

**Ellie Sweeney, Vocus CEO**

**Speech to CommsDay Summit, Sydney**

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**Slide: Building critical connections. Enabling better possibilities**

Good morning everyone, it's great to be back at CommsDay in Sydney.

Let me start by adding my acknowledgment to the traditional owners of the land on which we meet, the Gadigal People of the Eora Nation, and pay my respects to their elders past and present.

I'd also like to thank Grahame Lynch and the CommsDay team for inviting me to speak, and for CommsDay's longstanding support of the industry.

We have all been taught to message in 3's, so today, I'd like to cover 3 areas.

While this is not my first time speaking at CommsDay, this is my first speech as CEO, so I want to share with you my thoughts on Vocus – not just the things we're doing, but *why* we're doing it.

Second, I'll turn to how we're bringing our \$1 billion investment strategy to life – and building some of the most significant infrastructure projects in our company's history.

And third, I'd like to talk about our vision for closing the digital divide – both the geographic and the socio-economic divide.

We all like stories, we remember stories – so let's begin with the Vocus story.

Let's start with the Why?

Vocus' reason for being, is succinctly captured in our purpose statement, our north star if you like: “Building Critical Connections. Enabling Better Possibilities”

Every day I have the privilege of seeing how that that purpose comes to life through our ambition, our beliefs, and our culture.

**First, our Ambition:** I believe that we do need to be ambitious for the higher things in life. If you can be “humbly ambitious” – then at Vocus, we are. We think that the opportunity to be the best telco in Australia – not the biggest telco – is an ambition worthy of pursuit.

At Vocus, we pride ourselves on setting audacious and ambitious goals, on constantly pushing ourselves to improve our network, expand our network, delivering 400Gb, modernising our IP Core, being fast to market, digitising and importantly make it easier for our customers to consume our network and products, while prioritising their needs.

We are aware that to stay ahead of the digital curve it is imperative that we keep transforming and investing in digital infrastructure.

Digital advancement is not and never has been about the tech – rather it has always been about the benefits it can bring.

We pride ourselves on differentiating on delivery, service, and how the organisation operates as one team.

**Second, our Beliefs:** Telco is a great industry. I think we all rightly came out of Covid feeling positive about the role connectivity or critical connections played at every level of Australian society & economy during that time. What we do as an industry, does matter.

I firmly believe Vocus can play **our** part in changing the Australian telecommunications landscape, and what we do, can make a fundamental difference to people's lives.

It is our beliefs that drive us to do **extraordinary** things – to enable better possibilities:

- To help close the digital divide,
- To help close the gap for First Nations Australians,
- To open up Australia's North and West with better connectivity and competition,
- To land the first international cable into Darwin,
- To build the first competitive fibre through the Pilbara,
- To be the first major telco to bring Starlink LEO satellites to market,
- To help shape NBN policy to ensure Australians have access to affordable, reliable broadband,
- To deliver great service to our customers in **all** segments,

- And to provide secure critical infrastructure when the cyber threat level is higher than ever before.

Vocus' social licence to operate is grounded in these beliefs.

### **Third comes our culture.**

When I am asked to describe the culture at Vocus I normally say: humble, not a lot of ego, people who want to cut through and get things done, supportive, collaborative, extraordinary, and resilient.

If we are to meet our ambition of being the best telco in Australia, it will be our people that get us there.

It is our culture that makes us the telco that consistently delivers.

We have a culture that trusts our people to take action and have a sense of ownership in their role. I have said it before, but it is personal working at Vocus.

For the West Wing fans in the audience, you might know this quote from Margaret Mead:

“Never doubt that a small group of thoughtful, committed citizens can change the world; indeed, it's the only thing that ever has.”

We'll be able to measure our success when:

- We are known as a great place to work,
- We show we care about our customers more than our competitors,
- We have the best network economics in the industry,
- Highest Shareholder returns for an infrastructure business,
- And we are the fastest revenue-growing telco in Australia,

It's our purpose that will allow Vocus to help change the Australian telco landscape, and to help change people's lives.

### **Building Critical Connections**

So now that I've told you *why* we do what we do, next I'll turn to what we're doing.

