
Speaker 1: Welcome to InTransition, a programme dedicated to the practise of content communication in the public sector. Here's your host, David Pembroke.

David Pembroke: Hello ladies and gentlemen, and welcome once again to InTransition, the podcast that examines the practise of content communication in government and the public sector. My name's David Pembroke, and thanks for joining me. Today we speak to a leader in the tech and innovation spaces. All of us who are working in government communication continue to wrestle with the changes and continue to look to see how we can squeeze the value out of this massive transformation that's taking place in order that we can communicate more effectively, so we can strengthen communities and improve the wellbeing of citizens, but as we do each week, we start with the definition of just exactly what it is what we're talking about.

So content communication is a strategic, measurable and accountable business process that relies on the creation, curation and distribution of useful, relevant and consistent content. The purpose is to engage and inform a specific audience in order to achieve a desired citizen and/or stakeholder action. So there we go, but our guest this week is Paul McCarthy who's a senior executive in innovation and technology and he has a fascinating background. He's currently the CEO and Managing Director of Online Gravity, a global digital consulting firm, but he's also a consultant to Data 61 in a programme called Ribit.

You will remember a couple of weeks ago we did a double episode with Liz Jakubowski, who is the leader of Ribit, and we'll come and talk to Paul about that in just a moment, but Paul has been involved in lots more than just the Ribit project there at the CSIRO. Previously he's worked with IBM, he's worked with the Digital Media Group, New South Wales Government and NICTA. Most interestingly he's also been the chairman of the judging panel, for the better part of the last decade, of the largest digital media awards in Australia and New Zealand, which are known as the AIMIAs. So he's a man with a lot of experience, and he joins us on InTransition. Paul, thanks for joining me.

Paul McCarthy: Thank you, David. Thanks for inviting me.

David Pembroke: So as someone who's been around for a while, a good while, where do you sit at the moment in terms of this scale of this opportunity, and where should people be in terms of trying to grab the most value today?

Paul McCarthy: I think one of the biggest opportunities, David, that technology and in particular the web is offering us as individuals and as organisations, is the ability to scale seamlessly. So to work across borders is really one of the key differences. The online world has created this borderless economy, which has its challenges no doubt, but it has certainly an enormous amount of upside.

David Pembroke: What's interesting is, I'm just listening to another podcast at the moment, it's a thing called "Masters of Scale". It's been put together by Reid Hoffman from

Greylock who was the founder of LinkedIn, and he makes this very point about this ability to scale and it's all about ... there's interviews with Sheryl Sandberg and Mark Zuckerberg and Brian Chesky from Airbnb, but the point that really sits at the heart of a lot of what he talks about, is that you really have to act small, but think big. So in the first instance, it's about that solution really has to solve a problem immediately for a small group before you can think about taking it large.

Paul McCarthy: Absolutely, and that's a part of the concepts ... I guess this lean start-up sort of approach. Solve problems at a local level, but with a mind to how you can scale those using the power of the web.

David Pembroke: But focusing on those smaller problems and looking to solve problems, is it a challenge for people to think about that in terms of, "I want to get big. I want to think about big things. I want to solve big problems"? But really you have... the challenge is, you actually have to think small before you think big.

Paul McCarthy: Yeah, that's true. I think being specific, there's so much untapped power in finitude and working on specific problems rather than thinking about general problems, and if you look at most of the successful businesses, they have a couple of characteristics. They solve those specific problems to start with, and in most cases they leveraged the distribution network and power of the web. So using another, as I call them Online Gravity giant, often, to help their initial growth.

David Pembroke: So the Online Gravity giants being what, the big platforms?

Paul McCarthy: Yeah, that's exactly right. They're the eight technology companies that are over 100 billion dollars in value. Six US companies and two Chinese companies, and they've grown out of this, what I see as a new type of economics that's been brought about by technology and the web.

David Pembroke: They are big and they are dominant and they're very, very powerful. How best can people working in government communication take advantage of this scale and the utility of these large platforms?

