

# Chief Executive's Address to AAP Communications Services Conference

*AAP was founded in 1935 because of communications – the cost of communications. The major newspapers in Australia decided to combine their efforts to bring in overseas news because the cost of cablegrams was so high.*

*It's no good gathering news and information if you don't have the communications to deliver it. That's why news services such as AAP have been at the forefront of innovations in the use of communications.*

AAP was the first commercial organisation in Australia to establish a nationwide leased teleprinter network. It was the first to lease capacity in the new COMPAC cables in the '60s, it was the first to introduce Time Division Multiplexing, it was the first to introduce the so-called "silent" teleprinters, it was the first to introduce electronic dissemination of information, it was Aussat's first commercial customer and the first to establish a private satellite network, and it was the first to introduce data dissemination via microwave at speeds of up to five million words a minute.

Ten years ago we decided we needed to restructure the organisation to take advantage of what we considered to be inevitable – the deregulation of the Telecommunications industry.

As a major user of telecommunications, and to a large degree a pioneer in the introduction and use of new communications technologies, we

were very aware of the bottled-up opportunities waiting to be released if you could remove the restrictive regulatory cap.

Our rationale was that as a major user, we knew what improvements in telecommunications were needed in the business community. We decided that rather than wait for someone else to provide these services, we would make it happen ourselves.

We put in place a strategic plan to diversify into communications, invested in excess of \$40 million and positioned ourselves to take advantage of the inevitable. This positioning has largely been done through your company and we have been fortunate in developing a very good business in the marketing of satellite technology, video-conferencing and voice messaging and installation and maintenance services.

As you know, we are now in the switched long distance telephone business through AAP Telecommunications and we have a strategic alliance with Vodafone and the third cellular telephone licence.

We also have what a lot of carriers would very much like to have – a market-leading news and information business that complements communications.

We've invested heavily in building a news, information and communications structure with gross revenues over the past 10 years rising from around \$17 million to a projected \$170 million in this current year.

We're looking to continuing substantial growth, but more important: it's now time for us to be reaping good profits from those investments so that we can continue to look for and take advantage of new opportunities both in Australia and increasingly, the Asian region.

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Across the Group, we'll be looking at maximising profits from existing product lines and services, while at the same time carefully assessing investments in new products and services.

We will be looking for AAP Communications Services to increasingly become a communications solutions company, bringing together – as we did with the Tanami Network – hardware technology to provide specific solutions, which can be



applied both here and in the region. The opportunities are enormous if we are innovative, technically sound, quality conscious and above all customer responsive.

At the same time, we have to continue to develop markets for our established hardware lines, in an increasingly competitive market.

I believe we have major opportunities in the technical services installation and maintenance area, where we are increasingly less reliant on intra-company business.

The Vodafone alliance, which involves us as a preferred supplier, should result in substantial mutual benefits.

The title of this talk is "AAP's Group Vision", so I had better make some visionary statements. This is not easy in a world that is still in the throes of a recession that would cloud any crystal ball.

However, I'm encouraged by the fact that we had a vision in the mid-'80s about the way communications were developing and we've been reasonably successful in opening up the opportunities.

Experts told us we were too optimistic about satellite and microwave technology, Telecom's monopoly couldn't be broken, mobile telephones were only for the "upwardly mobile executives" and would never succeed in a wider market, video-conferencing was only useful during airline strikes, and voice information processing was only a glorified answering machine.

They also told us we didn't have the resources to develop our own computerised financial and general news information service technology, and that it would be a long time before executives would accept a PC on their desks.

Fortunately, events have supported our optimism and we are proud of the breakthroughs we have achieved. Through a lot of hard work, we have helped create market awareness of the benefits of these new technologies, but now we have to keep looking ahead and prepare to capitalise on future developments.

PCs are now commonplace in the executive office and will become increasingly so. Competition for access to that PC will also increase. Nobody wants two PCs on his desk.

Therefore our vision is to have a single board slotting into a PC that will provide access on demand to any AAP Group product.

As the Golden Girls' Sophia says, "Now picture this - Sydney 1995".

A PC with Windows technology on an executive desk that provides at a stroke of the keyboard:

- Automatic access to the AAP Telecommunications network
- A video telephone
- Dialup video conferencing
- Video store and forward
- Voice information processing store and forward
- Facsimile store and forward and multi destination fax distribution
- Pay TV access
- Data store and forward
- AAP NewsTrack
- AMQ
- AAP Racing Services
- AAP MediaNet
- And other services we haven't yet thought of.



Terence Nickolls Chief Executive, AAP Communications Services.

The aim is to be able to activate services by down line loading authorities. Should make it an easy sell if you can say, we'll switch you on to such and such a service - have a look at it for a week - if you like it, we'll add it to your bill.

Combine these services with the unparalleled billing capability we have access to through the AAP Telecommunications Billing

System and we have something to look forward to. And it could all be delivered on a LAN installed and maintained by AAP Communications Services.

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The first step is to develop the one-stop or multi-media card for our established business client base and we're already working with a number of people on this.

The next step is to look at ways of providing the same level of service economically to the home.

I believe that the '90s will see the business community particularly, and gradually the wider community, demanding more and more timely and relevant news and information, and embracing cost efficient solutions for communicating that and their own information. They'll want one-stop service and good service at that.

Cellular telephone technology will continue to advance and the personal communications network concept - where your personal telephone number will travel with you wherever you go - is not too far away.

Our joint venture with AAP Telecommunications and our alliance with Vodafone is to ensure that we are part of this future.

We will be looking hard at all opportunities leading up to 1997 when there will be open carrier competition.

Our policy is not to try to do everything ourselves. We will continue to develop our expertise

in specific areas and forge alliances with suitable and like-minded suppliers and joint venture partners.

We will continue to explore longer range opportunities in Southeast Asia and particularly southern China and generally broaden our activities regionally.

I was particularly pleased the other day when I heard that an overseas consultant preparing a report on developments in the telecommunications industry, having made his calls on AOTC and Optus, was told in effect, "It's essential that you talk with AAP - they're not as big but they're effective."

We're building a reputation as being effective innovators, which is good. But it's important to remind ourselves that we've been able to do this from a very sound base - having built a reputation for reliability and independence in the information industry and more recently with our communications products. To use an old journalistic maxim - you're only as good as your last story.

It's no good having visions for the future if we don't continue to do well what we do now - and that's up to you and me.

Our vision for the future goes far beyond being recognised as a successful news and information service with an interest in communications.

It is to ensure that AAP - having done much already to change the future of the communications industry in Australia - will continue to be at the forefront in developing and providing innovative services and products both here and in the rapidly developing Asian region and be recognised as a market leader in both communications and information.