MYOB

MEDIA RELEASE

18 March 2013

Small to Medium Businesses Finally Optimistic As Bright Spots Emerge

- *Positive revenue prospects boost SME confidence*
- *Christchurch leading the way in recovery*
- *Main pressures are cash flow, price margins and profitability*

The latest research by New Zealand's largest accounting software provider MYOB indicates that while local business owners see a long road ahead for the economic recovery, positive revenue prospects have boosted their confidence.

The March 2013 MYOB Business Monitor report found small and medium business operators (SMEs) are optimistic about their prospects in the year ahead. This is despite only a one percentage-point increase in the proportion of SMEs whose revenue rose in the prior year, when comparing the latest study with the June 2012 study.

The Monitor research, a national survey of 1,000+ SMEs commissioned to independent market research firm Colmar Brunton, has run since 2009. It explores business performance, attitudes, plans, and more over time.

In this study, one quarter of business operators (24%) expected the economy to improve within 12 months – up on 18% in June 2012. Two thirds (66%) expected improvements in more than one year and the remainder were unsure. Revenue expectations had also improved, as had the level of work in their quarterly pipeline.

MYOB NZ General Manager, Business Division, James Scollay says it suggests business owners have welcomed a more positive last quarter of 2012 and are hoping to extend that to performance in 2013.

"New Zealand businesses have been determinedly resilient throughout the economic recovery and we see them becoming more confident despite the protracted pace of improvement," he says.

"32% of SMEs experienced a revenue increase over the last year and 38% experienced stability, which is positive. However, what's more telling is the 41% expecting an increase in the coming 12 months, in addition to 42% who expect stable revenue. Things appear to be on the up for the engine room of our economy."

Christchurch leading the way ahead of other main cities

As Christchurch sees increased momentum in its rebuild, it leads the way in the recovery. The city is well ahead of other main cities when it comes to economic positivity, revenue growth and expectations.

34% of Christchurch operators were optimistic the economy will improve within 12 months, compared to a 24% national average. Auckland followed closely, with 30% expecting an improvement within 12 months. Only 15% of Wellington respondents agreed.

Mr Scollay says, "This indicates the pick-up in Christchurch's rebuild has given business operators a burst of confidence for their revenue prospects, cementing the region's status as an economic driver of the recovery."

Centre	2012 revenue up	2012 revenue down	2013 revenue expectations up	2013 revenue expectations down
Christchurch	45%	23%	57%	5%
Auckland	32%	23%	45%	12%
Wellington	33%	23%	31%	9%

Not only have 45% of Christchurch SMEs seen a revenue rise in the last 12 months, up 17 percentage points since the last study, 57% expect to see a rise over the coming year. They also have a significant work pipeline, with 35% reporting more worked booked than usual for the upcoming quarter, compared to 19% with less work.

The proportion of businesses struggling with the slow recovery has also declined in Christchurch, with only 23% stating a revenue loss in the latest Business Monitor. This compares to 40% in the prior study.

"Christchurch businesses were 27% more likely to see a revenue rise in the past year than the other main centres. Their financial performance had improved considerably since June 2012 as had their performance expectations for the future," Mr Scollay says. "This notable change suggests the rebuild, which has had a significant upswing in the last six to eight months, is flowing through to the wider local economy."

Revenue improvement in Wellington and Auckland has not been as strong as in Christchurch. In fact, these cities experienced slowed growth last year. Despite 33% of businesses in the capital reporting a revenue rise (compared with 23% reporting a fall) and 32% of businesses in Auckland reporting a rise (compared with 23% falling), both cities are off the pace set mid last year. At that time, 40% of Wellington businesses and 35% of Auckland businesses reported revenue rises. This highlights the ongoing challenges of a sluggish recovery.

However, Auckland SMEs are more positive about their performance in 2013 - 45% projected a revenue rise in the next 12 months and 36% projected stable revenue. This compared to 31% and 54% in Wellington.

New work in Wellington is relatively steady in comparative terms for the upcoming quarter, with 18% of businesses reporting more pipeline work than usual and 16% reporting less. 34% of Auckland businesses have more work on for the quarter, compared to 21% with less.

"With the public sector tightening its belt, Wellington businesses are feeling a pinch," affirms Mr Scollay. "Auckland businesses, however, continue to be buoyed by a strong finance and property sector, and signs of improvements in local retail and manufacturing."

Revenue results within sectors
The survey also found some sectors have struggled more than others throughout the recovery.

"Our research shows a high proportion of revenue rises in the last year within the Finance and Insurance sector, at 53% of respondents, and the Business, Professional and Property sector, at 36%," Mr Scollay says. "These businesses tend to lead the way in an economic recovery so their recent results are good news."

Further good news is that three fifths of the Finance and Insurance sector (59%) and almost half of the Business, Professional and Property sector (46%) expect to see revenue rises in the next 12 months.

