FULL COMMITTEE HEARING ON SMALL BUSINESS AND BROADBAND: AN ENGINE FOR ECONOMIC GROWTH AND JOB CREATION

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FULL COMMITTEE HEARING ON SMALL BUSINESS AND BROADBAND: AN ENGINE FOR ECONOMIC GROWTH AND JOB CREATION

Wednesday, May 12, 2010

U.S. HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,

Washington, DC. The Committee met, pursuant to call, at 1:00 p.m., in Room 2360 Rayburn House Office Building, Hon. Nydia Velμzquez [chairwoman of the Committee] presiding. Present: Representatives Velμzquez, Dahlkemper, Altmire, and Graves.

Chairwoman VELÁZQUEZ. This hearing is being called to order. Just as the interstate highway system revolutionized American commerce, today we are presented with a similar challenge. Building a nationwide broadband infrastructure is an equally ambitious task, and it is just as fundamental to our prosperity in the Twenty-First Century.

Over the next decade, we can expect the growth of this field to produce good-paying jobs for millions of Americans. The number of jobs dependent on broadband and IT are expected to grow by 25 percent over the next 10 years, creating opportunities for large and small companies in every sector of the U.S. economy.

While building a nationwide broadband infrastructure will be vital to our economy's long-term health, deploying this technology also carries immediate economic benefits, at a time when our nation needs every job we can find. Some have estimated that over the next 4 years, we will see 30,000 jobs a year from the broadband investments funded through the Recovery Act alone.

Beyond the immediate payoff, widespread broadband adoption will mean new economic opportunity for communities across the nation. Small businesses already benefit enormously from the Internet. For Americans looking to launch a new enterprise, broadband offers lower start-up costs. This is especially important now, as many dislocated workers are looking to entrepreneurship as a way to replace lost income.

For the established small business, high speed Internet can expand a firm's client base using a company website, social networking, or other forms of online advertising. Firms can utilize voice and video communication as a low-cost method to connect with customers around the world and reach previously untapped markets. They can store data online, access office productivity tools, and even improve the energy efficiency of their business.

The FCC recently released a National Broadband Plan, an ambitious initiative aimed at accelerating the adoption of high speed Internet. Bringing the public and private sector together, the plan offers steps to accelerate the rollout of broadband and help small businesses embrace these benefits. Although three-quarters of small businesses currently have a website, only one in four sell their products using e-commerce. In today's global economy, that is simply not good enough.

The National Broadband Plan could help narrow this gap, creating additional growth opportunities for small companies. As this plan is refined and implemented, the Committee will need to ensure that entrepreneurs' needs are kept top of mind.

Putting broadband in more American homes and businesses is just one part of the equation. The Internet has always served as an unparalleled laboratory for innovation and entrepreneurship.

If we are to reap the full benefits of this economic engine, it is vital that the Internet remain a platform where free speech and new ideas flourish and consumers can connect with whomever they choose while accessing services of their choice.

Just last week, the FCC released a new framework aimed at preserving this freedom without discouraging investment in our nation's broadband infrastructure. In coming weeks, the strengths and weaknesses of this initiative will receive significant consideration. Small businesses have much at stake in how the debate plays out. It is my hope that today's discussion will shed light on what these policies mean for online entrepreneurism.

The business owners before us today highlight the variety of opportunities created by broadband. I look forward to hearing their thoughts on how broadband is empowering America's small businesses now and how Congress and the FCC should take their needs into account as we craft policies that will shape the Internet's evolution for decades to come.

With that, I thank all of the witnesses for being here today and yield to Ranking Member Mr. Graves for an opening statement.

Mr. GRAVES. Thank you, Madam Chair, for holding this important hearing on the impact that broadband is going to have on the economy and its ability to foster Internet growth.

Technology and the ways we communicate with one another are constantly evolving. You know, 150 years ago we had to elicit the help of the Pony Express to deliver what would inevitably take days to travel from a place like St. Joe, Missouri to San Francisco. Today we can send an entire book as a .pdf file through the e-mail and rest assured that file is going to be received across the globe in just a matter of seconds.

To do research 50 years ago, we had to go to the public library and hope it had the materials that we needed. Now you can log onto your computer and access more information than the Library of Congress can even contain.

If you wanted to buy something 20 years ago, you probably had to get into your car and go to a nearby store. Thanks to online shopping, we can now simply log onto our computer and virtually buy any product from businesses, large and small, from across the globe.

We are all aware of the limitless services technology and the Internet provide to our daily lives. We tend to forget that these everyday conveniences would not be available if it weren't for the contributions of small businesses, like those that are represented here today.

The change from molasses-like dial-up connections to warp-speed downloads comes from technological innovations in network architecture. From DSL to cable modems, to fiber optics to-the-home, the continued development and improvement of the Internet relies on the investment of billions of dollars by private sector enterprises.

Unfortunately, the Internet and related technologies are not as widespread as we would like to think. And there is a severe lack of appropriate infrastructure that limits many American communities, businesses, and families from gaining full access to these services.

Rural areas in many states are particularly likely to lack the infrastructure needed to allow them to benefit from this vital technology. Without access to affordable broadband services, the economies and development of these communities are going to suffer.

With other policies that this government adopts with regard to technology and broadband, we must first make a commitment to ensuring that small businesses in rural communities will benefit from the infrastructure investment.

Regulatory policies that diminish the incentive for such private sector investment will benefit neither small businesses nor the economy that will rely on them for the growth needed to create jobs.

I look forward to hearing testimony from our witnesses today on the use of broadband and the access that is going to enable the creation of a lot of new jobs and the policies needed to maintain America's lead in technology. I appreciate you all being here today. And I know some of you traveled from a long ways. Thank you.

Chairwoman VELÁZQUEZ. Well, with that, I welcome all of the witnesses. Our first witness is Mr. Evan Burfield, who is the Chairman and CEO of Synteractive Corporation. Mr. Burfield previously founded NetDecide, a company that provides wealth management solutions. He co-founded Synteractive in 2003, which is a strategy and business solutions consulting firm.

You will have five minutes to make your statement. Welcome.

STATEMENT OF EVAN BURFIELD, CHAIRMAN AND CEO, SYNTERACTIVE CORPORATION

Mr. BURFIELD. Chairwoman Velázquez, Ranking Member Graves, and distinguished members of the Committee, as the Chairwoman says, my name is Evan Burfield, and I would like to thank you for holding this important hearing on the role broadband plays in driving innovation and creating economic growth and new jobs.

I am the President and CEO of Synteractive, a company dedicated to solving the really big problems in the world involving connecting people and information.

Broadband, together with instantaneously scalable cloud computing and interoperable applications, serves as a linchpin for creating the future of business. The media and the man on the street

has a feeling that the Internet is changing the way products and services get to market, but today I will walk you though the facts.

The first thing to know is that today's broadband and the tools it powers are enabling innovative small businesses to out-compete larger competitors.

In 2009 Synteractive was a key part of the team that won the contract to rebuild Recovery.gov, which Newsweek has referred to as "perhaps the clearest, richest interactive database ever produced by the American bureaucracy."

Synteractive, along with our partners Smartronix, TMP Government, and KPMG, was able to build the entire platform in less than ten weeks for around six million dollars. Within a few days of kicking off the effort, we created a development environment using Amazon Web Services, which provided us with access to vast, instantly scalable computing resources for a few thousand dollars per month.

We built Recovery.gov with platforms such as Microsoft SharePoint and FAST Search because they were off the shelf and interoperable, allowing us to focus on design and innovation, rather than recreating the wheel.

We wanted the site to help citizens find a recovery job. So we created a tool in less than a day using Microsoft Bing search service that enabled citizens to search for jobs across companies that received recovery funds. Similarly, we made Recovery.gov available in over 50 languages in a few days by snapping Google Translator into SharePoint

To build a platform like Recovery.gov 10 years ago would have been a $100 million effort and would have by its very nature been done by a company like IBM or Lockheed Martin. Our team was able to create an innovative solution using tools from a wide variety of vendors faster and more efficiently than Lockheed of ten years ago ever could have. Simply put, small businesses have never been more able to punch so far above their weight.

While I am very proud of my company's success with Recovery.gov, we have our eyes on a larger target: creating a set of online services that provide other businesses with the kind of power that we have at Synteractive.

Synteractive has clients ranging from Recovery.gov to the American Petroleum Institute to Microsoft. We have grown our revenue from $150,000 in 2006 to nearly $6 million last year. We have the latest in software and communications tools available to us from the way we collaborate to managing our sales process to keeping our books straight.

What is more interesting, though, is what we don't have. We don't have a receptionist because an online service automatically routes calls and delivers voice mails to us as e-mails wherever we are in the world. We don't have computer servers humming away in our office because everything occurs on demand in the cloud delivered by broadband. Because we don't have servers, we haven't had to hire a systems administrator.

We are a lean business, where every person we hire is focused on driving innovation for our clients. As a result, we can offer superior talent and solutions at competitive rates.

Synteractive is working with one of America's leading broadband companies and Microsoft to bring this kind of efficiency to other businesses, particularly small businesses.

We are creating online services that provide the core tools a small business needs, built on Microsoft technologies, and delivered as a bundle along with broadband Internet access.

The innovation enabled by broadband is critical because it drives efficiency. Efficiency is critical because it makes small businesses leaner; more competitive; and more flexible; and, therefore, more resilient to economic downturns; and responsive enough to drive growth as economic conditions improve.

