

# **THE 2023 OPTUS OUTAGE REPORT**

**MARK221 FINAL ASSESSMENT**

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The word "OPTUS" is displayed in a bold, teal-colored, sans-serif typeface. The letters are evenly spaced and centered horizontally on the page.

## EXECUTIVE SUMMARY

The 2023 Optus outage crisis was a major incident that gained extensive public attention, severely impacting millions of customers and the telecommunications industry. Despite having basic public relations crisis strategies in place for immediate damage control, Optus' response highlighted significant unpreparedness and weaknesses in initial preparation, during the crisis event, and post-crisis actions. The company's communication during the crisis was criticised for lacking transparency and failing to adequately address the fallout from the outage, leading to an increased negative public perception.

In response to the crisis, Optus took several steps. This included announcing maintenance activities to resolve the issue and offered compensation packages to affected customers. Although, the low-offer compensation offered to customers additionally shifted the already strong public perception negatively. Furthermore, Optus engaged in a government-related post incident review. This engagement did demonstrate a willingness to cooperate with legislative bodies as well as improve their own crisis response strategies in the future.

There are a multitude of recommendations for Optus to implement that will improve their crisis management processes. In the crisis preparation stage, the implementation of; a stakeholder engagement system to build trust and transparency, effective scenario planning to identify and mitigate risk, as well as comprehensive staff training to ensure a consistent organisational response during crises. For recommendations during a crisis, Optus should utilise; a crisis response team that facilitates effective decision-making, a media analysis team providing important information to key stakeholders, and the utilisation of all PESO media channels which allows Optus to display transparency. In terms of Optus' post-crisis management, the implementation of; greater industry collaboration will facilitate collective learning, greater compensation packages that favourably influence public perception, and community outreach programs that rebuild trust.

By addressing the crisis management weaknesses displayed during the Optus 2023 outage, and implementing these recommendations, Optus can enhance its crisis preparedness, strengthen stakeholder relationships, and demonstrate a commitment to effective crisis management practices in the face of future challenges.

**Table of Contents**

*Situational Evaluation* ..... 4

*Organisational Evaluation* ..... 5

*Recommendations* ..... 6

*List of References* ..... 7

## Situational Evaluation

The 2023 Optus outage was a highly significant public relations (PR) crisis event that heavily impacted the telecommunications industry within Australia. The Optus outage is a PR crisis event as it violated stakeholder expectations, created negative outcomes and stakeholder perspectives for the organisation which required the immediate application of effective PR tools (Tench & Waddington 2021, pp. 346-347; Viazova, Volkova & Yudina 2023, p. 99). On the 8<sup>th</sup> of November, 2023, Optus suffered a network outage that affected internet, cellular, and fixed-line services across Australia that left over 10 million customers affected (Gregory 2023; Swan, Keoghan & Ireland 2023; Williams 2023). Furthermore, it created extensive delays to businesses, transport systems, government departments and even hospitals, resulting in around 400,000 such locations affected. The services were eventually restored after nearly 14 hours of the initial outage (Vidler, Long & Jeffrey 2023). The reason for this crisis event was due to routers within their network disconnecting due to an automated measure that protects against routing update overload during a software upgrade (Department of Infrastructure, Transport, Regional Development, Communications and the Arts 2024, p. 12; Gregory 2023; Optus 2023, p. 5).

As previously mentioned, this crisis event held a significant impact upon Optus stakeholders. A major implication due to this event was the inability to access emergency services for Optus customers (Department of Infrastructure, Transport, Regional Development, Communications and the Arts 2024, p. 12; Gregory 2023). Optus had measures that allowed 4G and 5G device connections to move to other available networks but did not have measures for 3G connections to access Triple Zero. Additionally, network resellers, such as Amaysim and Dodo, were also affected with their customers experiencing the same crisis event (Haskell-Dowland, Gregory, & Ahmed 2023). A major disruption to many businesses, institutions, and various infrastructure was the inability to use EFTPOS machines due to the network blackout, forcing establishments to revert to cash-only payment or complete loss of revenue if cash-payment measures were not already in place (Pritchard 2023).