In contrast, the Retail and Hospitality sector, Manufacturing and Wholesale sector, and Agriculture, Farming and Foresting sector were more likely to have seen revenue decline than increase over the past 12 months. Respectively, those figures were: 38% decline versus 29% increase, 35% versus 27% increase and 38% decline versus 21% increase. Unsurprisingly, these operators weren't as confident about 2013.

Sector	2012 revenue up	2012 revenue down	2013 revenue expectations up	2013 revenue expectations down
Business, Professional & Property	36%	22%	46%	11%
Finance & Insurance	53%	14%	59%	6%
Construction & Trades	31%	26%	42%	11%
Transport, Postal & Warehousing	26%	25%	27%	16%
Retail & Hospitality	29%	38%	35%	13%
Manufacturing & Wholesale	27%	35%	39%	18%
Primary	21%	38%	32%	10%
Other industry	29%	26%	35%	14%

"Industries such as retail, manufacturing and agriculture have borne the brunt of low consumer confidence and a high dollar," says Mr Scollay.

"However, within these lower performing sectors, businesses that introduced greater efficiencies in their operations and processes saw areas of growth. So too did those who took advantage of cost effective means of reaching customers, such as establishing an online presence and investing in e-commerce.

"New Zealand's SMEs may want to consider this growth tactic as they approach the end of the financial year."

After experiencing tougher trading conditions over the past few years, Construction and Trade businesses projected a significantly improved 2013. 31% experienced a revenue rise over the last year, while 39% reported stability. In the coming year 42% are expecting a rise and 42% expect revenue to remain stable.

“The Christchurch rebuild and continued growth in Auckland’s population are clearly fueling improvements in the construction sector,” says Mr Scollay. “We’re hopeful that effect reaches out into the building sector across the rest of New Zealand.”

Fuel no longer biggest pressure point
With the consumer dollar top of mind, the most common pressures small and medium business operators say they will experience in the next 12 months have changed since the June 2012 Business Monitor.

In the latest Monitor, cash flow and price margins and profitability tied for first place after rising from second and third in the previous study. 63% of business owners expected to face some kind of pressure from these in the year ahead. Fuel prices (61%) fell two places to third, tying with attracting new customers (61%), which rose from fourth place. Competitive activity remained in fifth place (58%).

“As business operators look to make the most of opportunities in 2013, it’s important they seek help from their accountant and other business advisors to manage the challenges,” Mr Scollay says. “With expert advice and support, they can regain control over key pressures. Advisors can help identify improvements to be made in processes, staffing and operational and financial systems.

“There are real positives for the local economy in 2013. It’s important local business owners put themselves in the best position possible to take advantage of growth opportunities. Having the right processes and systems in place, such as online accounting software like MYOB LiveAccounts, will also help with that.”

For MYOB product information, research results, business tips, discussions, customer service and more visit the MYOB Business Monitor site, The Pulse blog, MYOB Twitter, MYOB Facebook or MYOB YouTube.

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For further information, statistical breakdowns or to arrange an interview please contact:

Gerard Blank
The Agency Communications Limited
Tel: 03 341 5841 / Mob: 0275 243 629
Email: gerard@theagencynz.co.nz

Kristy Sheppard
MYOB
Tel: 09 925 3560 / Mob: +61 407 450 860
Email: kristy.sheppard@myob.com

About the MYOB Business Monitor
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MYOB MEDIA RELEASE

3 April 2013

SME dissatisfaction outweighs satisfaction with Government support

MYOB calls for additional initiatives to follow the starting-out wage

New research by MYOB reveals the level of dissatisfaction with government support felt by New Zealand's small and medium business (SME) community is relatively unchanged from mid last year. This is despite their improving revenues and increasing optimism about the local economy.

In response, MYOB is calling for a renewed government assistance for the sector.

The March 2013 MYOB Business Monitor, a national survey of 1,000+ SMEs run by Colmar Brunton, found 29% are dissatisfied with government support while only 22% are satisfied. 46% are neither one nor the other and 3% are unsure how they feel. Dissatisfaction has fallen only one percentage point since the June 2012 Monitor. Satisfaction has also fallen, by four points.

MYOB New Zealand General Manager, Business Division, James Scollay says, "Small and medium businesses are the engine room of this country's economy. Through our latest research they've voiced a strong need for the government to provide them with much more support."

"The SME community deserves all the help it can get. They contribute almost one third of all local employment and in doing so help put food on the table of well over one million New Zealanders."

"Despite this, too often these business operators are undervalued and under recognised. This needs to change. While they are increasingly optimistic about the economy's future and revenue expectations, they want to see policies that help them make the most of the recovery. Initiatives that help them become more productive and better equipped to compete with their rivals."

"Along with New Zealand's SMEs, MYOB wants the government to take a more active role in making it easier to comply with regulations, up-skill for the future and hire the right staff. The Minimum Wage Amendment Bill, and the accompanying starting-out wage, is a solid step in the right direction for the government. Business owners are likely saying 'fantastic – more please'."