Congress should continue to take steps to keep this engine of economic growth humming. First, Congress deserves tremendous credit for the support already given for making broadband pervasive across America through legislation such as the Recovery Act. It is critical for our democracy and our economy that every American, regardless of where they live, should have access to cheap and reliable broadband.

Second, it is of the utmost importance that small businesses in America have a level playing field to compete and win. I know Congress and policy-makers are playing close attention to net neutrality. And the members of this Committee are more attuned to the ongoing policy debate than I am. But as an entrepreneur, I would encourage policy-makers to steer clear of foreclosing new business opportunities for small businesses.

Third, broadband and small businesses are a powerful engine for job creation, but it is important to understand that these jobs require education and skill. Talent is a fuel that drives small businesses like Synteractive. We require people who understand strategy, economics, analysis, design, and engineering. Regardless of experience, we demand a solid foundation in rigorous thinking, scientific and engineering knowledge, and the ability to write and communicate clearly. Small businesses simply aren't creating many jobs relevant for mushy thinking, poorly educated people.

Therefore, the final step that Congress should take to ensure that broadband and technology continue to be an engine for job creation is to improve the quality of education in America.

Chairwoman Velázquez, Ranking Member Graves, and distinguished members of the Committee, thank you for your time and consideration on this important topic.

[The statement of Mr. Burfield is included in the appendix.]

Chairwoman VELÁZQUEZ. Thank you, Mr. Burfield.

Our next witness is Mr. Steve Messere. He is the founder and CEO of Revenue Spark, located in New York. Revenue Spark provides business services to a wide variety of sustainable growth companies.

Welcome, sir.

Mr. MESSERE. Thank you. Thank you, Chairwoman Velázquez, Ranking Member Graves, members of the Committee.

STATEMENT OF STEVE MESSERE, FOUNDER AND CEO, REVENUE SPARK INC.

Mr. MESSERE. My name is Steve Messere, and I am the founder and CEO of Revenue Spark. Revenue Spark is a company that is dedicated to creating and fostering relationships between sustainable technology companies. These are companies that are creating new opportunities on an almost daily basis through the spirit of invention and innovation and, as it is traditionally defined, what it means to be an American. Just like railroads, telegraph and telephone transformed the American business, broadband is similarly transforming the way Americans do business today.

Revenue Spark is the world's first sales outsourcing firm to dedicate our entire focus to helping sustainable technology companies succeed in a marketplace. We do this through a combination of new technologies that didn't even exist five years ago.

The core of our operation is domestic sales outsourcing. Domestic sales outsourcing avoids the pitfalls of hiring new business development staff. The typical hiring procedure yields a failure rate of over 50 percent in the first six months. And for a new business, this can be easily mean the difference between success and failure.

Domestic sales outsourcing also transfers the time-consuming tasks associated with research and establishing leads and doing the development work that can oftentimes keep a company from succeeding. So the challenge of most businesses is deciding how to staff a team that can overcome these hurdles and provide reliable and repeatable revenue.

We are in the midst of a real paradigm change in how computer information is handled. Again, five years ago, individuals were dependent on their own personal computers to save and store their information. Now that information is increasingly shared over far-flung computer networks.

This is the cloud computing. And it means instantaneous cooperation is now possible between different individuals regardless of where they might be located. And this translates into increases in productivity.

As we all know, increased productivity means a better bottom line. And a better bottom line means more and better jobs. Whether this happens via SalesForce, Google Documents, Skype, Jigsaw, Web Conferencing, Twitter, iPod, all of these things are the numbers of new technologies. It all means the same thing, which we are changing the way we do business, almost on a daily basis. And all of these technologies rely on fast, reliable, and accessible broadband.

The Internet removes these economic barriers. So that at Revenue Spark, we are, in effect, a virtual company. For us, the term "company headquarters" is almost irrelevant. We do almost everything via telecommuting.

All the members of the Revenue Spark sales development team have a proven track record of being successful in sales outsourcing. In addition, all those members have spent an average of over 15 years working. But they need these tools. So telecommuting allows us to attract the best at their best. And it is an the advantage for us and for society in these following things.

It provides fuller employment; less strain on infrastructure; increased productivity; reduction in turnover and absenteeism; reduction in carbon footprint and energy use; an expansion of our talent pool; and, one of the most important things, it helps us put recently displaced people back to work because they're not limited by the geography that they face.

So what I think we want to conclude with is that small business and medium-sized companies are the engines of economic growth in the United States today. They are dependent on the Internet to bring their ides to market. Broadband is the new Main Street and not just Main Street U.S.A. but everywhere in the world.

For us at Revenue Spark, the Internet is an indispensable tool for what we do and what we do best, which is tell stories, because that is what we really do, we tell a story, a true story, about new technologies and about the boundless creative accomplishments of American innovators. And that story is as old as America itself.

There is a new chapter that is being written, even as we sit here, a tale of otherwise undiscoverable technologies and how America can flourish and grow in a way that is sensible, sustainable and, yet, preserves our precious resources for our children and children's children, not just here in the U.S., but all over the world. And for all over the world, it is, of course, a story about jobs, very good jobs. And we use websites, and we use these tools to make that possible.

Given a choice today between having telephone service or Internet, the vast majority of companies we work with would choose the Internet without hesitation. And that is the very definition of the sea change that we are faced with here today.

All of these tools that we have talked about and more serve to increase efficiency, which means a better bottom line, which means more jobs, good jobs, the jobs of today and tomorrow, not the jobs of yesterday.

Chairman Velázquez, Ranking Member Graves, and members of the Committee, thank you for this opportunity.

[The statement of Mr. Messere is included in the appendix.]

Chairwoman VELÁZQUEZ. Thank you.

Our next witness is Mr. Greg Whisenant.

Mr. WHISENANT. You got it. Thank you.

Chairwoman VELÁZQUEZ. He is the founder and CEO of CrimeReports in Draper, Utah. CrimeReports is the largest online resource for crime information, offering software tools for law enforcement agencies.

Welcome.

Mr. WHISENANT. Thank you. Thank you, Chairwoman Velμzquez, Ranking Member Graves and members of the Committee.

STATEMENT OF GREG WHISENANT, FOUNDER AND CEO, CrimeREPORTS

Mr. WHISENANT. My name is Greg Whisenant. I am the founder and Chief Executive Officer of Public Engines, Inc. We make the CrimeReports.com website.

I founded CrimeReports.com in 2007. And as of today, we work directly with nearly 1,000 law enforcement agencies throughout the

country to build the National Crime Map, which would give every American free access to street-level crime information within 24 hours of its occurrence.

We sell a monthly subscription to law enforcement agencies under a software as a service model. We have a single instance of software code on the Internet that works with nearly any law enforcement agency's existing technology systems.

We don't sell hardware, software licenses, or maintenance contracts. We do everything from the Internet. So we are very capital-efficient. Our prices are often 1/100th of what our competition charges. So we have enjoyed exceptional growth in just three years.

We work with law enforcement agencies in most of the districts represented by the members of the Committee here. We cover more than 20 percent of the U.S. population.

I would like to emphasize four key observations in my testimony today. Observation number one, CrimeReports is a small business that uses technology and increasingly broadband to compete effectively and create jobs.

Like many other companies in the United States, without the Internet, CrimeReports.com would not exist. And, with it, we have seen exceptional growth. We currently have 41 employees, of which 30 were hired in 2009, mostly in sales and software engineering.

The users of our service are not just law enforcement agencies but ordinary members of the public, whose ability to gain access to street-level crime data is made easier with Internet access. This is particularly important in public safety, where members of the public can change their behaviors to protect themselves, their families, and their property if they know what types of crimes are happening.

My company's service does not rely specifically on broadband. However, as we have grown to support this vast network of agencies, our customers tell us that we could help them with new bandwidth-intensive applications. The limitations of these advanced applications are constrained by technology in that the entrance fee to the toll road is simply too high. Although the invisible hand will solve many of these problems over time, we can move the needle in a meaningful way with a vision of where we are heading and a concerted effort to get there.

Observation number two, broadband is vital infrastructure for technology and non-technology companies alike. And as an equalizer in business, it encourages innovation that benefits consumers.

Like other conditions, such as education, access to capital, and a market that is largely unencumbered from excessive regulation, widespread access to broadband is a critical ingredient in economic recovery, and more so for long-term economic prosperity. It lowers the barriers to entry for people to create new and innovative technologies. It lowers costs for the delivery of content. It democratizes participation in the economy for entrepreneurs with new and exciting ideas.

When I started CrimeReports.com, we had virtually no direct competitors. As we started to grow quickly to expand the National Crime Map, several existing software companies began to pay attention and released competitive products. The Internet and

broadband were tools that we used to drive down the cost of providing our service, and soon other companies used these same tools.

Today we are focusing on efficiency, growing quickly and optimizing our processes, but ultimately it is the consumers of our service, local law enforcement agencies, that are the clear winners in this textbook competitive market, where private companies are working to create the most value at the lowest price.

By any measure, widespread access to broadband is an accelerator to efficiency. Those economies that achieve the highest level of broadband penetration will be the first to create the new efficient services that will take advantage of these high capacity networks and will have an advantage in the long run.

Observation number three, widespread access to broadband is a proxy for other types of investments in the economy. Part of the mandate of government is to foster conditions that will contribute to a strong and vibrant economy.