The government response to this crisis was strong. Various government departments responded by conducting a post-incident review that emphasised focus on communication, emergency calling, the handling of complaints, and processes of compensation (Department of Infrastructure, Transport, Regional Development, Communications and the Arts 2024, p. 12; Parliament of Australia 2024). A timeframe of 12 to 18 months was given for government agencies and the telecommunications industry to implement recommendations established within this review (Lewins 2024).

The response to the situation at the time, by Optus, can further be briefly evaluated. Due to the cause of this event, the company was visibly not well prepared to prevent this occurrence. This can be viewed as a significant failure in prior risk management, an important preventative action in crisis management (Tench & Waddington 2021, p. 350). Optus' response during the outage was crucial as they acknowledged a present issue and announced they were undergoing maintenance to find a solution, aligning with the important crisis management principle of having open communication and being proactive throughout a crisis (Coombs 2007, p. 165; Williams 2023). Additionally, the company maintained a line of communication through their owned media which also aligned with good crisis management processes (Eriksson 2018, p. 531; Haskell-Dowland, Gregory, & Ahmed 2023; Tench & Waddington 2021, p. 353).

Ultimately, the 2023 Optus outage, caused by a network protocol issue, significantly disrupted telecommunications in Australia. The inability for some to access emergency services was a major concern with millions of customers affected. This led to a government response through a post-incident review. Despite initial unpreparedness, Optus satisfactorily managed the crisis by acknowledging the issue and maintaining open communication, highlighting the importance of these factors in crisis management.

## Organisational Evaluation

An organisational evaluation can be made on Optus' PR crisis management practices in multiple stages during their outage crisis. Prior to the crisis, Optus was underprepared in their preventative measures of this specific crisis. During the crisis, the company placed emphasis on communication but was satisfactory in its implementation, leaving public opinion largely negative. After the crisis, Optus faced additional challenges to which they took several steps to manage the situation through good crisis management processes.

Prior to the outage crisis, Optus already had crisis management measures implemented, but was not sufficient as it held weaknesses. Prior to this event, Optus' crisis procedure was stated to feature a methodical approach with continuity and scenario plans, with additional transparency, and people-centric outcomes, but did not have a valid system to respond to this event (Jaques 2023; Sheridan 2021). Due to this, Optus should have expanded on their crisis management preparedness, especially after a cyber-attack in 2022 that had accessed records of millions of former and current customers (Smith 2022; Swinburne University of Technology 2023). This incident displayed the unpreparedness of the company, to which a revitalised crisis management plan should have been implemented, but was clearly not efficient with the 2023 outage incident.

Optus' crisis communication plan, throughout the incident, aligned with crisis principles but was not substantial enough for a successful implementation. Throughout the incident, Optus remained active on various owned channels of media with regular updates when possible, an important crisis management principle (Eriksson 2018, p. 531). However, these updates were seen as vague by the public as no acknowledgement to the reason of the outage was given (Long 2023). Furthermore, by only communicating through owned media, there was little external communication with mass-media about the issue as well as the CEO only engaging in selective interviews, hours into the crisis incident. This was significantly problematic as it may lead to widespread panic about potential breaches of personal data as the cause to the crisis was not identified publicly.

As for the aftermath of the crisis outage, the company was forced to manage new aspects of management in light of additional challenges. A week after the incident, Optus announced a compensation package of 200GB of extra data to customers affected, giving them just over a month to sign up for the compensation, which was widely criticised (Ainsworth 2023a; Ainsworth 2023b). From a crisis management perspective, this form of compensation far out-weighted the gravity of the situation and exacerbated negative public perception. Following this, Optus provided cash and account credit compensation in an attempt to reestablish perception favourably and limit the possibility of a potential lawsuit. As previously mentioned, a government post-incident review was announced, potentially further inciting negative public perception. Optus, other telecommunication providers, and governing bodies were given a timeframe in order to implement various recommendations to create a safeguard in similar future events. Optus' commitment to hearings regarding this review, as well as their own submission of events to government, was a positive crisis management tool as customers and stakeholders would have a growth in confidence over an outage, similar to this crisis, never occurring again.

