ideal support for SMEs was related to a focus on large providers and risk aversion, although there was also a suggestion of a lack of incentives for innovation.

Overall, there was a belief that SMEs could bring significant value to water utilities but that this was only partially recognised and understood by the water businesses. The primary value offering was the ability of SMEs in accelerating the adoption of new ideas, closely followed by the provision of specialist expertise and innovation. In addition, it was raised that value can be provided through cost savings, opening of new revenue streams and social licence assistance.

1.3.1.1 Improving the outcomes

In terms of what could be done by water utilities to improve working with SMEs the consensus was that there is a gap in the procurement practices and internal policies that work against effectively allowing SMEs to compete and be considered for work. The primary consensus was on an internal policy to accept that innovation often comes more quickly from



SMEs, followed by specific contracting options for SMEs. Detailed suggestions included a sharing forum for both SMEs and water utilities, simplifying contracting, prioritising a percentage of work for SMEs, modifications to panel arrangements to more fairly enable SMEs to participate, and consideration of less formal procurement processes for SMEs related to the risk profile of the project.

Conversely, when looking at how SMEs could better work with water utilities there is a need for SMEs to better understand water utility challenges and stay focused on their core offerings which need to be delivered well. In addition, improved understanding of procurement practices and compliance with insurance and regulatory requirements were seen as important.

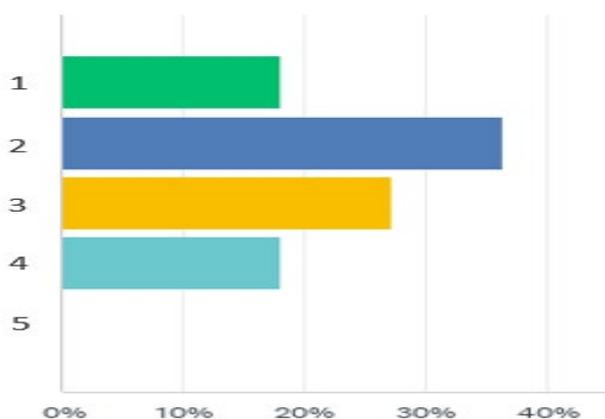
1.3.1.2 Covid impacts

Covid has impacted SMEs by making it difficult to build new relationships, slowing down of approval processes and exclusion from interstate markets due to border closures.

1.4 Detailed responses to questions (de-identified data)

Note that questions were typically marked on a scale of 1 to 5, with 1 being poor and 5 being excellent.

1.4.1.1 To what extent do you feel Australian and New Zealand water utilities support SMEs?





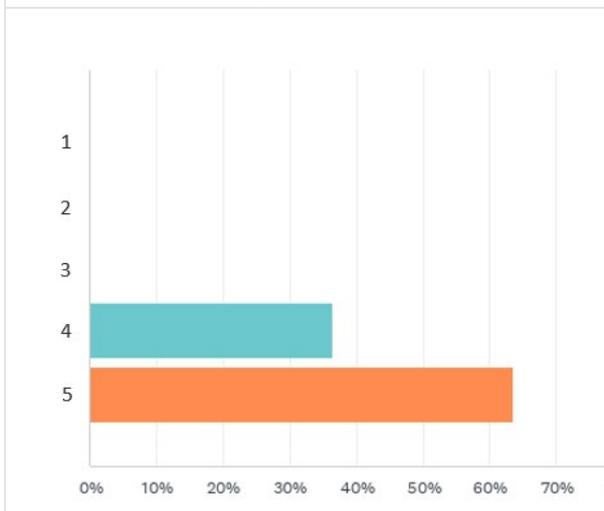
1.4.1.2 If you answered 3 or less to question 1 – why do you think that is?