During the economic downturn, much of the focus has been on stabilizing components of the economy whose failure would have had catastrophic consequences. Substantial resources have also been devoted to creating economic stimulus through various fiscal and monetary policies, including direct investment in key industries, and in many cases directly in specific companies.

Unlike other types of investment, renewed commitment to and investment in broadband is more like lowering interest rates. It is meaningful to all players and simply accelerates the timeline toward greater efficiency and innovation.

Observation number four, widespread access to broadband is a driver in open, participatory government, as the President has envisioned. In connection with its economic contribution, widespread access to broadband will put entire communities and individuals on more even ground, not just in their ability to gain access to information but also in their ability to contribute and innovate in unexpected, creative ways.

Government 2.0 is an emerging current example of how when coupled with the right political leadership, the investments we have made in technology can break down socioeconomic barriers and involve our democracy into one that is more transparent, collaborative, and participatory.

Government 2.0 is a recognition that in many cases today's problems are too complex to solve alone, either as legislators, administrators of government agencies, ordinary citizens or private companies. We need to create the attitudes and technological vehicles that will facilitate contributions from experts and knowledgeable individuals to get to the best answers.

Fortunately, many of these technology systems are being established, but they are limited in their reach and could be vastly improved and accelerated with a more expansive deployment of broadband.

As it has always done, the American economy needs to push through a continuous cycle of create, destroy, and repeat innovation to remain competitive. Among other technologies, broadband will be a driver.

Thank you.

[The statement of Mr. Whisenant is included in the appendix.]

Chairwoman VELÁZQUEZ. Thank you.

Our next witness is Mr. Tom McDonald, the CEO of BeSafe Technologies, a company located in Hyannis, Massachusetts. BeSafe Technologies is a small business that has developed an emergency response tool that assists first responders.

Welcome.

Mr. MCDONALD. Chairman Velázquez and Ranking Member Graves, Committee members, thank you very much for the opportunity to speak with you today.

STATEMENT OF TOM McDONALD, CEO, BeSAFE

Mr. MCDONALD. I am the CEO of BeSafe Technologies. And our corporate headquarters is on Cape Cod. That is because I want to keep my feet in the sand.

Our focus is clearly and has been on public safety. As a matter of fact, our company was founded by the Associate Commissioner for Public Safety from the Commonwealth of Massachusetts back in the '90s. And I joined with him. I was the Superintendent of Schools in the Town of Barnstable on the Cape.

And having witnessed the tragedy of Columbine, we found that there was a tremendous need for more and vital information, not so much the communication, which has been filled rather effectively. We found that there was a lack of vital information available instantly to first responders in the event of an emergency within a facility.

And, with that in mind, BeSafe Technologies was created and has been fostered and has grown as a result of working through broadband. And the availability of broadband to the first responder community is critically important, not only to the success of our small business but obviously to access for first responder communities throughout the United States.

Using broadband, first responders can access this vital information on any building, any facility, getting aerial shots, building blueprints, contact information, all the vital information that may be necessary in those. As an example, Columbine, you all witnessed that, as we did Virginia Tech. Virginia Tech was over in nine minutes.

Recognizing that fact, we have to have a delivery system that brings vital information quickly and is accessible to first responders in a timely fashion. And in many cases, it requires a great deal of bandwidth. Without broadband, BeSafe Technologies would be very limited.

As a matter of fact, before we saw the expansion of broadband really taking effect and continuing to take effect across the country, we were a CD-ROM, paper-driven company. No longer. We invested significant dollars into developing our company and the accessibility to the Internet so that all first responders can have immediate access if and when they need it, also for preplanning and so forth, in the event of a bomb threat, a hazardous materials spill, any kind of an emergency, an earthquake, any emergency in places where large numbers of people might congregate.

And we work with public and private institutions. We work with colleges, corporate, and government facilities across the country. And we provide all of the vital information. We work very closely

with SWAT team members, police chiefs, fire chiefs, school departments, college administrators to make certain that what information is needed is there when it is needed.

We also do very effective training. We try to do as much as we can in person. There is nothing better than a face-to-face meeting, where you can look somebody in the eye and talk to them effectively and train them.

But I can tell you this. It's a large country. And what we are able to do through the use of broadband is train and effectively train first responders, thanks to the exposure of broadband across the country. That is something that we would hope continues to expand exponentially going forward in the future.

In addition to that, we train hazmat teams, police teams. We do document management, all of these types of things that wouldn't be possible without this.

And it really was the convergence of BeSafe and America's robust, high-speed broadband networks that make this all possible. Ten, 20 years ago what we are doing today wouldn't be possible. Therefore, I can't stress enough how important the expansion of broadband is to our business and other businesses throughout the country.

We look to continue to invest in bringing our technology to the general public, to private and public entities, and continue to work as a small business. And our survival is really dependent on the continuing implementation of broadband.

So, with that in mind—and I would speak to the fact that my first career, while it was in education, I'm talking and speaking to you today from Main Street of little America and asking that you do whatever you can to continue and support the growth of broadband in America.

And I would ask you to carefully consider any burdens to small business. We are working extremely hard every day to improve the companies that we own and the lives of the people that we serve. And I would ask the members and thank you for listening to us, the people on the front lines, and hope for improved coordination and renewed growth in small business.

[The statement of Mr. McDonald is included in the appendix.]

Chairwoman VELÁZQUEZ. Thank you, Mr. McDonald.

And now the Chair recognizes Mr. Minnick for the purpose of introducing our next witness.

Mr. MINNICK. Thank you, Madam Chair.

I appreciate the opportunity to be able to come before this Committee today to introduce a remarkable young woman, who is from my district, Ms. Lindsay Dofelmier.

As the former CEO of two Idaho-headquartered businesses, I am proud to present Lindsay as a tremendous example of entrepreneurship and small business leadership in my home state. Her resume reads like a promising case study of what people who are smart, technologically advanced can do utilizing the latest broadband technology to create new business opportunity and more efficiency in the market.

In her current capacity, Lindsay is the CEO of Urban Agent Team, a successful high-tech real estate brokerage firm

headquartered in Boise, Idaho. As her testimony today will highlight, Lindsay has utilized broadband technology to establish her real estate companies and fuel her business, which has now grown into a three-state operation, operating also in our adjoining States of Oregon and Washington.

I think her story is a remarkable example of what a generation younger than you and I and technically savvy can do with this new emerging technology to create new jobs and opportunity any place in America. New businesses depend upon broadband technology and other new innovations that simply break the model for how business is traditionally done.

So I am very pleased to be able to introduce Lindsay to the Committee. I will warn you she speaks Japanese, but I suggested today it might be better to testify in English. I am proud to present Lindsay.

STATEMENT OF LINDSAY DOFELMIER, CO-OWNER, URBAN AGENT TEAM LLC

Ms. DOFELMIER. Good afternoon. Chairwoman Velázquez, Ranking Member Graves, members of the Committee, as Representative Minnick said, my name is Lindsay Dofelmier. And I appreciate your invitation to testify today on behalf of my company: Urban Agent Team.

Representative Minnick, I would also like to thank you very much for taking time out of your busy schedule to introduce me to the Committee. I follow your career, and I appreciate all of your efforts on behalf of small business in Idaho.

As Representative Minnick said, my company, Urban Agent Team, began in Idaho. It began when I learned that the average relator was a 51 year-old female. I had a hunch that the echo-boomer demographic was under-served and under-represented in the real estate industry. As a result, I began targeting this demographic.

Echo boomers, also known as Gen Y, Millennials, or the Net Generation, are the children of baby boomers. There are approximately 80 million of us between 15 and 33 years old, making us second in size only to the baby boomers and by some estimations larger.

We are a well-informed media and tech-savvy generation that grew up with computers and the Internet, both at home and in school. Thanks to the Internet, the world has been at our fingertips for most, if not all, of our lives.

With vast amounts of information only a click away, we are well-versed in technology, culturally literate, informed on world affairs, and poised to revolutionize the economy.

Urban Agent Team speaks to this demographic. We are a company of Millennials, for Millennials, and by Millennials. With offices in Boise, Seattle, and Portland and frequent travel among these cities, constant connectivity to wireless or mobile service is absolutely essential.

Access to the Internet is our business. Without the existence of broadband and social media, Urban Agent Team would not exist. With agents throughout the Northwest, the ability to collaborate and communicate instantly and effectively is the foundation for our business. In order to do this, we use a variety of Internet-based,

cloud-computing programs daily. We manage our company domain and meet our IT needs with Google Apps.

With access to online e-mail, documents, and the ability to manage and view one another's calendars, we are freed from the constraints of hard drive-based applications and can collaborate virtually.

We have our weekly team meetings via Skype, use Dropbox for online file storage, send and receive files via Sendspace, manage our cash flow with Google Docs, and run our finances with Quickbooks Online. With Google Alerts, I know whenever someone anywhere in the world uses our company name or one of our agents' names in an article or post on the Internet. With the click of a button on our iPhones or laptops, we can access any contract, one another's calendars, or chat from any wireless access point.

The use of technology in our business is not limited to the back end, however. A majority of the online tools we use are aimed at our clients. With the versatility and mobility of the HP Mini, our customers are only a click away, even on the road.

We use a variety of other programs, such as YouTube, Google Maps, IDX Broker, and MailChimp, to communicate with and advertise for our clients. We depend on the Internet and connectivity for day-to-day operations.

Due to the instant gratification of the Internet, today's highly connected consumer demands an immediate response. In order to provide better service than our competitors, we must oblige.

