








Victorian Digital Technology Sector Factsheet

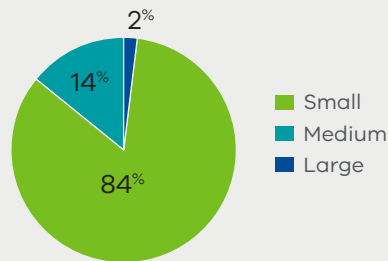
Victoria's digital technology sector is both a direct contributor and enabler of economic growth in the state. The continued growth of the sector and workforce is lifting digitisation and productivity across all sectors of the economy.

This factsheet provides a snapshot of the sector, including opportunities and challenges, and is primarily based on ABS data and research conducted as part of the State Government's annual Victorian Digital Technology Sector Survey (September 2023), which is delivered by Deloitte Access Economics.

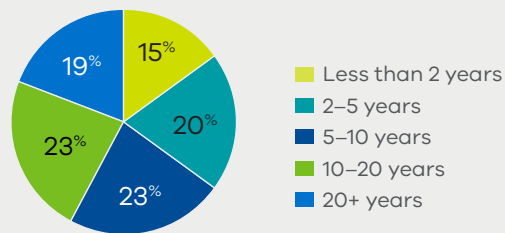
KEY FINDINGS

 <p>Over 22,500 Victorian-headquartered ICT businesses in 2023, which accounts for 29% of ICT businesses in Australia. This has grown at an average of 2.3% per year since 2018</p>	 <p>Over 279,000 people were employed in the Victorian technology workforce in 2022, accounting for 30% of the national technology workforce</p>
 <p>The Victorian ICT sector contributed \$33.7 billion to the economy in FY22, accounting for 5% of Victorian value added</p>	 <p>From 2000 to 2023, the increased use of digital technologies across the Victorian economy has contributed to a productivity uplift equivalent to \$40.2 billion in GSP and 80,278 jobs</p>
 <p>FY23 revenue of 25,000 Victorian digital technology businesses was nearly \$129 billion</p>	 <p>Revenue increased by 7.1% (\$2.3 billion) for the 11 largest Victorian digital technology businesses in FY23</p>
 <p>34% of surveyed businesses are exporting tech products or services and exports make up 40% of the revenue for exporting digital technology businesses</p>	 <p>Victoria has one of the highest levels of investment in research and development by key ICT fields, having invested \$742 million in FY22</p>

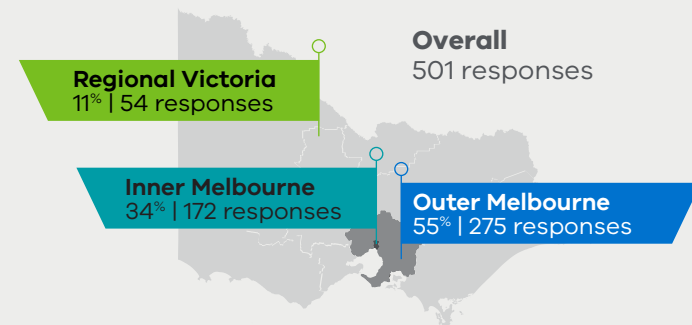
SURVEYED BUSINESSES



SIZE OF BUSINESSES



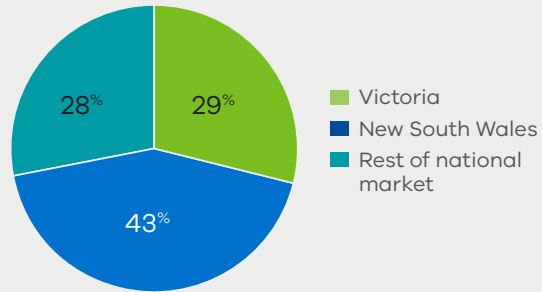
AGE OF BUSINESSES



PRIMARY LOCATION OF OPERATIONS

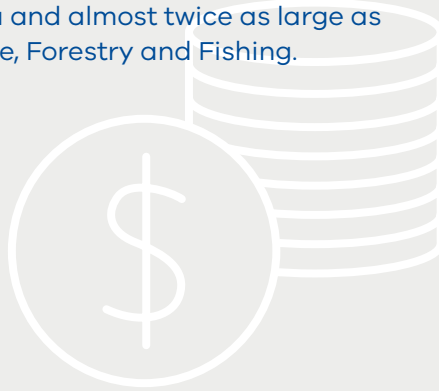
ECONOMIC CONTRIBUTION

The Victorian digital technology sector contributed \$33.7 billion to the economy in FY22, accounting for 29% of the national sector.



