INF10024 - Business and Digitalisation

Individual Task

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Regarding different methods of PEST Analysis, SWOT Analysis, Michael Porter's Five Forces and Visualization Tools, below is an investigation of different ways these methods can employ the following issue, as also deploy a strategical solution and related incidents to the corresponding: "Should Services Australia (Centrelink) abandon the physical branch model and transition all its services online, making use private-sector digital service providers?"

**PEST Analysis:**

1. *Political:*

* Political pressure and public discernment can impact the decision to alternate for an online-only administration solution.
* Government’s preference for reserve funds, financial limitation and service delivery efficiency plays a vital role in decision making towards an online operation.
* Regulations related to privacy and data security may pose a challenge to the online model.

1. *Economic:*

* Online services may reduce physical costs associated with off-site branches and lead to cost savings.
* The digitalisation process could negatively impact users with lack of internet accessibility and those who do not prefer online interactions.
* Investing in online infrastructure can require significant capital expenditure.

1. *Social:*

* Increased convenience for customers who prefer to access services online with better customer services, assistance availability and online transaction.
* Elderly and vulnerable clients who require assistance may find the online model challenging and uncomfortable.
* Public perception of Centrelink may be affected by a shift to online services.

1. *Technological*:

* Digital service providers may offer more advanced technology and privacy security measures compared to Centrelink's current capabilities.
* A transition to online services can improve data collection and analysis for Centrelink.
* There may be an obstacle in ensuring that all Australians have access to reliable internet and digital devices, particularly those in rural and remote areas.

Based on the PEST analysis, the data supports the position that Centrelink should transition all its services online. The economic benefits of cost savings and potential improvements in data collection and analysis outweigh the challenges posed by the digital division and the need for significant investment in online infrastructure.

However, it is important to consider the potential advantages and disadvantages of this decision. An example of an advantage would be the increased convenience for customers who prefer to access services online. On the other hand, a disadvantage could be that vulnerable customers who require assistance may find the online model challenging.

In 2016, the Australian government implemented a similar decision to transition all Centrelink services to an online platform, resulting in technical difficulties and long wait times for customers who required assistance. This emphasizes the importance of careful planning and implementation to ensure a smooth transition to an online-only model.

**SWOT Analysis:**

1. *Strengths:*

* Transitioning to an online model perform a better financial cutback for Centrelink, as reducing rent, maintenance cost and labour compensation for physical branches.
* Online services can provide greater convenience and accessibility for customers, allowing them to access numerous services from anywhere, anytime without congestion.
* Making use of private-sector digital service providers can bring in expertise and resources that may not be available within Centrelink.

1. *Weaknesses:*

* Not all customers may have access to the internet or be comfortable using online services, potentially leaving them without access to Centrelink services.
* Moving services online may lead to unemployment among Centrelink staffs who work in physical branches or “omnichannel” facilitations.
* Dependence on digital service providers may cause issues at data privacy concern, cybersecurity and service quality consistency.

1. *Opportunities*:

* Transitioning to an online model may attract a younger customer base who prefer online services and are comfortable using digital technologies and portable devices.
* Private-sector digital service providers can bring in new ideas and innovations that may improve the quality and efficiency of Centrelink services.
* Increased efficiency from an online model can lead to faster processing times and reduced waiting times for customers, avoid congestion at crowded times.
* An online service of Centrelink can always establish new announcements, acknowledge users’ awareness up to date with real-time information.
* A strategical online modification is able to open new working opportunities for Centrelink staffs to work remotely.

1. *Threats*:

* Dependence on technology can lead to issues such as system failures, which can cause disruption and inconvenience for customers.
* Private-sector digital service providers may have conflicting interests, which can affect the quality and availability of Centrelink services.
* Increased competition from other online service providers in the market may impact Centrelink's ability to attract and retain customers.

In conclusion, the SWOT analysis insinuates that Centrelink can benefit from transitioning its services online but should be aware of the potential drawbacks and risks involved. The decision to transition all services online should be made with a careful consideration of the needs and preferences of its customer base.