Our clients can e-mail, text, or use social media to contact us during traditional post-work hours. Our ability to quickly respond to such requests increases our conversion rates and overall customer satisfaction.

In an era of information overload, we have captured and held our client's attention by recognizing and exploiting an under-served niche market. Rather than trying to be everything to everyone, we have specialized our business strategy.

Our approach to how we present ourselves and how we have positioned our brand is unorthodox and embodied by our motto, "We're not your parents' real estate company."

We don't span the digital divide, as our clientele tend to be young, tech-savvy, educated, and diverse. As such, they connect with our honest, straightforward brand.

Through the use of a variety of social media platforms, we have been able to build our brand identity, capture new leads, make friends in new markets, keep our followers up-to-date on our whereabouts, and maintain strong relationships with people we see infrequently. With social media, we can connect with like-minded individuals in other cities, states, and even countries.

Twitter has been the bread and butter of our growth. Since joining Twitter two years ago, we have amassed a following of 4,500 users, most of whom we did not know prior to Twitter and many of whom we have yet to meet. In 2010 alone, we have gained 12 clients as a result of Twitter. The best part is the bulk of these programs are open-source and free.

As a small business founded during the recession, watching the bottom line with hawkish eyes has been key to our survival. We are a virtual company with no brick-and-mortar offices. The Inter-

net has allowed us, instead, to create our office online, thereby saving us tens of thousands of dollars a year.

Our online presence functions as a storefront, business center, and property search. In addition to office rent savings, the Internet has allowed us to cut our costs with access to a multitude of free tools, by consolidating positions and allowing for virtual assistance. As a result, we can grow regionally without the traditional costs associated with such expansion.

Instead of investing in offices, redundant support staff, hardware, and software, we have invested in growth. The monetary savings the Internet has provided us has fueled such, allowing us to successfully compete with much larger and more traditionally managed companies within our industry.

I can confidently say that the success that we have achieved is a direct result of our ability to access broadband. This is why the National Broadband Plan and digital literacy efforts aimed at small businesses are causes that I feel passionately about.

A generation of tech-savvy entrepreneurs with broadband access will fuel job creation and economic growth. The Internet puts knowledge in the hands of the user. And we all know that knowledge is power: power to learn, power to think, and power to create.

The goals of the National Broadband Plan summarized as access, speed, affordability and clean energy are laudable goals that every American should embrace.

The fact that we as a nation are already trailing other countries in this arena is of great concern to me for the future of our economy. I truly believe that without the Internet, the potential for small businesses to successfully grow to medium and large businesses would be far more difficult.

On behalf of myself and everyone at the Urban Agent Team, I thank you again for your time.

[The statement of Ms. Dofelmier is included in the appendix.]

Chairwoman VELÁZQUEZ. Thank you.

If I may, I would like to address my first question to Messes. Burfield and Whisenant. The National Broadband Plan outlines recommendations on how the federal government can utilize broadband. It seems to us that it will require a public-private partnership. Can you talk to us about the role that small businesses will play in ensuring governments harness the power of broadband?

Mr. BURFIELD. Thank you, Chairwoman.

I mean, I think, as I laid out in my initial testimony and as Mr. Whisenant addressed, you know, the power of broadband to impact the way that government operates, a Government 2.0 revolution, if you will, that allows the representatives in this room to connect in a much more direct and meaningful way to citizens allows citizens to connect to the actual data and underlying information that tells them what their government is actually doing, you know, I believe that is critically important to our government, to democracy in this country. And I think it is driven by cheap, pervasive, affordable access to broadband, wherever you happen to be in this country.

In terms of the roles of small business in driving this Government 2.0 revolution, I believe it is very, very critical that there is

an open playing field for small businesses to access and drive this kind of innovation.

You know, there is a natural tendency for large, entrenched businesses to want to shape the playing field in a way that dictates disruptive innovation on their timeline and on their terms.

You know, broadband affords access for small businesses to come in and drive innovation and government at a much more rapid pace and in a much more meaningful way. And I think that any policies that support making that access as open as possible to small businesses is going to be good for citizens, good for small businesses, and good for our economy and democracy.

Chairwoman VELÁZQUEZ. Do you see any barriers preventing small businesses from getting contracts in this arena?

Mr. BURFIELD. Well, obviously from my perspective, we were able to win a pretty meaningful and substantial contract to implement, for example, Recovery.gov. You know, with that said, the way that contracting with the government is often set up, a lot of those opportunities don't end up becoming available for full and open competition.

Recovery.gov was a situation where Congress had dictated that the platform had to be implemented very quickly with some very aggressive requirements. And the administration felt that they needed to go out and find the most innovative, best companies out there possible. And it was, in fact, an open competition. We had one week to respond to it.

That is not always the case. A lot of these systems are ending up going to the entrenched incumbent contractors, which are often large businesses that have little incentive to offer the kind of highly innovative approaches that we provided with Recovery.gov.

Chairwoman VELÁZQUEZ. Mr. Whisenant?

Mr. WHISENANT. Yes. Thank you.

Chairwoman VELÁZQUEZ. Thank you.

Mr. WHISENANT. I think we could use some overhaul. I feel as a small business distinctly disadvantaged in the purchasing process, actually, because it is so burdensome. And I don't think it is necessary as much as it probably used to be.

On the open government, making sure that government is using it, I think the technology is going to invite people to organize better and more innovation to come out of that. And I think it is really a question of political leadership more than it is of technical capability.

I think the administration certainly has been pushing for government to leverage these networks and to use broadband and other technologies in innovative ways. I think there is an opportunity for legislative leadership as well. And there is plenty of ground to cover that would benefit both government and small business.

Chairwoman VELÁZQUEZ. Thank you.

Mr. Messere, last week the FCC announced a new framework to preserve an open Internet. In your opinion, what would the preservation of an open Internet mean for the growth of the green technology start-ups that you work with?

Mr. MESSERE. Thank you very much for the question. And it is an interesting one. The framework itself represents a difference, I guess, in understanding about what the FCC can regulate. That

specifically opens up the doors for a change. And so it will be interesting to see how that will work.

The Internet essentially is two parts. And from our perspective, there is the ability to communicate over the Internet, which is the connection, if you will, and then there is the content. And so these two things are partly a part of that challenge.

From our perspective, the most important thing is the ability to have connective connections, if you will, between any one of our offices, between any one of our employees. And this supplies globally So from our perspective, that is the most important thing.

To make it really simple, if you look at each one of our employees as a virtual point of access on the 'net, each one of those has a broadband provider. And each one of those providers generally provides a similar platform. But if they don't, if it's unique and if there are uniquely different things that don't share commonality between them, it means that essentially we would no longer be able to use some of the tools we use.

So imagine if we couldn't use Skype, which is a telecommunications technology that acts like a phone. It is vitally important for some of our members to be able to use Skype to communicate. And if their broadband provider were limiting those functions, that would be a problem.

So our greatest interest is in maintaining and having access to a common set of connectivity. And the content itself isn't meant to be part of that challenge, but I can understand how the FCC is facing that.

Chairwoman VELÁZQUEZ. Thank you.

Mr. McDonald, I represent New York. Coming from New York, I am very much concerned about improving emergency communication with our first responders. You spoke about that and the services that you provide through your company.

And so, as we know, first responders have traditionally relied on paper blueprints—

Mr. MCDONALD. Yes.

Chairwoman VELÁZQUEZ. —to navigate a building. You say how important it is to move this information to the Internet. And we all know that it really enhances public safety.

My concern or my question is, how do you balance this benefit with ensuring that what is web-based data is kept safe and secure?

Mr. MCDONALD. Excellent question and one that we face every day. Let me start by saying yes, we do rely heavily on the Internet and access for that for a variety of reasons, which I will speak to in a moment.

First of all, let's be clear. I know students who have been able to crack almost into the Pentagon. So I am not going to tell you that they can't get into almost anything. Having said that, we put countless amount of time and energy and resources into ensuring the security of our system.

And the other thing, based on the way we have set up our network and accessibility is obviously there is extremely redundancy to what we do. It's backed up. It's supported. It's password-protected and so forth. And there are firewalls and other kinds of safety systems built into what we do.

I also will tell you that most police departments still do rely on paper and CD-ROM. The fact of the matter is we provide it in paper and CD-ROM. But as soon as you publish a paper product that is in the hands of a first responder and the person who is managing that facility's cell phone number changes, that information is now outdated.

And that lack of clarity in the information you have in front of you could be the difference in responding effectively or not. And so, like everything in life, you need a balance. And here you need a balance of the three, you know, low-tech, mid-tech, and high-tech.

Broadband brings the high-tech capability to what we do. It's vitally important because what happens now is if your cell phone number changes, that is updated immediately. And the system already immediately generates an e-mail to all people in the system who have access, keeping them posted on any changes. So vital information, timely information is important.

Chairwoman VELÁZQUEZ. Thank you.

Mr. Graves? Thank you.

Mr. GRAVES. Thank you, Madam Chair.

I want to talk about rural areas. And in terms of you might each speak to this and how it relates to your business, if it is not applicable, just say so, but what barriers have you seen in accessing customers in rural areas or expanding into rural areas? And what barriers are out there? What barriers are still out there or you have seen in the past?

And also I am very curious to know if you think that is a growth area. Some folks would believe that moving modern technology or expanding broadband into rural areas is a waste of time and money, but I would be very curious.