City sentiment sees Christchurch leading

Of the three main cities, those in Christchurch were most satisfied (29%). This sentiment has remained relatively steady in the past nine months, having fallen only two percentage points since the last Monitor. Dissatisfaction has risen one percentage point to 23%.

Wellington tells a very different story - an increase in indifference. 34% of its businesses stated dissatisfaction in the latest research and only 20% satisfaction, compared to 42% and 24% in June.

"The Government appears to be maintaining support in Christchurch, where the effects of the rebuild are now flowing through to the local economy," says Mr Scollay.

"Conversely, unlike in Christchurch, the Government has tightened spending in the capital. This is likely impacting local political sentiment. Wellington businesses were the least optimistic about their revenue in the year ahead, which would also feed into declining satisfaction."

In Auckland, dissatisfaction and satisfaction were similar, at 26% and 24% respectively. This compared to 26% and 27% mid last year.

South Island SMEs more satisfied than most

Canterbury, Nelson, Marlborough and Hawkes Bay were the only regions where satisfaction with the current level of Government support outweighed dissatisfaction. Hawkes Bay led, with 37% satisfied, followed by Canterbury, with 29%.

SMEs in Bay of Plenty and Northland, which had another year of sluggish recovery in 2012, reported the highest levels dissatisfaction of all regions. The Manawatu-Wanganui region saw the highest proportion of respondents who were neither satisfied nor dissatisfied (56%).

Top 3 regions by highest dissatisfaction	Total dissatisfaction	Total satisfaction
Bay of Plenty	44%	11%
Northland	39%	13%
Wellington	34%	20%

Top 3 regions by highest satisfaction	Total satisfaction	Total dissatisfaction
Hawkes Bay	37%	29%
Christchurch	29%	23%
Marlborough	29%	24%

Dissatisfaction across the sectors

Dissatisfaction with Government support outweighed satisfaction across every major industry sector. Construction and trade, and transport, postal and warehousing, were particularly unhappy.

Sector by highest dissatisfaction	Total dissatisfaction	Total satisfaction
Construction & trades	37%	16%
Retail & hospitality	33%	20%
Transport, postal & warehousing	32%	13%
Finance & insurance	31%	22%
Primary	30%	24%
Manufacturing & wholesale	27%	27%
Business, professional & property	25%	24%

"Operators such as those in a trade and in transport have done it hard throughout the recovery. Our research shows they're really feeling the need for greater support from the Government," says Mr Scollay.

"Even in areas seeing a healthier return to growth, like finance and insurance, a higher proportion of businesses are dissatisfied than not. This suggests there is much more to be done to convince business owners and managers that today's policies are creating an environment in which they can thrive."

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For further information or to arrange an interview please contact:

Gerard Blank
The Agency Communications Limited
Tel: 03 341 5841
Mob: 0275 243 629
Email: gerard@theagencynz.co.nz

Kristy Sheppard
MYOB
Tel: 09 925 3560
Mob: +61 407 450 860
Email: kristy.sheppard@myob.com

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MEDIA RELEASE

18 April 2013

Research proves accountant + advice = revenue rise

- *Business advice from accountants proves valuable yet most SMEs have tax-only relationship*
- *Financial ignorance apparent in almost 10% of who don't use an accountant*
- *Wellington businesses least likely to engage an accountant*

New research released today reveals that small to medium business operators who use their accountant as a business advisor rather than simply for compliance purposes have a greater likelihood of financial success than their peers.

The March 2013 MYOB Business Monitor discovered that SMEs who have an advisory or consultative relationship with their accountant were much more likely to see a revenue rise in the past year. They were also more optimistic about revenue in the year ahead and had significantly more work in their pipeline for the next three months.

Despite survey results showing an advisory/consultative relationship is best for business, findings reveal the majority of New Zealand SMEs have a tax-only relationship with their accountant. 57% defined their relationship as being for tax return completion or GST reporting only. 28% had an advisory/consultative relationship, meeting with them regularly throughout the year for strategic business advice. The remaining 15% did not have an accountant.

Over one in three (36%) of those with an advisory/consultative relationship reported a rise in revenue over the past year. Just 30% of the other SMEs reported a rise.

According to MYOB's New Zealand Executive Director, Scott Gardiner, accountants are in a good position to give valuable business advice to small and medium business owners.

"Many business operators only use their accountant for tax compliance at the end of the financial year, not realising the potential breadth of their service offering. Yet the costs of a working relationship with an accountant should be considered in terms of the value brought to the business and not just the up-front payments," he says.

"Our research discovered SMEs using an accountant for financial analysis, general business advice and/or consulting on profit strategies, strategic planning and the like are 20% more likely to enjoy increased revenue than their peers. That's a strong case to dig a little deeper and explore the possibilities of the relationship."

Tellingly, 9% of businesses without an accountant said they didn't know if their revenue rose or fell in the past year.

When comparing the major cities, Wellington-based business operators were the least likely to have an accountant. Over a quarter (26%) of respondents based there had no accountant relationship, compared to 17% in Auckland. Business owners in Christchurch were the most likely to use an accountant, with only 12% having no relationship.