Source: Deloitte Access Economics

The Victorian digital technology sector, as measured through value added, is similar in size to the entire retail trade industry in Victoria and almost twice as large as Agriculture, Forestry and Fishing.



PRODUCTIVITY MODELLING

From 2000 to 2023, the increased use of digital technologies across the Victorian economy has contributed to a productivity uplift equivalent to \$40.2 billion in GSP and 80,278 jobs.



Source: Deloitte Access Economics

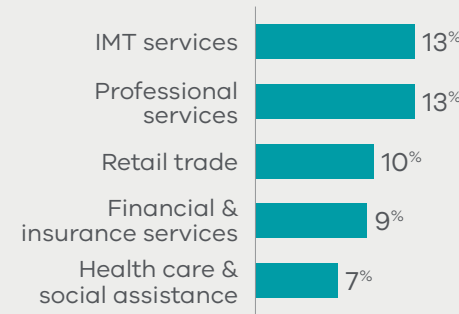
The productivity uplift from the adoption of digital technologies is concentrated in knowledge-intensive industries.

Industry	Uplift in GSP (\$m)	Uplift in jobs
Financial & Insurance Services	7,957	9,497
Professional, Scientific & Technical Services	7,404	12,492
Public Administration & Safety	5,208	12,580
Information, Media & Telecommunications	3,924	7,223
Education & Training	2,130	5,347

REVENUE

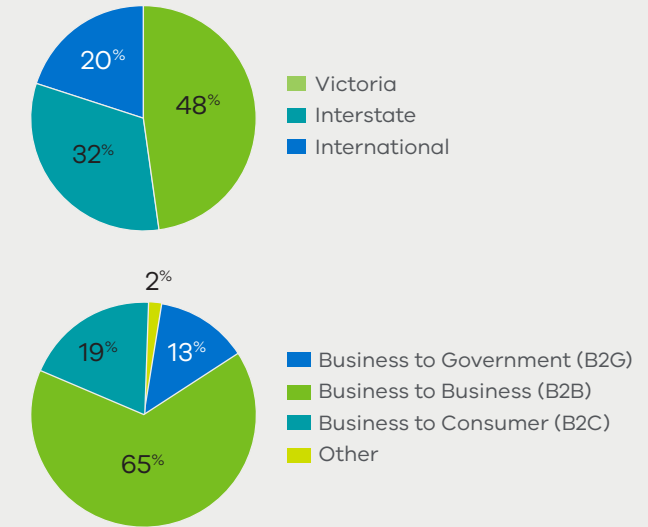
Nearly \$129 billion in revenue was generated by Victorian digital technology businesses in FY23.

Information, media and technology (IMT) services are the biggest customer of Victorian digital technology businesses in terms of revenue:



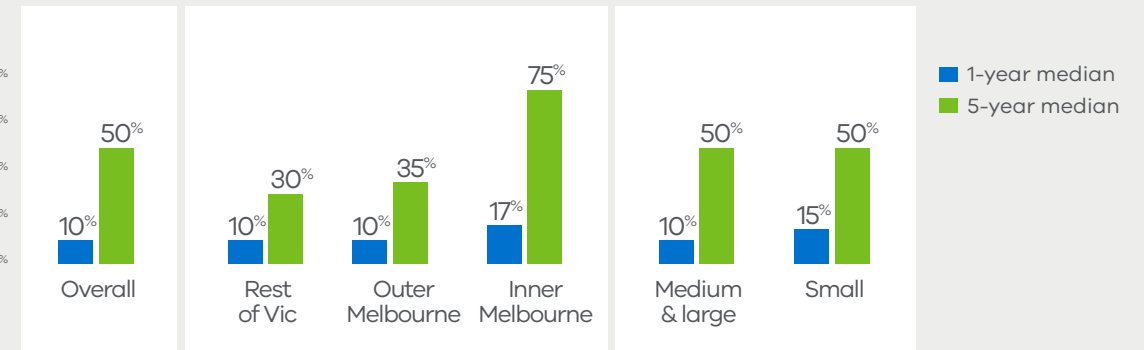
Source: Victorian Digital Technology Survey 2023