Paul McCarthy: I think it's the analogy that I use and I have written a book called *Online Gravity*, which describes this process of economics akin to the formation of our solar system. Our solar system started as a distributed space with a lot of small rocks and dust, and through the force of gravity over millions and billions of years, it formed into larger rocks and some of those formed into planets. If you look at our current solar system, it's characterised by a lot of white space or a lot of empty space.

In eight planets there are no dual planets, so similarly in the online world we've found that as new verticals have emerged at the surge of social of retail, they've been occupied by these planetary giants. I guess as individuals and smaller

companies, we're not all going to be Alibaba or Google, but what we can do ... a bit like NASA with their Voyager probe, you can't send a small probe outside our solar system. You can't carry enough fuel, but what you can do is you can use the gravity assistance of Jupiter.

NASA catapulted Jupiter out of our solar system by using its gravity to their advantage. In a similar way companies like WhatsApp have created a messaging app with 55 staff that was valued at \$17 million and touched the lives of 500 million people by leveraging the gravity giant of Apple. They launched their product on the iPhone at the right time in the early days of the iPhone and they created a high utility product that leveraged this, perhaps the most incredible platform at the moment, which is the smartphone.

David Pembroke: It's interesting using this analogy. These planets have come together very quickly though, haven't they? The speed of the scale and size of these companies is quite remarkable.

Paul McCarthy: Absolutely, David, and it's really in the last 10 years. I mean, the web's only been with us 20 years, but the last 10 years has been when we're starting to see these effects come into play, yes, and there's more to come. I mean we're only really at the beginning. To extend the kind of planetary metaphor, I mean I can see there's another eight planets in the next 10 to 15 years that are going to emerge.

David Pembroke: Wow, OK. So tell me a little bit more about those.

Paul McCarthy: Well, I think what we're seeing is, as you sort of indicated with some of the folks that Reid Hoffman is interviewing, you're seeing new innovation and new functional diversity emerge on the web. So we're seeing the peer-to-peer space is very hot with Airbnb and Uber and all these new business models that are being facilitated by that kind of dynamics of the web and so you're seeing the rise of new verticals.

I think we've barely touched the sides when it comes to health, education, RegTech. We're seeing a lot of activity in the interface between regulation and technology. So I think finance has still got a long way to go. There's been a lot of activity in FinTech at an enterprise level, at an industry level, but outside of PayPal, there hasn't been a huge amount of disruption in the personal space. For example, just imagine ... you know in Australia we love our houses, and home mortgage finance underwrites the success of our big four banks largely.

Can you imagine if there was a global player in that space that offered cross-border loans in an online platform? What will a Google Earth home finance look like and what would that do, importantly, to the other players in that space? Could you imagine an Australian company, for example, emerging in that space?

David Pembroke: Well, could you?

Paul McCarthy: Absolutely.

David Pembroke: You think an Australian company could do that?

Paul McCarthy: It's not entirely impossible, and the ability to create these businesses outside of California... I mean the tech industry, as we know, has its roots originally in the East Coast in the US and then moved to what we now call Silicon Valley around San Jose, but increasingly as it's moved to be connected with the web, it's moved up towards San Francisco. We're seeing businesses outside of San Francisco; Snapchat, for example, is in Los Angeles and we're seeing smaller businesses emerge all around the world.

So this ability to slingshot using other gravity giants' momentum and gravitas, means you've got companies like Skyscanner emerging in Scotland. In Australia, we've obviously got Atlassian, we've got Campaign Monitor, we've got probably 10 companies that are in that \$100 million plus range. So yeah, I think the possibility of a gravity giant emerging outside of the US or of course China, Tencent and Alibaba being their two giants...

David Pembroke: Actually, there's a few things I want to come back to, just because some of these issues that you raise around health, around regulation, around education. Obviously government sits very much at the heart of this next development of technology around those, because of the role that government plays in each of those areas. What does government have to do, or what could government do here in Australia to assist in Australia creating a genuine planet of its own, whatever sector that might be in?

