



The benefits of cloud technology to our economy

It's no secret that New Zealand has a productivity problem, but solutions have been hard to find. Recently the Productivity Commission stated that the key to New Zealand's productivity and prosperity hinged on more technology uptake, not less.

Xero has completed its own independent research that confirms this. Xero commissioned NZIER to conduct a piece of research on the potential for the uptake of cloud-based business technology to improve national economic productivity.

While the report was commissioned in a pre COVID-19 world, the essence of its findings are more relevant than ever. Modelled on 'normal' economic conditions it found that a **20 percent uptake in cloud-based technology could increase GDP by between 1.2 - 2.1 percent, adding up to \$6.2 billion to the New Zealand economy annually.**

In addition, a 20% increase in the uptake of cloud computing by businesses would have the following estimated effects, at the national level:

- Household spending increases by between \$2.6 billion and \$4.6 billion, and living standards are improved
- Output increases by between \$4.1 billion and \$7.3 billion annually
- Real wages increase by between \$1.8 billion and \$3.3 billion
- Capital stock increases by between \$1.1 billion and \$1.9 billion
- Exports increase by between \$341 million and \$618 million

The **benefits** to businesses include increased productivity with economies of scale, improved accuracy of information, enhanced agility and mobility of staff, more time for management to spend on strategy and innovation, and enablement of scalability on demand.

The **barriers** to using cloud computing include the time required to understand the technology, skills and knowledge, concerns about security and privacy, infrastructure and network setup, costs of cloud-based tools and changing to new systems.

The research illustrates a unique opportunity to dramatically accelerate the digitisation and therefore the productivity of New Zealand's economy. You can access the [full report here](#).

For more information about this research, please contact Natalie Benning on natalie.benning@xero.com