Most businesses sell intrastate, and to other businesses:



Note: figures may not add to 100% due to rounding

Businesses forecast strong revenue growth over the short and long term:

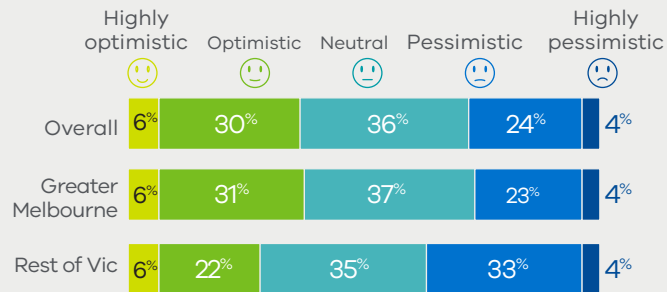


Source: Victorian Digital Technology Survey 2023

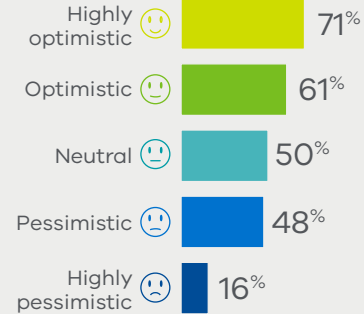
OUTLOOK

Outlook expectations for the Australian economy going forward are mixed, with optimistic businesses more likely to hire new workers.

Sentiment about the Australian economy going forward: Businesses intending to hire:



Source: Victorian Digital Technology Survey 2023



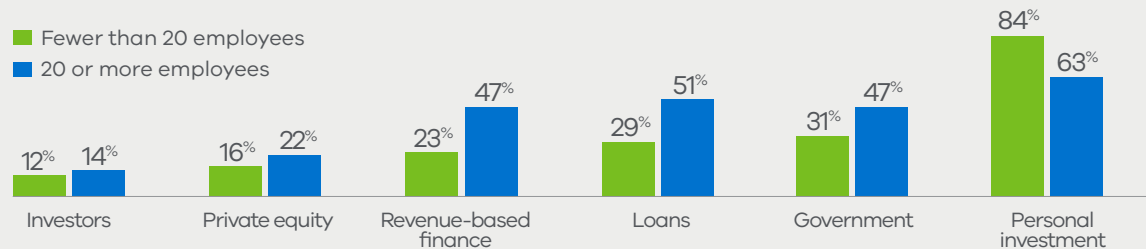
Source: Victorian Digital Technology Survey 2023

DRIVERS OF GROWTH

The most important drivers of growth for Victorian digital technology businesses were:*



Personal investment was the largest source of investment for businesses:*



Source: Victorian Digital Technology Survey 2023

*% represents the proportion of businesses that selected these drivers and barriers in their top three responses.

BARRIERS TO GROWTH

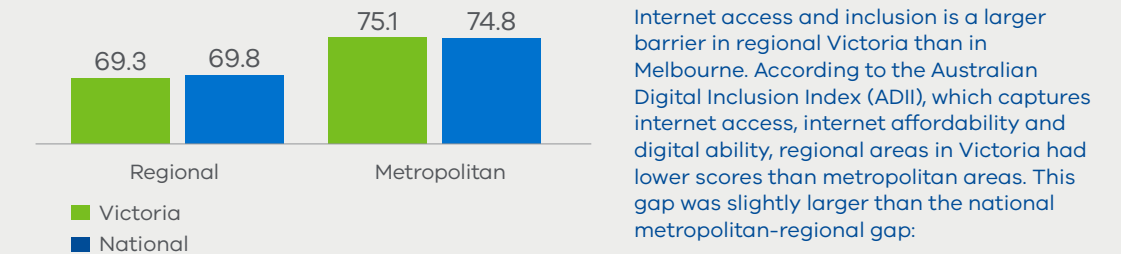
The largest barriers to growth for Victorian digital technology businesses were:*