Paul McCarthy: Yeah, well I think it does come down to policy settings in some of these areas, as you say, that are traditionally ... you know, they're in the public sector government arena, within that space. Health for example, I think the government's already done some great things in terms of enabling consults to be bulk billed online. Health is an area that I think Australia has a special role in potentially. I mean if you look at our Nobel prize count, I think we've got about 12 Nobel prizes, none in economics or physics to my knowledge so far, but I think the majority of them are health sciences or medicine.

We have acknowledged strength in research in Melbourne at WEHI, in Sydney at Garvan and many other institutes and universities. Interestingly, David, we have the second most trusted brand in the health space worldwide being, after the Mayo clinic, it's the Flying Doctor Service, which I think is partly through television and media, which we're also pretty good at.

David Pembroke: Yeah, it's interesting you raise that around health and the opportunity around health, because I was at the Cooperative Research Centre Association here in Australia, their conference a couple of weeks ago. Bill Ferris who's the Chairman of Innovation and Science Australia was asked very specifically, where did he see the big opportunities in Australia, and he said health. He said that's where we

could actually create some substantial global businesses here in Australia because of exactly what you've just said in terms of that infrastructure. But what's the switch that you have to turn to actually make that happen?

Paul McCarthy:

I think open data plays an important part and I think that's a distinctive advantage that Australia also has, that we have a respect for and an interest in science and technology. If nothing else, we're a European sort of scientific experiment and our willingness to look at new approaches and methods can be seen in a variety of industries, for example the wine industry.

We're quite quick to adopt and adapt and create new ... you know, the plastic cork, the screw top, which in Europe had a lot of resistance due to their long traditions I understand, but Australia I think, does have that advantage of having a fresh outlook to things. We're a young country in terms of our western heritage, but obviously we have a great traditional heritage as well, which we need to do more to support I think.

Coming back to the government, what can the government do? I think we are doing a lot. We do actually have a lot already, and I think more around open data and transparency would be a key thing. One of the things that's interesting David, we'd been thinking about at Data 61, we're doing some work in this area. It's sort of aligned to the Ribit platform. One of the success factors of California if you like, as a tech sector, is the market for information, and the secret to any market ... you know like public markets I guess, stock exchanges have been very successful for commerce because they provide a marketplace for information.

The more information that people have about a business or an industry, the more investible it becomes. It reveals the risks and reward profiles more readily and Australia, I think, has an interesting opportunity. In California there's always intelligence services that are emerging like Crunchbase, another one called Mattermark and they study very closely, using big data and data analytics, they study very closely all the tech firms. Everything to do with them, not just, "Who's running them? What are they doing? What investments have they had?" But also more obscure things like, "Where are they based? Which PR firms do they use? Where do they buy their coffee?" that sort of thing.

They're really interested in understanding, because the rewards for getting it right are so high that it's worth studying these things. So there's this kind of information marketplace around companies and as you can imagine, in Australia, imagine if we had that but not just for the tech sector, but for all our industry. Imagine if there was more information around private companies, to understand and qualify, "Who do I want to trade with? What supply partners do I want to work with?"

You can see this in all the areas I guess, to do with provenance in our food, better understand supply chains, to understand employment decisions. If I'm a graduate at a university, I've got the choice of working for big famous brands

that I know, that have been around for hundreds of years or a whole range of emerging growth companies, but how do I know which ones are likely to be the Atlassians of tomorrow? If there was more information in the marketplace, I think Australia could do some pretty interesting things.

David Pembroke: So for someone like a Crunchbase, how do they make their money to employ the analysts to do the work? Is it the big venture capital firms? Is it the merchant banks?

Paul McCarthy: Yeah, that's right.

David Pembroke: They're the ones who are paying for these reports?

Paul McCarthy: Yeah, that's right, David. In the US, it's largely driven by the investors, the investment community that pay for these services because the upside is so high, but interestingly, Crunchbase was born as kind of an open source-style project. So there was kind of a base level of information, and we're exploring that idea.