Mr. BURFIELD. You know, it is interesting. The lead of our visual design community, considered one of the foremost experts in the world on designing user experiences on Microsoft technology, actually lives in Laurens, South Carolina. And having gone down there and had dinner with her a few times, it is about as rural as you are going to get in South Carolina.

She is able to access our team in Washington—we have resources in Taiwan, we have resources in India—nearly seamlessly because she does have access to broadband technology. She is on, as we have mentioned a number of times, Skype continuously video conferencing with a distributed team around the world.

You know, I am not sure she would joined Synteractive if it meant leaving Laurens, South Carolina. The ability to have the kind of quality of life, the kind of community that is important to her, while still having access to a global team and working on global problems was highly meaningful to her. And it was highly meaningful to Synteractive.

You know, that is not always the case. I have certainly in my travels been in any number of places where you can't get that same kind of access in rural America. And I think in order to continue to drive those kinds of economic opportunities, in order to continue to drive those kinds of employment opportunities, we do need to ensure that rural America has full access to broadband, preferably wirelessly.

Mr. GRAVES. Mr. Messere?

Mr. MESSERE. Yes. I would agree consistently with what has been put out there on this subject, which is that from our perspective, from our company's perspective, we have hired a number of people who could only have gotten access to our company with broadband in places that are quite remote as well also.

I have a couple of employees in North Carolina. I have had employees in Texas. I have had employees in Nevada. So I have had employees that are in many places that are quite a bit far away from the central core center of business, where their ability to be able to work for us is completely enabled by the broadband access that they had.

What our biggest concern and what has been a problem for us is when that broadband isn't strong enough and sometimes that is the case, we can't use some of the tools like Skype. Skype depends on some kind of strength of access, if you will. And when it's a little bit below that, it starts to fail, which anyone who has been on a bad cell phone call knows what that is like. So we try and avoid those kinds of things, but that is our biggest concern in order to use some of these technologies.

As I said in our opening statements, my biggest concern is that is what we know of today. In five years' time, those technologies will continue to push forward. And we are really wanting to be able to make sure that all of our employees can stay with us.

I can't imagine the heartbreaking conversation of having to lose an employee because they could no longer keep up with the technology. That would be a great and grave concern for us.

Mr. GRAVES. Mr. Whisenant?

Mr. WHISENANT. In my circumstance, I don't know if there is a huge effect in the rural communities except that I think that if there is a gap, it is just going to get worse.

One of the interesting thing about broadband and if there is a renewed investment in broadband is it will enable services that we can't even imagine. We can certainly think of common ones and obvious ones, like telepresence, remote medicine.

These are services that if you have access to broadband, you will benefit from that. And I think rural areas will be increasingly disadvantaged and cut off from those educational and even, you know, telemedicine, those types of services that will grow and flourish over time.

Mr. MCDONALD. Well, my sense is that broadband is expanding. First of all, it is vitally necessary in rural America. Take, for example, the incident that happened in Amish country. I mean, there are many rural spaces where information is vitally important.

Bad things don't just happen in big cities, although they do happen in big cities. And so we need that access everywhere. But it is my belief and, from what I have read, that broadband is continuing to expand and is investing. There is significant investment going in every year to enhancing this implementation across the country as not only accessibility but also increasing speed of access, you know, the speed of an error.

Those two things are very important to us as a company. And so I am heartened by the fact that I see broadband continuing to grow, continuing to be more accessible. We are not there yet, I don't think, but I am heartened by that. And I think that down the

road if we continue on the plane that we are going, that we will arrive to where we need to go.

And I would just caution that it is important that all of us in small business need to know the rules of the game moving forward, how things are going to work, what access people are going to have.

When we go to put—and I will finish. Probably the limiting factor for us in rural areas is that police cruisers and so forth may not have laptop computers in their vehicles, may not have the connectivity there. That is something where I see necessary investment going forward.

Mr. GRAVES. Ms. Dofelmier?

Ms. DOFELMIER. As a Westerner, this is something that is particularly important to me for two reasons. One, I grew up in the West. And, as you well can imagine, we have a lot of space out there, a lot of rural areas.

Most of us that live in the cities in the West, we choose to live there for a lifestyle. So we like to go out and camp and fish and hunt and whatever it is that we all do. And telecommuting is essential to our businesses. So often, even if we do live in the cities in the West, we need to have access to our businesses when we are having our leisure time as well.

Additionally, when I grew up in a small town in rural Utah, we were definitely at a disadvantage with the Internet. Only recently did my dad actually even have access to it. He had to get a satellite Internet at his home. So whenever I would go home to visit my family, I was effectively cut off from my business. And that is often how it is whenever I go on vacation or spend leisure time.

So I think it is absolutely essential to Westerners, perhaps even more than in other areas of the country where there is greater connectivity.

Mr. BURFIELD. Madam Chair?

Chairwoman VELÁZQUEZ. Mr. Altmire?

Mr. ALTMIRE. Thank you, Madam Chair.

Mr. Messere, this is directed at you. Just for way of background, I am very interested in the export component of this. As you know, the U.S. Commercial Service was created specifically to help U.S. companies find international business partners in the worldwide marketplace. And one such example is in my district.

I am familiar with Intake Process Group, which is a small business that designs web-based systems, controls for use in manufacturing. And it supports many larger customers, corporate folks that a lot of folks would know the names. And in western Pennsylvania, the U.S. Commercial Service has established an office to help companies such as Intake succeed.

My question for you is, the administration, of course, has set this five-year goal to double U.S. exports. And I was wondering if you could discuss how technologies developed specifically by small U.S. firms can more effectively reach the global marketplace.

Mr. MESSERE. Well, thank you. That is part of what our business is about. So it is sort of an opportune ability for us to address that specifically.

Reaching out to international opportunities is really dependent on the most important part of their go-to-market strategy, which is what differentiates their product or service. And in what we are

really seeing, especially in our area which I focus on sustainability, which is a lot about renewable energy and waste optimization, those types of things are—they have a global audience of possibilities in the market, but they have to be differentiated. And so what we have to do if we are going to help them is learn how to get that differentiation to be told.

I think we have talked about some of the technologies right here at this table today. Certainly a website, as you know, is now a must-have for every business. In addition to that, we are starting to see a lot of technology along the areas of things like Twitter.

Our company alone has over 7,000 people following us. And we have put very little effort into anything more than hanging a shingle up for that. And that has a global audience.

As a result of that—and this is sort of getting to your point—in our example, we not only use Twitter, but Twitter actually points people back to our website, which then feeds an international audience of participants. On any given day, almost 60 percent of the people who visit our website are from offshore. So that is part of the solution.

So it is telling a story; differentiating using the tools; and then, lastly, it is using those tools now to get to a market opportunity. And a company like ourselves, that is what we specialize in.

So we use the broadband technologies now to connect directly to companies and services in foreign markets. So as we are working today, I am now setting up a New Zealand office that will allow us to have a beachhead in New Zealand, Australia, which will eventually get us Singapore, Hong Kong, et cetera. That is all, again, because of broadband technology.

Mr. ALTMIRE. Thank you.

I wanted to switch subjects and talk to Ms. Dofelmier for a moment. You talked a lot about access to the Internet and how important broadband is. I wondered if you could talk about the fact that many small businesses report that the cost of broadband is a roadblock to the adoption of it. And I was wondering how the cost of broadband affects your business, in particular, and what advice you would have for us to help make it more cost-effective for small businesses.

Ms. DOFELMIER. Well, as was mentioned earlier, I mean, I think that having an equal playing field in terms of accessibility and speeds is really essential to small businesses because as a cost of service, as it exists now, you know, we are penalized if we don't have deep pocketbooks and we can't afford a fiber optic line. So if something goes down on the network or if our speeds are slow, we are crippled as we go along or we have to go to a coffee shop or try to find another network, particularly in our business, where we are always on the road and we are not always at our office or at our home with our speeds at home.

So I think that, really, it is essential as more and more people choose to, particularly in the Millennial generation, work for themselves or choose to telecommute for the lifestyle, that having access anywhere and having equal speeds of service is just really—without that is a severe disadvantage to our businesses.

Mr. ALTMIRE. No further questions.

Chairwoman VELÁZQUEZ. Ms. Dahlkemper?

Ms. DAHLKEMPER. Thank you, Madam Chair. Thank you to our witnesses here today for your testimony.

I am actually from just a little north of Mr. Altmire, in northwestern Pennsylvania, very rural area except for basically the town I am from, Erie. And so throughout those counties, Erie County, Warren County, Crawford County, we have several small telecommunications companies that have strategies to deploy broadband in these rural, under-served areas of my district.

As you all testified, you know how important it is to have access to those businesses. Unfortunately, many of these small broadband companies are not able to access capital. And they are as fully leveraged as possible. They applied for some of the recovery funds, and they didn't receive any.

So I want to know if you have any suggestions for these small companies like those in my district. They are having trouble accessing that traditional capital and also are not big enough to compete for some of these government loans that are out there.

I don't know who would like to answer that question. Anyone have a thought on that?

Mr. MCDONALD. If I had all the answers to that, I would probably be sitting in Hawaii doing this over the Internet. But the fact of the matter is capital is restricted today. There are challenges to that.

But having said that, I think you simply—you know, you have to start small. And you just have to grow in steps. You have to take steps. And so perhaps you can't get a million dollars or two million dollars, but maybe there are ways to bring in private investment.

You know, my experience is having experiences myself, if you have a good idea, there are angel investors. There are other investors out there who will be willing to take a risk and work with you.