Vocus is currently undertaking the most significant investment rollout in our company's history – a \$1 billion, five-year strategy which will:

- extend our reach,
- upgrade our capacity,
- enhance our security credentials,
- capitalise on new technologies,
- and enrich our digital capability.

So let me start with how we're extending our network's reach.

### **Darwin-Jakarta-Singapore Cable**

First, we are in the final stages of deploying Project Highclere: the final link which will complete the Darwin-Jakarta-Singapore Cable system.

This project will establish a new 1,000 kilometre submarine connection between our North West Cable System and our Australia Singapore Cable, ASC.

The four fibre-pair cable will deliver 40 Terabits of capacity on a combined system that is 7,700 kilometres long.

The cable lay commenced in February. After a long journey west from Port Hedland across the Indian Ocean, this week ASC will be

lifted from a depth of 5,000 metres to the surface, where the new cable will be spliced into a pre-installed branching unit which had been waiting for this moment since ASC was deployed in 2016.

Once the connection is complete we'll commence testing, and we're confident that the Darwin-Jakarta-Singapore Cable system will be delivering live services by mid-year.

This system unlocks Darwin as a major new data hub for the Asia-Pacific, and establishes both Port Hedland and Darwin as new entry points for international data.

It will connect to our 'Terabit Territory' fibre backbone from Darwin to Adelaide and Brisbane, which we upgraded to deliver a 25-times capacity increase in 2021.

It will open up low-latency connectivity to Singapore for Australia's North, particularly for resources operators in the Pilbara.

And it will add yet another ring in our network, for additional redundancy in Australia's North-West.

## **Project Horizon**

Second, we will soon be breaking ground on Project Horizon, a new 2,000km fibre route from Geraldton to Port Hedland.

Project Horizon will also interconnect with the Darwin-Jakarta-Singapore Cable in Port Hedland, establishing a redundant fibre path between Perth and Singapore through the Pilbara.

Project Horizon will start with capacity of 38 Terabits per fibre pair – upgradable in future at incremental cost.

The telecoms market in the Pilbara has long been characterised by monopoly control of fibre assets, with high barriers to competitive entry and substantial commercial and execution risks for challengers.

Vocus has a proven delivery capability, and Project Horizon will ensure Australia's resources region feels the full force of market disruption.

First Nations and other remote communities also stand to benefit from the new capacity available in the region.

Giant drums of fibre are on site ready for deployment to commence, and construction partners have commenced mobilisation.

### **North West Cable Extension**

Third, we're continuing our negotiations to extend our North West Cable System to Timor-Leste.

A key advantage for Vocus is that we are already more than halfway there – the North West Cable System has multiple fibre pairs available, meaning this new fibre tail can be delivered at incremental cost.

Our engineering pedigree is also critical to success – Vocus has designed and deployed more submarine cable infrastructure over the past decade than any other Australian operator.

When combined with Project Highclere, this extension will create new pathways between Timor-Leste, Indonesia, Australia, and Singapore.

### **East Coast Cable System**

And the final major extension of our geographic reach is the East Coast Cable System.

This system is being planned to provide an offshore connection between Brisbane, Sydney, and Melbourne with as many as 24 fibre pairs – the highest subsea fibre count system we have designed.

So, with Project Highclere, Project Horizon, extensions of the North West Cable System, and the East Coast Cable System, we have exciting opportunities committed or under review to extend our network's reach.

### **Upgrading our capacity**

The second pillar of our investment plan is upgrading our capacity.

We've already delivered 400-Gig services on our Sydney to Melbourne route, and we're close to completing the 400-Gig upgrade on the Melbourne to Adelaide route.

Commissioning testing is being conducted on this route as we speak. We're taking advantage of the latest DWDM technology, allowing us to achieve higher capacity from our existing fibre.

Vocus's new multi-Terabit Intercapital DWDM system uses two spectrum bands, C-band and L-band, to deliver rates of up to 800Gbps per wavelength, depending on distance.

Existing long-haul systems in Australia typically use C-band, and by introducing L-band, Vocus has doubled the capacity on each of our existing fibre pairs.

Our Sydney to Brisbane route is next, with equipment already ordered.