At the moment in Australia there's the Australian Business Register that ASIC run, and you can get basic information. If you're trading with a company or you're thinking about working for a company, you can look up their ABN. That's all transparent, which is fantastic. You can find out where the business is registered and there's some basic information. ASIC does have more information like what industry companies are in, and it would be useful to have a little bit more of that revealed so that companies could build other services on top of that.

As you say, investors are one class of users, but also there's a whole range of other stakeholders; government employers, suppliers, other companies, competitors. I think just more transparency in our business economy would be one way we could increase competitiveness locally and then that will lead to greater global success, which is I think is the end game.

David Pembroke: Yeah, and a fantastic use of the unemployed journalists who are losing their jobs in traditional media.

Paul McCarthy: Well, that's right. Absolutely we've got to use those talents. Yeah.

David Pembroke: Well, exactly. I'm sitting here as a former ... well, once a journalist, always a journalist. I always have these conversations with my friends all the time, who are often looking and thinking about their futures. Something like this would be an incredibly valuable way for them to apply their skills.

Paul McCarthy: Absolutely.

David Pembroke: But interestingly, I think at the heart of something like this is something that I'm always wrestling with, is this change in technology and what it's doing to the

economy and what it has to do to your mindset. The traditional mindset of, "I own the intellectual property" or, "I own this process and I'm going to hold onto this and I'm going to leverage this into whatever marketplace that it is, and that's going to be the way that I capitalise my intellect" I suppose, or the value I can create; whereas this new economy is forcing you to be open, and I think that the more open you can be, the more you will be rewarded because the only way you can reach scale, is if you are open. If you hold things too tightly, they can't move, they can't grow, they can't flow to where the need is.

Paul McCarthy: Yeah, that's very insightful, David. I think you've hit it on the head. It's how to access these global networks. There's a degree of porosity or openness you need, and this is actually a challenge for Australia, because I think culturally we are changing and we are becoming ... especially in the tech sector, I think there's quite a degree of sophistication and maturity that's emerged over the last 10 years, but the idea of hanging onto your idea or this sort of rent-seeking behaviour that people ... "I've got the best idea" that sort of thing, it just doesn't work.

It doesn't work in this economy and I think the real success is in execution, as they say in the tech sector. Everyone's got great ideas. In California now if you turn up with a nondisclosure agreement and say, "I've got a brilliant idea, I want to tell you about it. I want you to sign this thing to protect my idea so you don't tell anyone" they laugh at you and they sort of say, "Where's this guy from?"

David Pembroke: But that mindset's still there and I know in my own heart ... we've invested quite a bit of time and effort and energy into a process that we think is going to be very valuable for governments around the world in order for them to be able to communicate more effectively.

To start to address the trust deficit that we've got, but anyway, investing time, effort and energy and some of my advisers are saying, "That's great for us and let's hold onto it." Then I have other advisers who are saying to me, "No, are you mad?" So there is that tension between the two. How do you make people comfortable with this idea of letting it go?

Paul McCarthy: I think the thing is by example. Like anything, I think that's the only way you can teach people. I think the maturity that's emerged from our tech sector is partly been by seeing other people do it successfully, and I think just understanding that you need to be able to connect with global players and be open. It's a bit like ... as an individual, there's that kind of expression, which I quite like, "Be yourself because everybody else is taken", which I think applies to this idea of executing on your own ideas too, because I think people get worried, Australians sometimes particularly.

Thomas Barlow is friend who's an author and a consultant in a higher ed research sector. He's a very insightful guy. He wrote a book about Australian science called *The Australian Miracle* and the key point was that I think

Australians often have this idea that we're brilliant inventors. We've got this idea we'd come up with the coat hanger and chewing gum solution to everything, and it turns out if you look at data, we're actually not that much better than anyone else. We're probably the same, but the other side of it is we think that we're really crap at commercialising things and that everyone steals our brilliant coat hanger ideas and makes off with the money.