Concludingly, Optus' crisis management during the 2023 outage crisis revealed weaknesses in preparation, communication, and post-crisis actions. Despite having a crisis plan, Optus was underprepared for this specific crisis. Their communication during the crisis, although a good practice, was not effectively implemented which led to negative public perception. In the crisis aftermath, Optus faced challenges but took measures to manage the situation through compensation and cooperation with a government review. This event underscores the importance of robust crisis management practices.

## Recommendations

There are recommendations to be made in various stages of Optus' crisis management process during their 2023 outage. In the years prior to the crisis event, there are multiple recommendations that would have created a greater risk preparedness ability. Additionally, there are more suitable recommendations that would have shifted public perception favourably during the crisis. Finally, in the aftermath of the crisis, there are further suggestions that would have given Optus the capacity to have a more positive crisis management process.

For crisis preventative measures, there are suitable recommendations that Optus should implement. The first of which, is the introduction of a stakeholder engagement system. This strategic system would identify key stakeholders involved and create direct engagement with such by implementing feedback mechanisms and communication processes. This would create a sense of trust with stakeholders, allowing them to access a line of communication with Optus, increasing transparency and credibility. A second process, as a recommendation to implement, is effective scenario planning. Regular risk assessments should be should occur that target a wide-range of Optus' operations, especially throughout their network. This would mitigate potentially unknown areas of risk while also establishing up-to-date measures prior to a crisis event. Moving forward, an important suggestion for Optus to implement would be comprehensive staff training modules on PR crisis management. These modules are to be conducted to employees at all levels in the organisational structure. This would ensure that all employees of Optus would be consistent in a company response to a crisis, as well as allowing the company to maintain organisational control at all levels. All in all, the recommendations of a stakeholder engagement system, effective scenario planning, and comprehensive staff training models would have improved the capacity for the successful crisis preparation of Optus.

During the crisis, there are recommendations that would have assisted in changing public perception and ultimately improve the PR crisis management practices of Optus. The first recommendation involves establishing a crisis response team. This would entail a group of PR staff dedicated to crisis response, always prepared. The introduction of this would allow an instantly centralised response effort that facilitates decision-making effectively and can coordinate across other relevant organisational teams. Moreover, a recommended implementation of a media analysis system would provide heavy support to a crisis management team. This information system would track and monitor media coverage through various channels from an initial crisis to post-crisis. The system would provide key information to relevant stakeholders mainly pertaining to public perception. A final suggestion to implement during this period in the crisis journey would be to utilise all options of PESO media (Sparrer 2021). During Optus' crisis management, the company mainly discussed the event on owned channels, leading to distrust and negativity amongst the public. This suggestion, using all channels, would substantially display a trustworthy level of transparency, shifting public opinion. All things considered, the introduction of a crisis response team, a media analysis system, and a utilisation of PESO media will improve Optus' crisis management practices as well as assist in shifting public perception.

In a post-crisis environment, there are suitable and necessary recommendations for Optus to including in their crisis management operations. A major recommendation is for greater industry collaboration. This could be through governing bodies, crisis professionals and other competing companies. The exchanging of information in these settings will allow for an enhancement in crisis preparation for the industry through collective learning. Another recommendation of great significance would be to introduce greater compensation packages in the event of a crisis. In the outage crisis, Optus gave under-value compensation to consumers which inflamed the already negative public perception of the company. In the future, Optus should initially offer compensation packages that are slightly above value, whether it be through a heavy discount on available plans or through monetary means. This would also assist in favourable public perception and limit the possibility of lawsuits from disgruntled customers. A final suggestion for the company to implement in post-crisis stages is a community outreach program by engaging in relief efforts with local communities affected. The implementation of this recommendation will rebuild community trust with Optus and generally display corporate social responsibility. As a summary, the introduction of greater industry collaboration, greater compensation packages, and community outreach programs are necessary suggestions that increase the probability of a successful post-crisis effort.

All things considered, there are numerous recommendations, for Optus to apply in their crisis practices, that will significantly assist the company in variety of ways. These suggestions are involved in all stages, being prior, during, and after, a PR crisis event.

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