The largest barriers to commercialisation for Victorian digital technology businesses were:*



Internet access and inclusion is a larger barrier in regional Victoria than Melbourne:

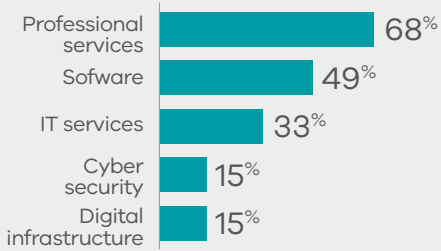


Internet access and inclusion is a larger barrier in regional Victoria than in Melbourne. According to the Australian Digital Inclusion Index (ADII), which captures internet access, internet affordability and digital ability, regional areas in Victoria had lower scores than metropolitan areas. This gap was slightly larger than the national metropolitan-regional gap:

Source: Australian Digital Inclusion Index. Note: values are the digital inclusion index, which captures "internet access, internet affordability and digital ability"

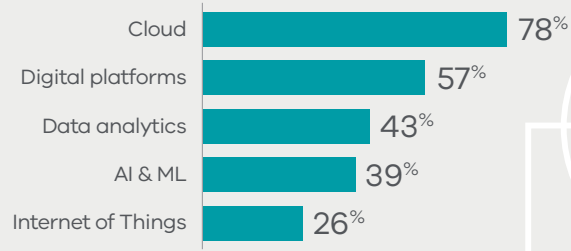
SECTOR CHARACTERISTICS

Products and services offered by the sector:



Source: Victorian Digital Technology Survey 2023

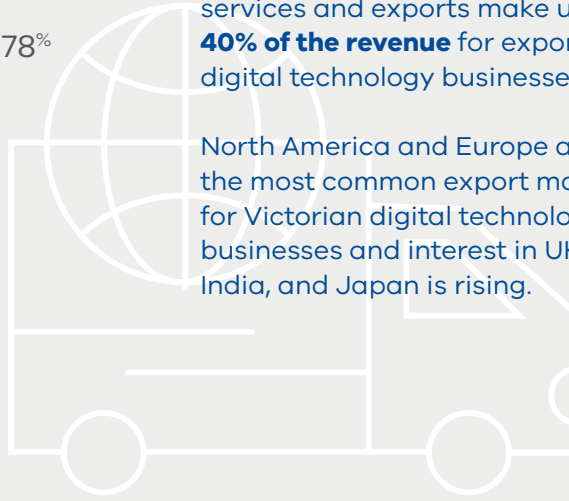
Digital technologies used in the delivery of products and services:



Source: Victorian Digital Technology Survey 2023

34% of surveyed businesses are exporting tech products or services and exports make up **40% of the revenue** for exporting digital technology businesses.

North America and Europe are the most common export markets for Victorian digital technology businesses and interest in UK, India, and Japan is rising.



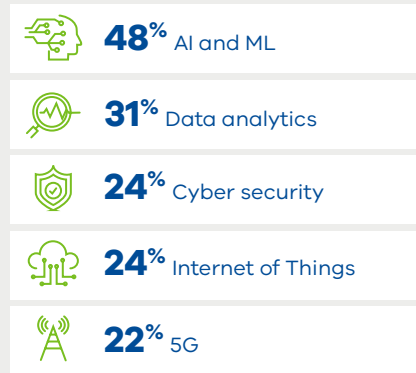
EXPORTS

	Current export markets*	Export markets of future interest*
United States of America	20%	20%
United Kingdom	13%	16%
New Zealand	11%	9%
Singapore	6%	6%
Canada	5%	6%
Germany	4%	6%
China	2%	4%
India	2%	5%
Japan	1%	4%

* % represents the proportion of businesses that selected these markets in their top three responses. Bold represents markets for which future interest is higher than current interest.
Source: Victorian Digital Technology Survey 2023