If you look at the data, in fact we're actually just as good as everyone else at commercialising our ideas. So I think we've got a probably distorted perspective of ourselves as being this small but very inventive country that gets all its ideas stolen, and closer to the truth is probably we're just as good as everyone else. The only truth in that statement is that we're small, and I think that recognising that we're small, we do have some good ideas. We have some amazing ideas, but so does everyone else and I think that we need to be more open to the idea of connecting to other people's ideas, and also backing ourselves. Sometimes we do have the best idea; sometimes it's better to take other people's ideas.

David Pembroke: Interestingly, the sort of next wave of innovation, this next wave of planets that are going to be built, are going to come out of the younger generations who are currently in the education system and emerging with their new idea about what they think and the problems that they think they're going to be able to solve.

As someone with a role there at Data 61 and involved in the Ribit project, you're looking very closely at this cohort as they come through. What are you seeing and are you encouraged by what you're seeing there in terms of the people who are going to come through and lead this next generation of innovation?

Paul McCarthy: Yeah, absolutely. I mean the current generation of talent in Australia is extraordinary, and I think the thing is that we are now probably in a much better ... the Ribit platform, I'll give it a plug, at ribit.net, which is an Airbnb-style platform to connect higher ed students, students at university, to career-related work.

David Pembroke: I can give it a plug as well, because we have now employed one of the graduates through the Ribit programme and actually as of yesterday we made him an offer of full-time employment and so we'll be going back to Ribit to get some more people in good time. So yeah, great service and I would recommend it to anybody if you're looking for smart young people. So, there we go.

Paul McCarthy: Good on you, David, thank you. So the idea also I think ... people talk about the millennial, there's all this talk about millennials and what's special about millennials. I mean I must say, I'm a bit old fashioned and I sort of think, "Well, aren't they just young people?" I'm probably at the other end of the spectrum, but I sort of go, "Well, we did things differently too when we were young" David, but I think the thing is what is different is the Australian government has really got behind this Ribit platform, and I think it's still early days, but it's got such potential.

That's the difference. When I was at uni trying to find a job, there was a kind of notice board with pins at the uni I was going to. Like this pin board, which was fantastic and it actually was instrumental in my ability to succeed in my university, and later career, but I think that's this idea of having an online matching platform that has some smarts to it, that can really find the gems of students that are ideal for a role and use some of this artificial intelligence and new ways of looking at students. On the other side, how do I find these really exciting, new, high-growth companies that are aligned to my interests?

David Pembroke: Yeah.

Paul McCarthy: Like the contentgroup.

David Pembroke: Well, it's funny you say that. We are that exactly and we're going to continue to grow and compounding growth; there's no doubt about that at all, because we do have those global ambitions and we are going to it actually, but we are going to do it off the back of some of these very smart young people who can come in and plug the gaps really in some of the knowledge and some of the behaviour as well. It's just different. I'm an older guy and so I just don't quite think often the way some of these people do, and some of the presentations that I'm seeing in the last few days is like, "Wow, this is really going to make some difference to us."

So, I would encourage anybody, and even people working in government... I think there's a real opportunity to get talent into government, because I think a lot of people do want to do good. I think Steve Case has written a book recently about the increasing importance of government, particularly in the regulatory space as technology continues to transform industries in health, in transport, in education. So there's going to be very important roles to play for people to enable, through the government platform, a lot of the new business and a lot of the new opportunities as we're moving into the future.

Paul McCarthy: Absolutely, that's right, David.

David Pembroke: OK. So Paul, thanks very much for spending a bit of time with us today. We're right up against time and probably not quite exactly where ... generally we are talking about content and we're talking about the gift of technology as it relates to content. So how do we create better video, audio, stills, text, graphics?

How do we communicate, because ultimately the connective tissue in all of this is the story, and people have to get better in telling this story, and government has to get better at telling this story, because as somebody obviously with experience in government you may, you may not agree with me, but government has in my view is not a great storyteller. That they do so much good and there is so much value locked up into their organisations that you just think, "Why aren't you telling people this in a form that they want to receive the information, in the channels where they're actually occupying at the moment?"