Designs for Adelaide to Perth are also complete, with delivery of both projects expected in 2024.

When these deployments are complete, 400 Gig services will be the new standard our customers can access on our intercapital routes, and 100 Gig will be the new standard on our regional routes.

### **Enhanced security credentials**

The third pillar of our investment plan is to enhance our security credentials.

Cyber security has become a front-of-mind issue for our Enterprise, Government, and Wholesale customers.

We all understand that the legal, reputational, and financial risks of cyber security breaches are at an all-time high.

Vocus serves our customers who have the highest security requirements on a physically segregated network, with independent hardware and operating systems to keep secure traffic separate from regular commercial traffic.

This network is operated exclusively by security-cleared staff working in our 24x7 secure operations command centre.

Vocus continues to invest in our Security posture: our ISO

Accreditations, uplifting our ASD8 Maturity, NIST, IRAP and Data Loss Prevention, establishing a secure NOC in compliance with the most rigorous security requirements, hardening our policies, processes, assurance, and remediation.

## **Capitalise on new technologies**

The fourth pillar of our investment plan is to capitalise on new technologies.

In February we announced our plan to acquire Challenge Networks, one of the most experienced providers of Private LTE and 5G networks in Australia.

I am pleased to say that the acquisition was completed on Friday, and Challenge Networks is now part of Vocus.

Challenge gives Vocus the ability to offer Operational Technology or 'OT' networks for customers that require bespoke mobile solutions.

It also gives Vocus an opportunity to expand our reach in the Indo-Pacific region, having delivered the Coral Sea Cable System for the Australian Government in 2018.

Challenge Networks has designed and deployed mobile networks in Papua New Guinea, Fiji, Vanuatu, Tonga, Nauru, and Samoa.

And our investment in Challenge perfectly complements our reseller agreement with Starlink, which gives us the capability to provide

high-speed, low-latency LEO Satellite solutions to the most remote areas of Australia and the Indo-Pacific.

### **Enriching our digital capability**

The fifth and final pillar of our investment plan is enriching our digital capability.

We have been able to establish the long-sought-after Nirvana for all telcos – a new digital platform that gives us “one view” of our Enterprise, Government and Wholesale customers.

We call it Vocus 360.

Vocus 360 unifies all customer information into a single platform.

Everything in the customer lifecycle from sales delivery, to assurance, to customer care, all on the one digital platform – and it’s available to our own team and our customers in a portal.

It’s enabled our customers to self-serve at industry leading rates, and reduced the manual workload on our people by more than 40%.

It's enabled us to simplify our product set from more than 90,000 SKUs to just over 200.

We now have more than 8,000 users and 80% of interactions being handled through this platform, and continual updates will see that number increase over time.

Our digital program is also utilising automation and robotics, with close to 130,000 tasks supporting our teams and a steady train of API's available for use by our customers.

By simplifying our technology stack we make it easier for our customers to interact with us, and improve our network economics.

So in summary, our 5-year investment program is well underway – we're extending our reach, upgrading our capacity, enhancing our security credentials, capitalising new technologies, and enriching our digital capability.

### **Closing the Digital Divides**

And this brings me to my third and final point today.

I said at the beginning of this speech that I firmly believe Vocus can play our role in changing the Australian telecommunications landscape, and that what we do can make a fundamental difference to people's lives.

We want to bring this belief to life by using our networks to help close the digital divides.

And I say 'divides' deliberately – because Australia faces both a geographic divide, and a socio-economic divide.

First, let me tackle the geographical divide.

For decades, policy prescriptions to address the digital divide have been based on the premise that it costs vastly more money to connect regional areas than metro areas – even to deliver far more modest technologies.

And for a long time, this has been true.

But there is now a technology capable of delivering metro-equivalent broadband services to any location in Australia, at uniform prices.

I am talking about Low Earth Orbit Satellites, which have provided a solution to the problem of universal broadband access so quickly and effectively that it should cause us to pause and re-think how we address the digital divide.

The Universal Service Obligation, the Regional Broadband Scheme, and other Government funding programs were designed to address a clear area of market failure which necessitated intervention at the time.

But these programs were built on the assumption that regional telecommunications services were inherently loss-making, and would always require Government subsidies.