Revenue increase a key benefit from engaging accountant

When looking to the year ahead, those business operators who enjoyed an advisory/consultative relationship were most likely to expect a revenue increase, at 43%. 41% of those with a tax relationship and 36% of respondents with no accountant relationship expected the same.

When those without an accountant were asked if they expected their revenue to increase, 10% said they didn't know. Only 5% of those with an advisory relationship and 4% of those with a tax relationship were unsure.

"Of concern is the financial confusion that seems to result when an accountant isn't consulted at all. They're skilled at providing clarity around finances, including cashflow and revenue trends. By receiving this important advice business owners will be in a better position to understand where to allocate resources for the year ahead," says Mr Gardiner.

Accountant advice can relieve pressures and create investment opportunities

Business operators who had no accountant relationship also reported differing pressures and investment focuses than those who employed the services of one.

The pressures of competitive activity and retaining existing customers ranked higher for the former group, with 63% and 62% respectively saying these would likely affect their business in the next year. Those with an advisory relationship reported these pressures at 61% and 55% respectively whereas those with a tax relationship only were even lower still at 55% and 51%.

When rating their likely investment areas for the coming year, over one quarter (26%) of those whose accountant was an advisor said they planned to increase the amount they pay employees. This percentage was much lower for those with only a tax relationship (14%) and those with no accounting relationship (15%).

"Getting sound business advice from someone outside of your business can make it easier to identify the areas within your business that need particular focus. Working across a wide range of industries and clients, accountants are in a prime position to evaluate key areas that a business can build upon in order to succeed," says Mr Gardiner.

Advice on compliance most valuable

Nine out of 10 business operators who have an advisor/consulting relationship with their accountant find value in the service the accountant provides. 49% of this group said the service provided was 'very valuable' and 41% said it was 'valuable'. Only 8% said it was neither valuable nor invaluable and 3% said it was 'relatively invaluable'.

A resounding 91% of those with an advisory relationship believed the most valuable service they receive was 'keeping my business compliant with tax, payroll and other regulations'. This was followed by 'advice on how best to manage the money that flows through my business' (43%) and 'advice on strategies that will help me grow my business' (33%).

Top 5 valuable services accountants provide	
Keeping my business compliant with tax, payroll and other regulations.	91%
Advice on how best to manage the money that flows through my business.	43%
Advice on strategies that will help me grow my business.	33%
Providing me with the right advice and documentation for obtaining funds to grow the business.	25%
Advice on what operational business moves to make e.g. setting pricing.	17%

"As businesses are realising the revenue and other growth potential to be had through such simple actions as meeting with their accountant more regularly, they begin to value that relationship a lot more. It is this value that we hope more and more New Zealand business operators will begin to experience for themselves as they realise the true potential of their business," says Mr Gardiner.

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For further information or to arrange an interview please contact:

Gerard Blank
The Agency Communications Limited
Tel: 03 341 5841
Mob: 0275 243 629
Email: gerard@theagencynz.co.nz

Elaine Koller
MYOB
Tel: 09 925 3514
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Respondents were asked to define their relationship with their accountant in the following terms:

Types of Accounting Relationship	
Tax Relationship	See the accountant mainly for tax return or GST reporting purposes, typically once or twice a year. Not general business advice. Accountant does not know the 'ins and outs' of the business very well but knows what they need for tax purposes.
Advisor/Consulting Relationship	Additional to above (e.g. GST), also see the accountant for financial analysis or general business advice and/or consultancy on profit strategies, financial planning, general business planning and guidance, etc. An on-going relationship, accountant keeps regular contact and knows the business well.
No Accountant Relationship	I don't have a regular accountant. Either do it myself or rely on a bookkeeper.

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MEDIA RELEASE

23 April 2013

Almost half of NZ SMEs have remote workers within their business

New Zealanders more likely to see the financial benefits than Australians

New research by New Zealand's largest accounting software provider, MYOB, reveals almost half the country's small and medium businesses (SMEs) now have employees who work from home or away from the office.

MYOB commissioned independent market research firm Colmar Brunton to conduct a nationally representative survey of 1,047 SMEs. 18% said their employees worked 'mainly away from the office', 28% said they worked 'partly from home and from the office' and the remainder did not have remote workers.

One key finding was that SMEs whose employees worked mostly from a location other than business premises were 43% more likely to have seen a revenue rise in the past year than those without remote workers. They were 21% less likely to see a revenue fall.

The survey also highlighted that while fewer New Zealand businesses have teleworkers than Australian businesses, where 57% support the practice, they were more likely to see the financial benefits. Australian businesses with teleworkers were only 24% more likely to see revenue rise in the past year.

MYOB General Manager, Business Division, James Scollay says, "The link between teleworking and improved business results is clear in MYOB's research. SMEs whose employees worked remotely most or all of the time were 43% more likely to experience a revenue rise in the past year. 40% experienced a rise, compared to 28% whose staff only worked from the office.