Paul McCarthy: That's right.

David Pembroke: "Why aren't you there in a way that's consistently telling that story over time?" But I think that's improving as well. We've just done some research around our particular audience group and we're very focused on government, and it's improving, and what we're seeing is that people are taking on this challenge of becoming better communicators.

I think the leadership at the political level are releasing the control and senior levels of the public service are starting to get a little bit more relaxed with the fact that we've got to use these platforms, we've got to get out there and create and deliver better services. So I'm very optimistic. How are you as someone who is a senior person in the innovation and tech space as you sort of sit just to the side of government, but looking back in? What sort of things are you seeing at the moment?

Paul McCarthy: I think there are leaders and innovators in government and I think certainly communication is an area that needs to ... it's a key part of government that needs a lot of focus always and the success of a lot of governments I think is in part due to strategic communication. So partnering with people like yourself that understand that, I think is really valuable. And as you say, as audiences have moved onto new platforms, there's new ways of engaging with audiences, particularly young people, and how do you make sure that those stakeholders are kept in the loop and that you get feedback from those people.

David Pembroke: Would you agree with me that there is so much good locked up in government, that they really do have a good story to tell?

Paul McCarthy: Absolutely, without doubt. I think one of the things I always thought, still do, is there's not enough respect probably given to public office in Australia I think. Even in the US, which is much more a market-led economy, that I think the role of people working in government people get a lot more respect, and I think part of that is probably understanding the benefits that we all get from government and government services.

So I think that's a really important message to tell. One of the things I think ... I interviewed this woman as part of my book in the US, she's a global taxation expert and I said, "How come ... obviously different countries, Sweden's quite happy to pay 60, 70 cents in the dollar, whereas in the US they're sort of, 'I'm happy about paying 15 cents in the dollar' effective tax rates?"

She said that once you get rid of government services and outsource education and health, and ultimately things like security as has happened in the US, there's private security, private education, private healthcare, then people are very unhappy to pay for the kind of things that you don't see. So, there's potentially I think a really important role there, if we want to have a strong government to communicate the value that they are delivering.

David Pembroke: Indeed. That is the challenge and I will return to that challenge right now, because I've got a few government agencies I have to go and help to tell a better story. So Paul, thank you very much for giving up a bit of your time today. So just, when did the book come out and how can people find out more about you and more about the book?

Paul McCarthy: Sure, well the book *Online Gravity*, it's published by Simon & Schuster in Sydney and London. It's available now online. You can visit the website onlinegravity.com or just buy it at any bookstore around the world. It's being translated into Chinese, I'm excited to announce.

David Pembroke: Oh, wow!

Paul McCarthy: CITIC, which is the largest publisher in China, is publishing it later this year. So that'll be a bit of excitement for me. I've just come back from my first trip to China actually, which was a massive technology event there.

David Pembroke: That is ... yes, exactly. Well, we could talk again, and we will talk again. I think over the next little while, let's come back and have some more conversations, because I'm interested actually that you made a point very early there around being specific, being narrow. Not solving broad problems, but being specific, and this is this whole sense of content communication, is that you've got to be narrower. The narrower the better, because that's where the world's gone. We've gone from the broadcast world to the narrow cast world, you know, that narrow interest. Anyway, that's a conversation for another time. I've taken up enough of your time for today. So Paul, good luck with the book *Online Gravity*.

Best of luck also with the consulting business as well. That's going to be, I'm sure it's going to be a massive success and good luck with Ribit and the ongoing success there. So thank you to Paul McCarthy and thanks to you, the audience, the listener, for once again tuning in to *In Transition*. A great conversation there with Paul McCarthy and I'm very grateful for his time, and I'm grateful to you for giving up a little small part of your week to have a further conversation about content communication in government. I'll be back at the same time next week, but for now, it's bye for now.