It comes down to having the right idea, the right place, the right implementation. And I think anyone is doable. And so I wouldn't simply want to rely—although I am not opposed to government loans, loans are not my favorite thing because with that comes the repayment. And, you know, as a result of that, my take is I would rather bring investment in from the private sector to help us grow if and when the time is right.

And so I think if I were to advise them, I would say put together your business plan and go out there and look for some private investors to help you with that so you can grow because there is no question in areas of Pennsylvania as well as elsewhere that access to broadband by the rural communities is extremely limited and extremely important.

Ms. DAHLKEMPER. Mr. Messere?

Mr. MESSERE. Yes. Actually, I will jump in as well. I mean, again, sort of what our business is about is helping companies get to market and figure out where they can grow their sales revenue.

I think in this case, it comes down to a matter of mapping out the potential. So if they are looking at a market in a very specific place, they really have to have a good idea of how many people would purchase the service, at what price point is it cost-effective and, most importantly, competitive. Are there alternatives to that solution?

As was pointed out, there are technologies that include satellite technologies. So those are kind of the fundamentals to start them off on that. And I might also recommend if they have a higher education institution that you can access when in your district or close to your district, maybe working with some of the folks there and getting them together to have them work through this idea of how do you write a business plan, how do you learn how to figure out how many clients are there in this business because it has to be cost-effective.

And one of our roles in doing sustainability is always about that profitability drives the issue of innovation.

Ms. DAHLKEMPER. Mr. Burfield?

Mr. BURFIELD. I would also think that in situations like that, perhaps not focusing on traditional broadband but focusing on wireless broadband is a key innovation.

I have also been pleasantly surprised by where you are able to get broadband access in America, but I have been absolutely stunned by the quality and access of wireless broadband in other parts of the world.

My wife and I were in India late last year. And she had intentionally found the backwaters of southern India to be the farthest possible place so that she wouldn't have to deal with my iPhone anymore. And we were on a boat. And you couldn't see anything but rice paddies as far as the eye could see.

And then my iPhone went off. And I ended up being able to download a series of documents at pretty amazing speeds from my iPhone to my computer to solve the problem. And I could not see a human, again, as far as the eye could see.

If you can make it profitable to do that in the rice paddies of India, my sense is there is a business model, although it might not look traditionally like digging channels and laying broadband fiber optics, that can be profitable in Pennsylvania.

Ms. DAHLKEMPER. Thank you. Thank you all. I yield back.

Chairwoman VELÁZQUEZ. Okay. I do have another question before we adjourn. I hear every one of the witnesses saying how important broadband is for small businesses to grow their businesses.

However, we all know that small businesses not only face the economic constraints that they are facing to develop a presence online. So how would you advise small business seeking to harness broadband to grow their business? And what role should Congress and the FCC play in promoting broadband adoption by small firms? And I will start with Ms. Dofelmier, if you can.

Ms. DOFELMIER. Absolutely, Madam Chair. I think that, really, what is essential is education. I know that Congress is working on that right now with digital literacy efforts aimed at small businesses.

I think, particularly in minority and under-represented communities, that that is something that is going to be very important in promoting the adoption of broadband. Really, it is, even when we have new members that join our team, a lot of times their eyes get big, even if they're in their early 20s, and they just say, "How do I use all of these tools? How can I use them to build my business within your company?"

And so we have to sit down with them and just coach them through it. And as soon as they realize the potential, they are off and running. And I think it really just centers around education. And it doesn't matter your age or your background. It just takes a little bit of coaching and some effort. And there are so many tools out there to help you grow your business.

You just have to Google. If you need something free, like a free, open source software program, because you're strapped financially, you just have to know what to look for and you can find it.

Chairwoman VELÁZQUEZ. Any other of the witnesses want to comment? Yes?

Mr. MCDONALD. Just a quick comment. I would urge Congress to think through carefully what it is going to do. I would suggest—and I have seen too often, not just in Congress but everywhere. We don't want today's solutions to cause tomorrow's problems.

I think that broadband is expanding. And I think that I would just urge that we make it, as I said earlier, that the rules of the road are clear and there is not confusion over the next few years, which I think could stifle, has the potential to stifle, what is an opportunity to expand this successfully in a partnership that will work.

Chairwoman VELÁZQUEZ. Yes, Mr. Messere?

Mr. MESSERE. Also continuing on that exact same point, as it relays both in small businesses starting their process and in companies that have established their process, absolutely correct. We plan for the future based on what we know today.

And if we build a business and the profitability of that business around expectations of access to broadband and that isn't going to be the case in the future, it could be very, very difficult. And it can end a good entrepreneurial run.

Chairwoman VELÁZQUEZ. Mr. Burfield?

Mr. BURFIELD. Yes. I mean, to echo two key themes, we have used the phrase I think throughout this that "Broadband is like the national highway system" or "Broadband is like the electrical grid." And in many ways, particularly when you move outside of major metropolitan areas, it is kind of a natural monopoly.

As an economist, there is often a critical role for government to play in facilitating the creation of those situations. But there is a tremendous risk for unintended consequences around technologies that will be used on broadband that haven't even been imagined yet. I think, as government explores the right role to play, caution is important.

And then I think going back to the second theme, you know, education is a tremendous part of this. For capital-constrained small businesses, part of the answer is not to focus so much on capital. It is to focus on what can you do with the capital that you have using the free tools that are out there.

But there is absolutely a digital divide that is growing between people who understand how to pull together hand weave together these incredibly powerful, inexpensive solutions and those people who don't. Any sort of effort in terms of improving that kind of education and how to use these tools I think would be critical for our economy.

Chairwoman VELÁZQUEZ. Thank you all. This has been quite an interesting discussion. And, for this Committee, it is an important one. If we want to provide the tools for small businesses to continue to grow, this is key. So I thank you all.

I ask unanimous consent that members will have five days to submit a statement and supporting materials for the record. Without objection, so ordered.

This hearing is now adjourned. Thank you.

[Whereupon, at 2:11 p.m., the foregoing matter was concluded.]

NYDIA M. VELAZQUEZ, NEW YORK
CHAIRWOMAN

SAM GRAVES, MISSOURI
RANKING MEMBER

Congress of the United States
U.S. House of Representatives
Committee on Small Business
2361 Rayburn House Office Building
Washington, DC 20515-6315

STATEMENT
Of the Honorable Nydia M. Velázquez, Chairwoman
United States House of Representatives, Committee on Small Business
Full Committee Hearing: *"Small Businesses and Broadband: An Engine for Economic Growth and Job Creation"*
Wednesday, May 12, 2010

Just as the interstate highway system revolutionized American commerce, today, we are presented with a similar challenge. Building a nationwide broadband infrastructure is an equally ambitious task—and it is just as fundamental to our prosperity in the 21st century.

Over the next decade, we can expect the growth of this field to produce good-paying jobs for millions of Americans. The number of jobs dependent on broadband and IT are expected to grow by 25 percent over the next 10 years—creating opportunities for large and small companies in every sector of the U.S. economy.

While building a nationwide broadband infrastructure will be vital to our economy's long term health, deploying this technology also carries immediate economic benefits—at a time when our nation needs every job we can find. Some have estimated that, over the next four years, we will see 30,000 jobs a year from the broadband investments funded through the Recovery Act, alone.

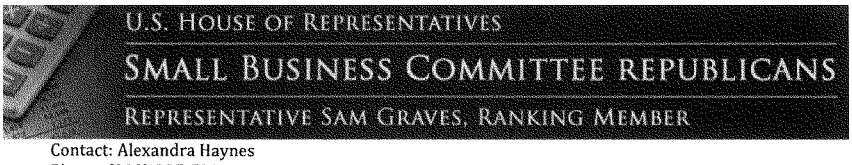
Beyond the immediate payoff, widespread broadband adoption will mean new economic opportunity for communities across the nation. Small businesses already benefit enormously from the Internet. For Americans looking to launch a new enterprise, broadband offers lower start-up costs. This is especially important now, as many dislocated workers are looking to entrepreneurship as a way to replace lost income.

For the established small business, high speed Internet can expand a firm's client base using a company website, social networking or other forms of online advertising. Firms can utilize voice and video communication as a low-cost method to connect with customers around the world—and reach previously untapped markets. They can store data online, access office productivity tools and even improve the energy efficiency of their business.

The FCC recently released a "National Broadband Plan," an ambitious initiative aimed at accelerating the adoption of high speed Internet. Bringing the public and private sector together, the plan offers steps to accelerate the rollout of broadband—and help small businesses embrace these benefits. Although three-quarters of small businesses currently have a website, only one in four sell their products using e-commerce. In today's global economy, that's simply not good enough. The National Broadband Plan could help narrow this gap, creating additional growth opportunities for small companies. As this plan is refined and implemented, the Committee will need to ensure that entrepreneurs' needs are kept top of mind.

Putting broadband in more American homes and businesses is just one part of the equation. The Internet has always served as an unparalleled laboratory for innovation and entrepreneurship. If we are to reap the full benefits of this economic engine, it is vital that the Internet remain a platform where free speech and new ideas flourish—and consumers can connect with whomever they choose, while accessing services of their choice. Just last week, the FCC released a new framework aimed at preserving this freedom, without discouraging investment in our nation's broadband infrastructure. In coming weeks, the strengths and weaknesses of this initiative will receive significant consideration. Small businesses have much at stake in how the debate plays out. It is my hope that today's discussion will shed light on what these policies mean for online entrepreneurism.