ANSWER CHOICES	RESPONSES	
Focus on large providers?	70.00%	7
Risk adverse?	70.00%	7
Lack of integrated service offerings by SMEs?	20.00%	2
Lack of incentives for innovation?	40.00%	4
The need to better align regulation, legislation and policy?	20.00%	2
Other (please specify)	10.00%	1
Total Respondents: 10		

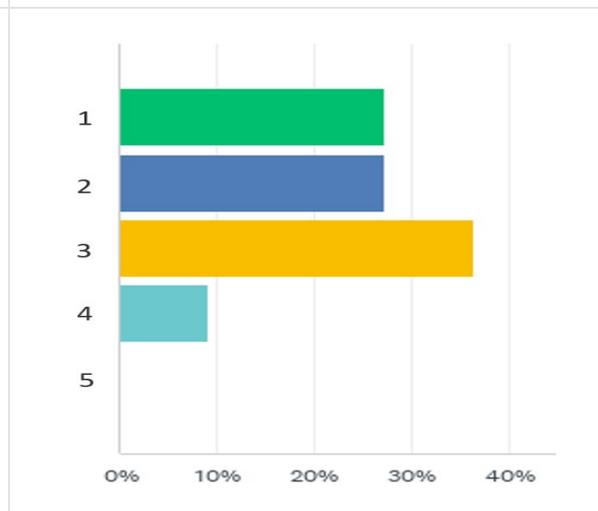
Other comments: probably lack of trust on SMEs and startups in terms of viability of SMEs.

1.4.1.3

1.4.1.4 How much value do you think SMEs could bring to water utilities?



1.4.1.5 How well is this currently understood within water businesses?



1.4.1.6 In what ways do you think SMEs could add value?

ANSWER CHOICES	RESPONSES	
Specialist expertise?	72.73%	8
Innovation?	72.73%	8
Faster rate of adoption of new ideas?	90.91%	10
Other (please specify)	9.09%	1
Total Respondents: 11		

Other comments: Cost savings, new revenue streams, social licence assistance.

1.4.1.7 What could be done by water utilities to improve working with SMEs?

ANSWER CHOICES	RESPONSES	
Policy to accept that innovation often comes more quickly from SMEs?	72.73%	8
Specific contracting options for SME's?	54.55%	6
Changes in contracting terms?	36.36%	4
Changes in approval requirements?	36.36%	4
Other (please specify)	36.36%	4
Total Respondents: 11		

Other comments:

- Water utilities could facilitate forum where SMEs could understand water utilities' challenges better, and for water utilities to have better understanding of what SMEs can offer, comparing to traditional, large providers of systems.
- Prioritise a percentage of work for SMEs, reduce % of work given to overseas owned Tier 1's - they all have Australian pedigree - but are no longer Australian owned.
- Simplify SME contracts.
- Ensuring panel arrangements to general consulting firms do not block support from SMEs.
- Easier less formal procurement - accepting risk needs to be shared and process commensurate with size and actual risk.

1.4.1.8 What could be done by SMEs to improve working with water utilities?

ANSWER CHOICES	RESPONSES	
Better understand procurement policies?	54.55%	6
Ensure compliance with insurance and regulatory requirements?	36.36%	4
Form more consortiums?	27.27%	3
Offer a wider array of services?	9.09%	1
Other (please specify)	36.36%	4
Total Respondents: 11		

Other comments:

- SMEs need to understand water utility challenges better.
- Offer alternative engagement methods that would be acceptable under probity and auditing review.
- Stay focused on their core business and deliver exceptional / value focused products and services. In most instances large enterprises, have no choice but to be generalists and are less dynamic than their SME competitors.
- This survey - bring their plight to light.

1.4.1.9 Time each respondent has been in or worked with the water sector?

- From 1 to 35 years with a mean duration of 17.5 years.

1.4.1.10 Impact of Covid-19?

- The current Covid situation has definitely impacted the effectiveness of how SMEs can conduct their business with existing and potential clients. There is only so much relationship building, business development and selling done remotely through Zoom, Teams, Google Meet. I think everyone is getting remote video calling fatigue!
- Approvals process has slowed down - more as a result of new legislation than COVID.
- We have been able to continue work in overseas markets but have been excluded from interstate projects due to border closures.