The arrival of LEO services has turned that assumption upside down.

With the arrival of Starlink – and other global LEO networks close behind – Australians have access to the same broadband at the same price in Bondi Junction as they do in Broken Hill.

The hundreds of millions of dollars spent annually on the USO and RBS no longer make sense when LEOs now provide universal access to voice and high-speed broadband.

I passionately believe that Vocus will play a key role in closing the digital divide – and closing the gap in First Nations communities – but this can only be achieved if we are willing to let go of the past and embrace the technologies of the future.

If we are serious about closing the digital divide, we must embrace this technological breakthrough – and acknowledge that policy remedies that made sense in the past no longer make sense in 2023.

The second digital divide is the social-economic divide.

### **Affordable Broadband, energy, and mobile products**

And this is where I see Vocus Retail playing an important role, particularly our value-focussed Dodo brand which offers broadband, energy, and mobile products.

Dodo has long catered to a segment of the market that prioritises simple, affordable broadband over the fastest speeds and non-essential bells and whistles.

Dodo customers are typically younger, non-home owning, lower-income Australians who often face moves and changes in their circumstances.

Our deep understanding of these price-savvy sub-segments who are feeling the pinch is why we have advocated for NBN to re-think the pricing changes proposed in its most recent SAU variation to the ACCC.

These changes would promote higher speeds the expense of affordable prices.

It would also maintain the complexity of CVC on more affordable plans – making them less attractive for RSPs to offer.

Those RSPs continuing to provide plans below 100 Mbps would have the added cost of managing different NBN wholesale structures for

lower and higher-speed plans, with the associated customer impacts as they change between them.

The majority of services in operation for Vocus Retail are on 50 Megabit plans – almost two-thirds of Dodo's user base – and they would be subject to an immediate monthly price increase of nearly 14% to receive the exact same service they're getting today.

Making higher-speed broadband available to more Australians is a worthy goal – but it should not come at the expense of affordable broadband for those struggling to make ends meet.

This is a cohort of users already under financial pressure from rising interest rates, energy bills, and grocery prices. Ultimately, we believe the current proposed SAU variation will expand the second digital divide, not reduce it.

In fact, in the most recent Consumer Price Index data, telecommunications was the one and only measure where prices decreased last quarter.

As an industry, we should all have been dismayed by recent Roy Morgan research which found telecoms is the most distrusted industry in Australia – coming in behind gambling, politicians, and banks.

At Vocus we are doing our part to turn this around.

Vocus Retail is a great business with a well-recognised role and presence in the Consumer market through our Dodo and iPrimus brands.

We are winning NBN market share and consistently adding customers at a higher rate than the rest of the market.

We have transformed our service model and have the lowest customer complaint levels in the industry.

We have launched a new cloud based 'OnePlatform' digital interface, which modernises and simplifies our technology stack delivering the benefits of improved service with less customer effort and decreased cost-to-serve.

We have a responsibility to our Dodo customers to provide certainty so they won't experience 'Bill Shock', so we have simplified our products to make buying telco services as simple as a monthly pay as you go Netflix subscription.

Vocus Retail is a strategic asset in a strong competitive position.

We will continue to invest in this business to maintain its trajectory of profitable growth, while meeting the needs of consumers seeking simple and affordable broadband, mobile, and energy.

We are committed to closing the digital divides – both the geographic and the socio-economic.

### **Building critical connections. Enabling better possibilities**

So, I'll conclude by wrapping up my three key points.

First, at Vocus we are living our purpose of 'Building Critical Connections. Enabling Better Possibilities.'

The opportunity to be the best telco in Australia is our goal, and we have the ambition, the beliefs, and the culture to pursue that opportunity with verve.

Second, we are delivering on the most significant investment strategy in our company's history.

We are executing on our billion-dollar plan to extend our reach, upgrade our capacity, enhance our security credentials, capitalise on new technologies, and enrich our digital capability.

And finally, we are at a moment in the history where, for the first time, we have the technical ability to close the digital divides – but it will require us to recognise that the policy solutions of the past need to be reassessed.

Thank you, and I hope you enjoy the rest of the conference.