An anecdotal incident for the potential advantages of transitioning to an online model is the success of the UK government's Universal Credit program, which is an online system for managing welfare payments. The system has improved efficiency and reduced waiting times for customers, leading to positive feedback from users. Nonetheless, some people have raised concerns about the system's complexity and difficulty for a minority of user group, indicating the importance of mindful consideration of user needs and accessibility when transitioning to an online model. Hence, a better online transition strategy of Centrelink necessitates further deliberation and examination over customers’ opinion.

**Michael Porter's Five Forces:**

Based on the Michael Porter's Five Forces analysis, there are different factors that should be well-considered before deciding to terminate the physical branch model and establish an online services prototype, in consist of:

* 1. *Threat of new entrants:*

The potential entry of new digital service providers into the market could increase competition and potentially reduce costs for customers. However, it could also pose a threat to the current market share of Centrelink and affect their ability to maintain their current level of service.

* 1. *Threat of substitute products or services:*

Online services from other providers may substitute for Services Australia's services, especially if they are more convenient, cost-effective or offering beneficial services.

* 1. *Bargaining power of customers:*

Online services may be more convenient and accessible for customers, giving them more bargaining power. However, customers may also have less personal interaction and support compared to physical branch services.

* 1. *Bargaining power of suppliers:*

Private-sector digital service providers may have more bargaining power over Services Australia, particularly if they have unique technological capabilities or expertise, potentially leading to increased costs for Centrelink.

* 1. *Rivalry among existing competitors:*

The use of private-sector digital service providers could increase intensive competition among existing competitors in the market, potentially leading to improved services and reduced costs for customers.

In summary, transitioning all services online may have some benefits such as cost savings and improved efficiency, which possibly allow allocation of resources to other areas of the organization, such as improving online service offerings or increasing staff compensation. Yet, there are also potential risks and challenges that should be considered, especially cyber-attacks. Centrelink would need to invest in robust cybersecurity measures to ensure the safety and security of customer data or suggestively, it may be more beneficial to maintain a hybrid model of physical branches and online services to cater to different customer needs and preferences.

A perfect example of how modern businesses get disadvantage when transitioning to an online model can be taken from small retail stores that selling products online. Numerous Private-sector digital service providers such as Amazon, eBay or Taobao have a strong presence in the online retail space and may have more bargaining power when it comes to negotiating fees and commissions for their services. As a result, small businesses that rely on these platforms may face higher costs, lower profit margins, and increased competition from other sellers on the same platform. This can be an ideal business case scenario, which imply difficulties that online services businesses, including Centrelink when considering an online transition, sided with Private-sector providers.

**Visualization Tools:**

Visualization Tools is supportive in analysing and demonstrating data for a better decision making whether Services Australia (Centrelink) should transition all its services online or not. Tools can create graphs and charts that illustrate the current distribution of Centrelink services between physical branches and online channels, as well as monitoring the number of customers who use each channel.

Heat map is one of the Visualization Tool that could be useful when showing the geographical distribution of Centrelink clients and the accessibility of physical branches in different regions. Therefore, this tool could identify areas where physical services should be implemented as high volume of assistance while online services can be more ideal at remoted regions, which places have lack of physical branches or long distances to travel.

Above that, comparative analysis could be created using visualization tools to compare statistics among Centrelink and other organizations in the industries that have undergone similar transitions to online services. This could help in identifying best practices and potential pitfalls to consider when making the transition.

Overall, the use of visualization tools can help in presenting complex data and trends in a clear and concise manner, allowing decision-makers to make informed choices regarding the future of Centrelink's service delivery model.

**Advise:**

Based on the PEST analysis, SWOT analysis, Michael Porter's Five Forces and other Visualization Tools, transitioning all services online and utilizing private-sector digital service providers may offer noteworthy cost savings, raised proficiency, and faster service delivery for Services Australia. Nonetheless, the potential risks associated with privacy and security, as well as the obstacles of digital accessibility for some clients, must also be considered. Thus, It is prescribed that Services Australia should undertake a gradual transition to digital services, while also providing support and resources to instruct the clients who may struggle with digital access. Additionally, a cautious assessment of private-sector digital service providers must be conducted to ensure that they meet the necessary ethical and regulatory standards.

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