"When looking at businesses whose revenue fell, 29% of the SMEs without teleworkers saw a fall, versus 23% of those whose staff teleworked most of the time. These trends speak volumes as to why empowering employees to work outside the traditional confines of an office is becoming increasingly prevalent. Businesses are realising the bottom line benefits and rewards from more engaged employees."

Business advantages

Key benefits experienced by the 46% of SMEs whose staff telework include improved employee satisfaction and IT performance, travel savings and increased productivity.

Key business benefits of teleworking	
Employees are more productive	27%
Travel costs have been reduced	26%
Employees are happier	24%
Overall IT performance has been improved	19%
My business's carbon footprint has been reduced	16%
Business manager(s) is/are happier	14%
IT issues have been reduced	14%
IT costs have been reduced	13%
I can hire employees living in any location/s	13%
Premises rental costs have been reduced	9%
The number of employee sick days has dropped	5%
I can attract higher quality staff	5%
Other	15%

Mr Scollay says, "Technology is a key enabler of teleworking and nowadays you don't need to spend much money upfront to get started. There are plenty of simple free online technologies and applications available such as Skype, Dropbox and Gmail. And the cloud-enabling of new versions of more fully featured applications such as Microsoft Office 365 and MYOB AccountRight Live makes for an easy transition for working remotely."

Teleworking technologies

Respondents whose employees worked away from the office to some extent were asked what technologies they used for teleworking. Almost three in four used email, more than three in five used laptops/computers and more than one in two used smartphones. Interestingly, fewer than one in 10 used VPN and video conferencing.

Technologies used to assist teleworking	
Email	74%
Laptop/computer	61%
Smartphone	51%
Instant messaging	23%
Cloud computing services	17%
Security software / firewall	17%
Telephone conferencing	13%
VOIP	10%
VPN (virtual private network)	8%
Router at the teleworker's premises	8%
Video conferencing	7%
Other	8%

Those most likely to telework

Delving further into the research, SME operators most likely to use teleworking include those in:

- Medium to large sized businesses (76% versus 48% in micro businesses, which were the least likely)
- Business, professional and property services and construction and trades sectors (57% versus 24% in agribusiness, forestry and fishing)
- Start-up businesses (55% versus 43% of established businesses)
- Metropolitan based businesses (52% versus 29% of their rural counterparts)
- Auckland (53% versus 46% in Christchurch).

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MYOB MEDIA RELEASE

12 May 2013

Growing number of businesses owned and operated by women

New Zealand currently has more women than ever in business and they are having a significant impact on the economy — earning more and employing more staff.

According to the latest MYOB Business Monitor, a survey of over 1,000+ SMEs, 41% of small and medium businesses in New Zealand are owned and operated by women.

MYOB national manager, enterprise division, Allison Fairkettle, says although females are still outnumbered by men in terms of business ownership, the increase of women in business is incredibly positive.

“Three years ago, only 37% of SMEs were owned by women, so it’s great to see that a growing number of women are running their own businesses.

“Not only are they paving the way for more females to do the same but they are also having a positive impact on the wider economy,” says Mrs Fairkettle.

The Business Monitor highlighted that on average, females employ more staff than males — 33% of females have one or more employees, while only 29% of males do the same.

“This is fantastic news for local job seekers,” says Mrs Fairkettle. “Although numbers have been rising recently, New Zealand’s current job market can benefit from more women in business who, according to our survey, are more likely to employ staff.”

Examining where women choose to run their businesses, the Business Monitor revealed that rural New Zealand has a strong appeal for women, with 25% of females in business working in rural areas compared to only 19% of male business operators.

Due to the rebuild, Christchurch has become the engine room of the country’s economy and is the main centre with the smallest gender gap for SME operators.

“41% of Christchurch SMEs are owned and operated by females, compared to 39% in Auckland and 37% in Wellington.

“Last year, the Business Monitor revealed that businesswomen in Christchurch were disproportionately affected by the earthquakes reporting a higher revenue loss than males and lower levels of optimism.

“Despite the challenges of the earthquakes, its great to see so many women in Christchurch still owning, running and starting new businesses,” says Mrs Fairkettle.

Some regional areas show even stronger representation of women in business, with 57% of businesses in the Waikato owned by women, 51% in Northland, and 50% in the Bay of Plenty. In Manawatu-Wanganui, however, just 19% of SMEs are owned by women.

In addition to a growing representation of women among business owners, the Business Monitor highlighted that women are now earning just as much, if not more, than men in business.

A higher number of women are reporting higher revenue gains in the Business Monitor (33%) than men (31%), while fewer are reporting losses (25% of women in business compared to 29% of men).

“The Monitor also indicates that a higher percentage of businesses operated by females earn more than $200,000 a year,” says Mrs Fairkettle.

“This is despite the fact that on average female business owners work 5.5 hours a week less than males – an indication perhaps that women are finding ways to work smarter in their business.

“Overall, it’s inspiring to see that more women are establishing their own highly successful businesses and that they are having a positive impact on the local economy by doing so.”