The business owners before us today highlight the variety of opportunities created by broadband. I look forward to hearing their thoughts on how broadband is empowering America's small businesses now—and how Congress and the FCC should take their needs into account, as we craft policies that will shape the Internet's evolution for decades to come.



Contact: Alexandra Haynes
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Opening Statement for Hearing:
"Small Businesses and Broadband: An Engine for Economic Growth and Job Creation"
Sam Graves
Ranking Member
House Committee on Small Business
United States House of Representatives
Washington, D.C.
May 12, 2010

I would like to thank the Chairwoman for holding this important hearing on the impact that broadband will have on the economy and its ability to foster economic growth.

Technology and the ways we communicate with one another are constantly evolving. One hundred and fifty years ago, you had to elicit the help of the Pony Express to deliver a letter that would inevitably take days to travel from a place like St. Joseph, Missouri to San Francisco. Today, you can send an entire book as a PDF file through e-mail and rest assured that that file will reach a recipient across the globe in a matter of seconds.

To do research fifty years ago, you had to go to a public library and hope it had the materials you needed. Now you can log onto your computer and access more information than even the Library of Congress can contain. If you wanted to buy something twenty years ago, you probably had to get in your car and head to a nearby store. Thanks to online shopping, you can now simply log on to your computer and order virtually any product from businesses large and small around the globe.

While we are all aware of the limitless services technology and the Internet provide in our daily lives, we tend to forget that these everyday conveniences would not be available if not for the contributions of small businesses like those represented here today. The change from molasses-like dial-up connections to warp speed downloads comes from technological innovations in network architecture. From DSL to cable modems to fiber optics to the home, the continued development and improvement of the Internet relies on the investment of billions of dollars by private sector enterprises.

Unfortunately, the Internet and related technologies are not as widespread as we would like to think– there is a severe lack of appropriate infrastructure that limits many American communities, businesses, and families from gaining full access to these services. Rural areas in many states are particularly likely to lack the infrastructure needed to allow them to benefit from this vital technology. Without access to affordable broadband services, the economies and development of these communities can suffer.

Whatever policies this government adopts with regard to technology and broadband, we must first make a commitment to ensuring that small businesses and rural communities will benefit from this infrastructure investment. Regulatory policies that diminish the incentive for such private sector investment will benefit neither small businesses nor the economy that will rely on them for growth needed to create jobs.

I look forward to hearing from our witnesses about how they use broadband, how broadband access enables them to create new jobs, and what policies are needed to maintain America's lead in technology. Again, I would like to thank the Chairwoman for holding this hearing and yield back the balance of my time.

Statement of Evan Burfield

President and CEO

Synteractive Corporation

Testimony before the House Committee on Small Business

"Small Businesses and Broadband: An Engine for Economic Growth and Job Creation"

May 12, 2010

Chairwoman Velazquez, Ranking Member Graves, and distinguished members of the Committee: My name is Evan Burfield, and I would like to thank you for holding this important hearing on the role Broadband plays in driving innovation and creating economic growth and, most importantly, new jobs.

I am the President and CEO of Synteractive Corporation, a company dedicated to solving the really big problems in the world involving connecting people and information. We are currently headquartered here in the District, but the term "headquartered" is an anachronistic concept. We have employees spanning the globe - from Laurens, South Carolina, to Taiwan. At the moment, there are only 35 of us at Synteractive, so we certainly fall under this committee's jurisdiction – although we work hard day and night so that we can grow too big to testify here.

Yesterday, our professional lives were ruled by hierarchies stacked within hierarchies. Rigid business processes and unbreakable silos constrained even our most obvious business improvements. Today, and every day, emerging information ecosystems – overlapping networks of people and the information they possess – transform a new aspect of our world. The entire concept of how we organize people is being redefined. The opportunity that exists for businesses is radical improvements in efficiency, effectiveness, agility, and risk management. The threat is that inevitably greater social and knowledge connectivity will swamp an organization if they are unable to transform. While all of this is true for even the largest businesses, small businesses face the greatest opportunities for radical and disruptive improvements, as well as the greatest danger of being left behind.

Broadband serves as a linchpin for creating the future of business. Together with instantaneously scalable Cloud computing and more interoperable applications, small businesses have the tools to outstrip our larger competitors. The modern barrier to entry is limited to our own creativity. The media and the man-on-the-street has a 'feeling' that the internet is changing the way products and services get to market, but today I will walk you though the facts, and move beyond the 'feeling'.

The first thing to know is that today's Broadband and the tools it powers are enabling innovative Small Business to out-compete larger competitors.

In 2009 Synteractive was a key part of the team that won the contract to rebuild Recovery.gov for the Obama Administration. Recovery.gov enables the American people to see how every dollar of the $787 billion American Recovery and Reinvestment Act has been spent within their local community and the impact it has produced. The site goes far beyond a passive data-dump; it provides a rich, interactive experience with maps, charts, and graphs. It helps workers to find jobs and companies to find opportunities. *Newsweek* has referred to Recovery.gov as "perhaps the clearest, richest interactive database ever produced by the American bureaucracy."

Synteractive, along with our partners Smartronix, TMP Government, and KPMG, was able to build the entire platform in less than ten weeks for around six million dollars. Within a few days of kicking off the effort, we created a development and testing environment using Amazon Web Services, which provided us with access to vast, instantly scalable computing resources for a few thousand dollars per month. We then built Recovery.gov on commercial, off-the-shelf platforms such as Microsoft SharePoint and FAST Search. Because these systems were interoperable, we could focus on design and innovation, rather than recreating the wheel with custom code.

When we dreamed up what would benefit American citizens using Recovery.gov, we knew that just pointing out where the money was going would not be good enough. Instead, we wanted to allow citizens to track that money to where it mattered most to them – to finding a job. So we created a tool that would enable citizens to search for jobs across companies that received Recovery funds. One engineer on our team of engineers was able to build it in a few days using Microsoft Bing search. Similarly, we made Recovery.gov available in over 50 languages by snapping Google Translator into Microsoft SharePoint. Again, it took one of our engineers a few days at most to make government accessible to nearly every American, regardless of language. Finally, we knew that we didn't have all the answers. So we designed Recovery.gov with a data download center that enables others to create solutions and find answers.

To build a platform like Recovery.gov ten years ago would have been a 100 million dollar effort and would have, by its very nature, been done by a company like IBM or Lockheed Martin. Instead, my company was able to create an innovative solution, using tools from a wide variety of vendors, faster and more efficiently than Lockheed Martin of ten years ago ever could have.

The trifecta of Broadband, interoperable tools, and scalable Cloud computing allows entrepreneurs to pull together vast resources to create innovative solutions. Simply put, small businesses have never been more able to punch so far above their weight.

While I am very proud of my company's success with Recovery.gov, we have our eyes on a larger target: to create a set of online services that provide other businesses with the kind of power that we have in-house at Synteractive.

Today's Broadband, coupled with online Software-as-a-Service, will drive efficiency for all.

Synteractive has clients ranging from Recovery.gov to the American Petroleum Institute to Microsoft and have grown our revenue from one hundred and fifty thousand dollars in 2006 to nearly six million last year, while being profitable in every year of our existence. We have the latest in software and communications tools available to us, from the way we collaborate to managing our sales process to keeping our books straight.

What is more interesting, though, is what we don't have. We don't have a receptionist, because our unified communications solution automatically routes calls to our people and delivers voicemails to us as e-mails wherever we are in the world. We don't have computer servers humming away in our offices because everything occurs on demand in the Cloud. Because we don't have servers, we haven't had to hire a systems administrator. We don't pay for long distance telephone charges because everything occurs via LiveMeeting and Skype. We are a lean business, where every person we hire is focused on driving innovation for our clients. As a result, we can offer superior talent and solutions at competitive rates.

It is important that big business does not create barriers, but instead creates opportunities to inspire small businesses to innovate. For instance, Synteractive is working with one of America's leading Broadband companies and Microsoft to bring this kind of efficiency to other small businesses. We are creating online services that provide the core tools a small business needs, built on Microsoft technologies, and delivered as a bundle along with Broadband internet access. The online services will be targeted to specific small business niches – such as small professional services firms or small medical practices. When a small business signs up for Broadband internet access, all the tools they will need to run their business will be available and can be tailored to their particular needs through a series of simple wizards. The online services will require no computer servers humming away in the office, no systems administrators, and no integration. And it will cost a fraction of the money previously spent on the various software applications it replaces, which never worked together, and required all those computers and wires tucked away in the closet. None of this would be possible without cheap, reliable, and pervasive Broadband.

I know Congress and policy makers are paying close attention to "Net Neutrality," and the Members of this Committee are more attuned to the ongoing policy debate than I am. But as an entrepreneur, I would encourage policy makers to steer clear of foreclosing new business opportunities for small business, including our ability to partner with carriers.

The innovation enabled by Broadband is critical because it drives efficiency. Efficiency is critical because it makes small businesses leaner, more competitive, and more flexible. Competitive, flexible small businesses are resilient to economic downturns, and responsive enough to drive growth as economic conditions improve.

Congress should continue to take steps to keep this engine of economic growth humming.

Broadband has become as much a part of the core infrastructure of America as the electrical grid or the interstate highway system. Whether delivered via fixed wires, WiFi, or mobile devices, cheap, reliable, pervasive Broadband is critical to small business and the competitiveness of our economy as a whole. Broadband is an enabling technology for everything from Cloud computing and online business services to video conferencing and

telework. Whether by providing innovative small businesses the ability to punch far above their weight, or by making any small business more efficient, flexible, and resilient, Broadband will be critical to driving the next wave of economic growth and job creation for our nation. There are steps, however, that Congress should take to keep this engine humming.