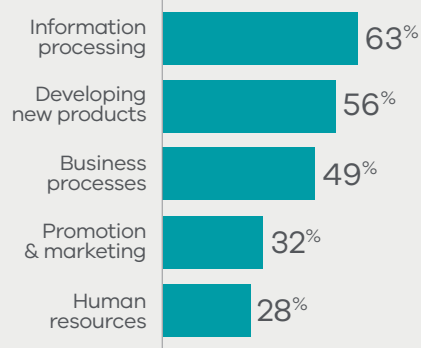
INNOVATION

The priority technologies for deployment were:*



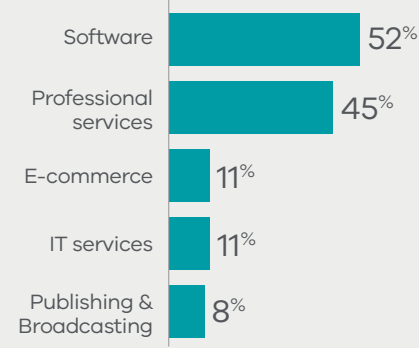
* % represents the proportion of businesses that selected these technologies in their top five responses.
Source: Victorian Digital Technology Survey 2023

Of those who are using or trialling AI/ML, the top five benefits were in:



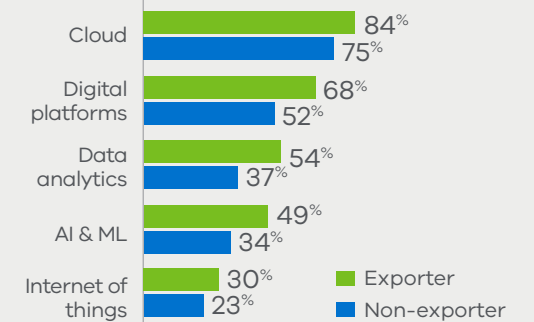
Source: Victorian Digital Technology Survey 2023

Products and services offered by exporting businesses:



Source: Victorian Digital Technology Survey 2023

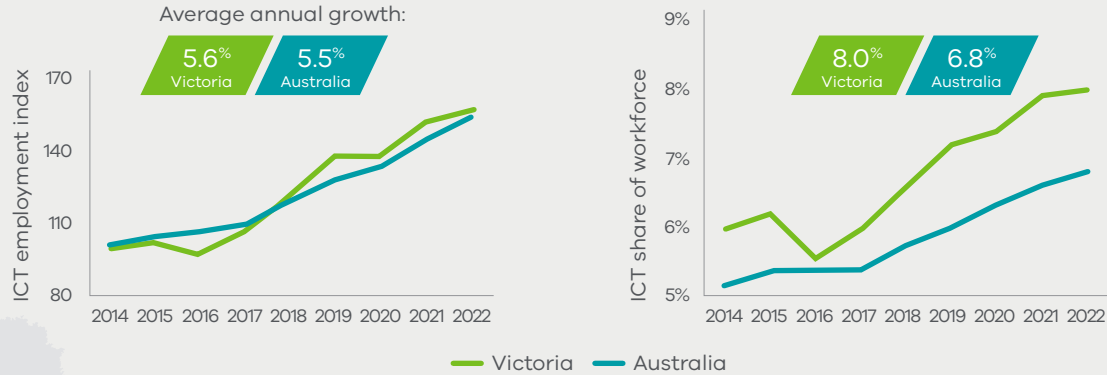
Digital technologies used in the delivery of products and services:



Source: Victorian Digital Technology Survey 2023

TECHNOLOGY WORKFORCE

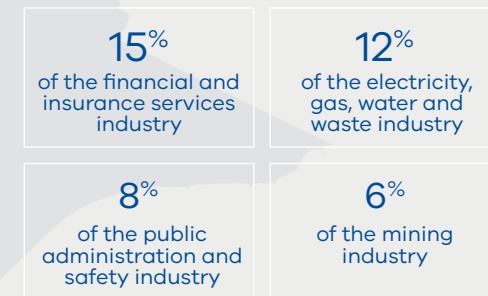
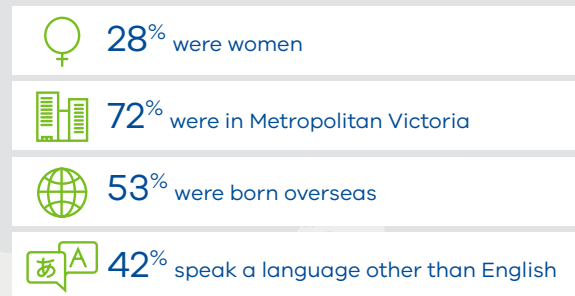
From 2014 to 2022, the Victorian technology workforce has increased by 100,000 to reach 279,000 employees, making up 30% of the national technology workforce. The ICT Employment Index shows that the technology workforce has grown rapidly and is forecasted to have an annual growth rate of 5% until 2030:



Source: Australian Digital Pulse
Note: For both indexes, 2014 = 100. The average annual growth rates are calculated across 2014-2022.

54% of the workforce work outside of the ICT industry. Technology workers account for significant shares of the workforce in knowledge-intensive industries including:

Of the Victorian technology workforce:

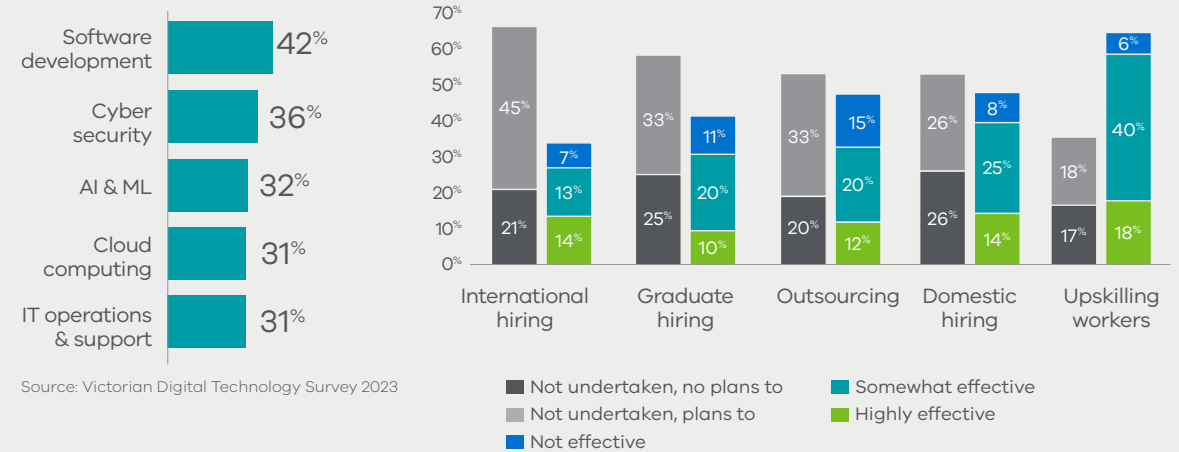


Note: Only the top 4 industries for those working outside of ICT are shown

Source: Australian Digital Pulse

SKILLS

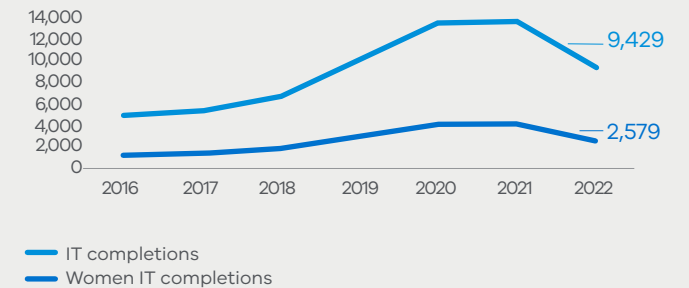
Over three-quarters of Victorian digital technology businesses face skill and capability gaps, compared to 38% of businesses in the Australian economy. Software development is the most common skill gap, with upskilling the most common way to address this:



Source: Victorian Digital Technology Survey 2023

EDUCATION

Victoria's university sector produces a strong pipeline of tech graduates and is the most IT-intensive in the country, with 9% of enrolments being in IT course. Victoria had 9,429 IT completions in 2022, with 27% of those being women.



Source: Federal Department of Education

Victorian State Government

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