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The Agency Communications Limited
Tel: 03 341 5841
Mob: 0275 243 629
Email: gerard@theagencynz.co.nz

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Mob: 029 777 0256
Email: elaine.koller@myob.com

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MEDIA RELEASE

13th May 2013

BUDGET: SMEs CALL ON GOVT TO FUND INNOVATION AND SKILLS TRAINING

New Zealand's small and medium businesses (SMEs) want more emphasis on research and development (R&D) funding, and increased spending on skills and training in this week's budget, according to the latest MYOB Business Monitor research.

The survey of 1,047 SMEs conducted by independent market research firm Colmar Brunton highlighted that 71% of SME operators want to see the Government increase funding for skills and training. A further 50% of the business operators support the reintroduction of R&D credits.

MYOB New Zealand executive director Scott Gardiner says local SMEs want to see the Government targeting areas that will underpin increased productivity.

"The Government has the potential to make a real difference to the growth and development of New Zealand businesses in this Budget by focusing on the areas SMEs have identified as crucial for growth," he says.

"The SME community wants to see the Government devote more funding to innovation and the development of the workforce – both of which have the potential to transform the economy."

While businesses would welcome a targeted approach to stimulating productivity and growth in the 2013 budget, they are also happy to see the Government renew its commitment to balancing the books. More than half of New Zealand's SMEs (55%) would support even further cuts to Government expenditure.

"The SME community favours the Government's focus on taking steps to return to surplus and bring down debt, so they will welcome the prudent approach National has signalled in the lead up to this week's budget," says Scott Gardiner.

Reducing Government expenditure in this year's budget is particularly popular among women in business (56% in support), mid-sized business owners with more than 20 employees (76%) and business owners in Christchurch (59%). Business owners in Wellington are most strongly opposed to budget cuts (26% opposed).

Despite public support for the policy in a recent poll, the SME community would likely approve of the Government's determination to block any increase in paid parental leave because of its impact on the budget. The proposal to increase paid parental leave from 14 to 26 weeks is unpopular with SME business owners, with 45% opposed and 22% in support.

Although unlikely to feature in the budget, the SME community would also like to see the Government rein in Local Government powers. According to the MYOB Business Monitor, 48% of SME operators would like to see the Government limit the scope of Council's responsibilities to core services.

"The SME community really favours a balanced approach from the Government for Budget 2013," says Scott Gardiner.

"They would welcome further investment in the skills and technology that will help support economic growth. At the same time they would prefer the Government take a close look at any policies that will not only increase their costs but also potentially those of the business community."

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The Agency Communications Limited
Tel: 03 341 5841
Mob: 0275 243 629
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MEDIA RELEASE

24 June 2013

TOO MANY NZ SMES MISSING OUT ON BENEFITS OF THE DIGITAL ECONOMY

- *SMEs using internet technology more likely to see rise in revenue*
- *Only 16% of NZ businesses using cloud computing*

Local businesses are unknowingly missing out on the breadth of opportunities offered by the digital economy, according to new research into New Zealand SME's online technology usage. With the findings also clearly highlighting the breadth of opportunities it offers, MYOB is calling for vastly improved government education and support for the business community.

According to the latest MYOB Business Monitor, a survey of 1,000+ SMEs with anywhere between 0-200 employees, only 16% of New Zealand businesses used cloud computing and only 34% of SMEs operated a business website.

MYOB New Zealand general manager – business division, James Scollay, says there is tremendous scope for SMEs to increase revenue, strengthen customer relationships and improve productivity through using online technologies.

"There is an immense need in this country for government and business leaders to work together with our business community to share knowledge about the benefits of embracing online tools. And it must happen now. Even the simplest tips can make the world of difference to a business and every business is important – they provide the livelihood for hundreds of thousands of local families and contribute greatly to the domestic economy," he says.

"Our research found that business owners using cloud technology say it enhances their data security and improves their productivity, while those with a website earn more, sell more and have better relationships with their clients. Activities such as building an online presence, enabling teleworkers, using online accounting software, building a social media presence and so on really should be easy to implement for businesses of all shapes and sizes.

"The majority of local businesses are missing out on these benefits. Clearly we need to think about how to better support business operators in taking up these technologies."

Tech-savvy businesses doing better

According to the MYOB Business Monitor, which was commissioned to Colmar Brunton, businesses using internet technology are much more likely to report a rise in annual revenue than non-users. They are also more optimistic about their own performance and that of the wider economy.

"SMEs that have a business website are almost 10% more likely to have reported a revenue increase in the last year than those without, while those that have embraced cloud computing are 16% more likely to have seen a rise. Both groups are anticipating further revenue increases throughout 2013. This is the sort of knowledge that local business operators will benefit from when working on their growth plans," says Mr Scollay.

"Interestingly, businesses using the cloud are also more likely to be investing in growth strategies and expanding their range of products and services. At MYOB, we've experienced firsthand the benefits of cloud technology and around one third of our new product registrations are for cloud based solutions.

“I believe this technology offers SMEs a transformative advantage – making it easier to work whenever and wherever they want, as well as share and collaborate more effectively.”

The power of the cloud

Internet usage among consumers is well established, with 86% of New Zealanders using the internet daily[1] and 80% searching online before buying a product or service[2].

“This really highlights the stark difference between businesses’ adoption of the internet and the demands of their customers,” says Mr Scollay.

“Although online technology is ubiquitous in the workplace, the Business Monitor research suggests SMEs are still uncertain about the cloud. More work needs to be done in ensuring owners and managers understand the specific gains to be had from embracing cloud innovation and exactly how the technology will help produce improved business results.”

According to the MYOB Business Monitor, the top five reasons why SMEs use cloud computing are:

1. Ability to work from whatever locations they want, or need, to work from (68%)
2. Data is better protected and safer online rather than on their own server (49%)
3. Enables one or more staff members to work remotely (42%)
4. Enables accounting software to receive direct feeds of bank transactions (36%)
5. Enables employees and the business owner/manager to be more productive (29%)

“The cloud provides a highly secure means of storing and sharing data, and supports improved productivity. It also allows business teams the freedom to work from locations other than the office. Given that our research has found businesses with remote workers are more productive and profitable, this is a significant benefit,” says Mr Scollay.

The Business Monitor found SMEs with remote workers were 43% more likely to see a revenue rise in the past year.

Why SMEs resist cloud technology

Despite the growing range of cloud computing options available for business, New Zealand SMEs remained unsure of the technology. 84% of the country’s businesses were either still not using it or unsure if they were using it.

SMEs said the top three reasons for not implementing cloud computing were:

1. Not knowing enough to make the right business decisions about it (33%)
2. Not tech-savvy enough and don’t feel confident about starting to look at it for their business (22%)
3. Unsure of data safety when using overseas servers (19%)

“It is clear that business owners and managers do not feel confident enough to take up the technology, with over half needing more support or information to make the change,” Mr Scollay says.

“Understandably, the issue of security is top of mind for many local business operators. In reality, the systems and processes available from leading cloud providers are likely to be significantly more secure than SMEs’ own systems. However, a number of providers use ‘quick and dirty’ methods of sharing data – like the practice of ‘screen-scraping’ for bank feeds. This could put the credibility of the technology at risk.”

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[1] The State of Broadband 2012, Broadband Commission
[2] Consumer Commerce Barometer NZ, April 2010

Use of the cloud around the country

Of the three main centres, Auckland SMEs were most likely to use the cloud (19%). However, a higher proportion of businesses in the Manawatu-Wanganui and Bay of Plenty region were using the cloud than in Auckland. 21% of the Manawatu-Wanganui businesses and 20% of Bay of Plenty businesses were doing so.

Results were not as promising in Otago and Southland, Hawkes Bay, and Waikato, with the regions posting the lowest results for cloud usage.

Region	% of SMEs using the cloud		Region	% of SMEs with a website
Main centres			**Main centres**	
Auckland	19%		Auckland	43%
Christchurch	17%		Christchurch	34%
Wellington	12%		Wellington	33%
Regions			**Regions**	
Manawatu-Wanganui	21%		Hawkes Bay	36%
Bay of Plenty	20%		Manawatu-Wanganui	28%
Northland	19%		Bay of Plenty	32%
Otago & Southland	16%		Waikato	26%
Hawkes Bay	11%		Northland	25%
Waikato	10%		Otago & Southland	20%

Business types benefiting from internet technology

The finance and insurance sector (29%) had the largest number of SMEs that have embraced the cloud, while the transport, postal and warehousing industry (7%) had the fewest. The primary (10%) and construction and trades (10%) sectors also reported low usage of cloud technology.

"Businesses owned by the oldest generation, Traditionalists, have the lowest uptake of both the cloud and business websites, while those owned by Generation X were the most technology savvy," says Mr Scollay. "Interestingly, Generation Y are described as 'digital natives', and you would expect that they would be ahead of their older peers when it comes to use of the cloud and ownership of a business website. In reality they are behind Gen X in cloud usage and on par with their peers for using business websites."

Age of owner	% of SMEs using the cloud	Age of owner	% of SMEs with a website
Generation X	19%	Generation X	36%
Baby boomers	16%	Baby boomers	36%
Generation Y	16%	Generation Y	35%
Traditionalists	11%	Traditionalists	16%

"Cloud computing supports improved productivity and security, while opening up a range of accessible tools for better business management and geographical freedom. Having a website increases your chances of attracting new clients, giving access to both the local and international market. Most importantly, it gives businesses a dynamic presence online – where most of their customers are shopping," says Mr Scollay.

"As part of a small economy that's geographically distant from the rest of the world, it's vitally important that local businesses look to gain every possible advantage. Few opportunities are as potentially transformational as the internet. It's clear there is still considerable scope for developers, business advisors and the government to invest more time and energy in ensuring New Zealand business operators understand all the potential benefits of this technology."

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The Agency Communications Limited
Tel: 03 341 5841
Mob: 0275 243 629
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MYOB MEDIA RELEASE

4 July 2013

NEW ZEALAND'S START-UPS EXPECTING STRONG GROWTH THIS YEAR

Start-ups work longer and for less financial reward than more established SMEs, yet are far more confident about their revenue performance this year, according to a special MYOB Business Monitor start-up report released today.

The report, based on the recent Business Monitor survey conducted by Colmar Brunton, compares the attitude, performance and expectations of New Zealand businesses less than two years old with that of their peers.

In the year to February 2013, start-up businesses experienced less revenue volatility than SMEs on the whole. Perhaps unsurprisingly, given their length of time in business, start-ups were significantly less likely to report a fall in annual revenue - only 12% reported this, compared to the overall SME average of 27%. Slightly fewer start-ups experienced revenue gains in this time, with 30% compared to 32% overall. 34% of start-ups experienced steady revenue, compared to 38% overall.

CEO Tim Reed says, "Starting a business is one of the most challenging and rewarding milestones an individual can achieve. To help new businesses succeed, it's important we understand the challenges they face, and apply greater focus to making it easier to start and build a business. We should also loudly celebrate start-up and small business success.

"New Zealand may be one of the best places in the world[3] to start a new business, but few new ventures succeed without a wide range of community, industry and government support."

Start-ups more confident about year ahead

According to the report, start-up business owners and managers were far more confident of financial performance expectations for 2013 than their more established counterparts. 53% expected revenue to increase, compared to 41% of SMEs on average. They were also less likely to predict a fall, with just 8% forecasting this, while an average of 12% of SMEs expected revenue to be down. 31% expected steady revenue, compared to 42% of all SMEs. The remainder were not yet sure what to expect.

Start-up operators started the year strongly, with 46% reporting more work than usual for their February to April 2013 pipeline. 14% reported less than usual. Again, start-ups outperformed the whole SME group in this measure; on average, one third (33%) of SMEs reported more pipeline work and 19% reported less.

Attracting new customers a top pressure for start-ups

Start-up business operators believe their biggest challenge over the year is attracting new customers. Nearly three quarters (71%) report this as a pressure for their operation, with over one quarter (27%) expecting this pressure to be 'quite a lot' (21%) or 'extreme' (6%).

Rising fuel prices was also a major challenge for start-ups. Pain at the pump will be significant for many, with 63% reporting this as a pressure and 33% expecting it to place quite a lot of (22%) or extreme (11%) pressure on them. Competitive activity, price margins and profitability, and cash flow all ranked equally in third place, with 60% of start-ups saying they anticipate these pressures throughout 2013.

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3 World Bank Doing Business 2013: Smarter Regulations for Small and Medium-Size Enterprises

Kelly Wilkings, owner and director of *For The Love of Food*, started her own catering business because she was "sick of other people getting the credit for her great work". Ms Wilkings has high hopes for her catering business, but since opening the business she's come across a few challenges.

"My biggest challenge was setting up supply chains with no prior history – I really had to break into the industry in that sense. My second challenge was maintaining confidence and knowing that I'm good enough. I've been very lucky that I have a great support system," she says.

New business owners work longer hours & sacrifice holidays
Start-up respondents also reported working longer hours - their mean working week was 42.4 hours, compared to 38.3 hours for SMEs overall. More than half (54%) of start-up operators work more than 40 hours a week in their business, 38% work between 40 and 60 hours per week, and 15% work more than 60 hours per week.

Taking on a heavy workload is just one of the sacrifices new business owners tend to make. To support their investment, 58% of start-ups juggled running their new operation with another job or work outside their business. 40% had delayed investment in new equipment and technology, while more than one-quarter (26%) had postponed or cancelled sustainability measures in the business.

Highlighting further the challenges of running a business, nearly one third (31%) of start-up operators had not taken holidays since starting their business and 29% had worked extra hours in it over the last year. Having said that, they were still more likely than others to take leave – 44% of SMEs overall had not taken any holidays at all.

Keri-Anne Dilworth, owner of Dilworth Photography, started her business because she was struggling to find a job that suited her family life. Along with enjoying the rewards of being her own boss, Ms Dilworth has had to sacrifice time spent with family and friends and put off investment in equipment to support her business.

In summer, Ms Dilworth usually spends up to 45 hours per week working in the business, while in winter she only spends 10 to 15 hours. She says, "In summer I am shooting every Saturday but I try to have one weekend off a month."

MYOB CEO Tim Reed says, "At MYOB we actively support, recognise and celebrate the journey of start-ups and the contribution they make to the local economy. We urge the government and larger businesses to strengthen their focus as we look to strengthen ours."

"This community is a vital and dynamic business force for New Zealand. Many are on their way to becoming tomorrow's business leaders and influencers. Start-ups represent the next generation of employers, suppliers, innovators and investors in economic growth and development. And even though not every start-up succeeds, each plays a role in enriching the business environment, creating demand, testing ideas and supporting the livelihoods of many other New Zealanders."

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