First, Congress deserves tremendous credit for the support already given for making Broadband pervasive across America through legislation such as the American Recovery and Reinvestment Act. It is critical for our democracy and our economy that every American, regardless of where they happen to live, should have access to cheap and reliable Broadband access, preferably wirelessly.

Second, it is of the utmost importance that small businesses in America have a level playing field to compete and win. Almost without exception in the history of technology, the truly disruptive innovations that propel our economy and our society forward have come from small businesses. Large, entrenched players often have powerful economic incentives to prevent these disruptive innovations, or at least ensure that they occur on their own terms and timelines. If that were the case, then small businesses, and ultimately our entire economy, would suffer.

The investments required for Broadband, Cloud computing, and similar infrastructure can generally only be undertaken by large businesses or governments. While these large businesses should absolutely generate profits from their investments, it is important that the drive to maximize profits doesn't lead to decisions that create an unequal playing field, but rather to seed the next great idea by inspiring small businesses to innovate.

Third, Broadband and small businesses are a powerful engine for job creation, but it is important to understand the nature of the jobs they are creating. An entrepreneur with an idea can quickly pull together a few smart friends, some notebook computers, and a couple of online services. In no time, and with almost no capital, they can create a virtual company with more sophisticated capabilities than what many large corporations had ten years ago. They have created jobs and driven economic growth.

What is important to understand about this mythical new small business, however, is that the jobs it has created require education and skill. They haven't hired a receptionist, a data entry clerk, or a systems administrator because those jobs are simply unnecessary overhead for a smart entrepreneur. Those jobs weren't outsourced or shipped overseas; they've simply disappeared. Emerging small businesses do not have the need for traditional administrative functions, but do need targeted skill sets to participate in creating compelling solutions.

Talent is the fuel that drives Synteractive and most small businesses. Like many small businesses, we require people who understand strategy, economics, analysis, design, and engineering. We hire seasoned pros as well as kids right out of college, but regardless of experience, we demand a solid foundation in rigorous thinking, scientific and engineering knowledge, and the ability to write and communicate clearly. While it is not universally true that a college degree is required to possess these attributes, there is certainly a strong correlation. Small businesses simply aren't creating many jobs relevant for mushy thinking, poorly educated people.

Therefore, the final step that Congress should take to ensure that Broadband and technology continue to be an engine for job creation is to improve the quality of education in America.

Chairwoman Velazquez, Ranking Member Graves, and distinguished members of the Committee, thank you for your time and consideration on this important topic.

Testimony of Steve Messere
Founder and CEO, Revenue Spark Inc.
House Small Business Committee
Small Businesses and Broadband: An Engine for Economic Growth and Job Creation.
May 12, 2010

Chairwoman Velázquez, Ranking Member Graves, Members of the Committee:

Thank you for inviting me to discuss the role of broadband as an engine for job growth and, more specifically, my company's role in supporting America's drive towards an economic future that's both prosperous and sustainable.

My name is Steve Messere and I'm the Founder & CEO of Revenue Spark. Revenue Spark is a company that's dedicated to creating and fostering relationships between sustainable-technology companies – these are the companies that are creating new opportunities on an almost daily basis through the spirit of invention and innovation that has traditionally defined what it means to be American.

Just like railroads, telegraph and telephone transformed American business, broadband is similarly transforming the way American companies do business today.

Revenue Spark's Mission is to Increase Sales and Grow Jobs

Revenue Spark is the world's first sales outsourcing firm to dedicate our entire focus to helping sustainable technology companies succeed in the marketplace. We do this through a combination of new technologies that didn't even exist five years ago.

The core of our operations is **domestic sales outsourcing**. Domestic sales outsourcing avoids the pitfalls of hiring new business development staff. Typical hiring procedures yield a failure rate of over 50% in the first six months – for a new business, this can be easily mean the difference between success and failure.

Domestic sales outsourcing also transfers the time-consuming tasks associated with researching and establishing sales leads. Lead development conversion work varies by industry, product and service. The challenge for most businesses is deciding on how to staff a team that can overcome these hurdles and provide reliable, repeatable revenue.

Transformational Change in Business Computing

We are in the midst of a real paradigm change in how computer information is handled. Five years ago, individuals were dependent on their own personal computers to save and store information; now, information is increasingly shared over far-flung computer networks.

This new "cloud computing" means that instantaneous cooperation is now possible between different individuals regardless of where they might be located – this translates into **increased productivity.**

As we all know, increased productivity means a better bottom line, and a better bottom line means **more and better jobs.**

Whether this happens via SalesForce, Google Documents, Skype, Jigsaw, Web Conference, Twitter, iPod or any number of new technologies, it all means the same thing: We are changing the way we do business – almost on a daily basis. And all of these technologies rely on a fast, reliable and accessible broadband connection.

The Internet Removes Economic & Geographic Barriers to Work

At Revenue Spark, we are, in effect, a "virtual company." For us, the term "Company Headquarters" is almost irrelevant – we do almost everything via "telecommuting."

All members of the Revenue Spark sales development team have a proven track record of success in the sales outsourcing business. In addition, all members have spent on average over 15 years in professional sales positions for market-leading companies offering products or services to business customers.

Telecommuting allows us to attract the best, at their best – and the advantages for us and for society are many:

- Fuller employment (by being able to employ people for whom "getting to the office" could be an obstacle)
- Less strain on infrastructure and the reduction of traffic congestion
- Increased Productivity
- Reduction in turnover and absenteeism
- Reduction in carbon footprint and energy use

- Expansion of talent pool
- Improvement in work-life balance
- Handle business over multiple timezones
- Put recently displaced workers back to work

For example, if 53% of white-collar employees could telework just two days a week, we could collectively save 9.7 billion gallons of gas and $38.2 billion a year.

Without low-cost, universally-accessible broadband, none of this is possible.

Sustainable Capitalism - A New Model of Economic Growth

At Revenue Spark we believe that capitalism is ready to make a change from the traditional assumptions that natural resources are unlimited to a new model of free market consumption and production that takes into consideration the limitations of our global natural resources. Instead, the new economic model seeks new resources that can be used more efficiently or produced in a consistently renewable way.

Sustainable Capitalism also refocuses American economic development on domestic manufacturing – production of tangible products made and sold right here in the USA. This means jobs – good jobs – American jobs.

The impact is far-reaching and permeates every aspect of our lives – and broadband is the glue that holds it all together.

Five Rs': Renew, Refine, Recycle, Remarket, Rethink

Our clients are thinkers, engineers, visionaries. Thought leaders in their respective fields who know the old model, the old way of doing things, is on the way out. And now, moving forward, new technology in hand, they simply need a guide through the desert every company must face when bringing their product to market.

At Revenue Spark our market focus is on addressing these very innovations, these disruptive technologies: infinitely-renewable sustainable products and services that demonstrate real, distinct competitive advantage over the old guards of "finite-resource-based" capitalism. We've defined five (5) specific categories – five "Rs," if you will - that we believe comprise the prime areas of innovation in sustainable technology today: Renew, Refine, Recycle, Remarket, Rethink.

Revenue Spark provides our services using a team of virtual employees accessing the best web-based tools to provide a highly effective service at a reasonable price.

I'd like to go through some brief case studies of how each of our "Five Rs" of sustainable technology is working in the real world, in American companies, creating American jobs and using the Internet to tell their stories.

Renewable Energy

Renewable energy is the harnessing of natural resources--sunlight, wind, tide, all infinitely renewable--in order to repower applications that are currently using non-renewable resources. Additionally, plants grow and produce biomass--also renewable--which can then be utilized directly as fuel or to produce biofuels.

But some of the most important breakthroughs will come from American ingenuity, working smarter and not just harder, meet Wind Analytics a New York based company that makes small scale wind installations smarter, more efficient and more profitable.

Wind energy increases exponentially with wind speed - double the speed and you get eight (8) times the energy. This is important to know because there's very little energy in low speed winds, but energy grows rapidly as speed increases. Small changes can thus make the difference between an unproductive turbine installation and a highly successful and profitable one.

Refine - Energy Savings

Of course energy efficiency doesn't just involve pushing electricity around in a more intelligent fashion--moving physical product from point A to point B more efficiently is also a huge part of the process. A freight train can move a ton of freight 436 miles on a single gallon of fuel; and hence, if more freight is moved via train, we have an obvious, tremendous reduction in non-renewable fuel. The use of zero-emission electric trucks, in place of the thousands of traditional diesel vehicles currently in use, would dramatically improve fuel savings.

And thus the value chain becomes ever more optimized and the savings in these unpredictable expenses can be used by businesses to increase the bottom line – and create more jobs.

Case Study: Chris Maddern and Shadd Bieber - Energy Solutions International (ESI) – NY

PBJax, a medical office facility in Jacksonville, Florida, was experiencing long-standing, baffling facilities management break downs that increased day-to-day operations costs to 40% higher than comparable buildings in the area, causing high bank lending terms (which were based on occupancy rates of less than 90%), preventing new tenant leasing contracts and exposing the coop to significant health code violations from local authorities.

ESI determined that the building's design had not accounted for occupant usage and that the placement of climate monitoring equipment was far from ideal. This caused very high costs of day-to-day operations and their tenant suites were too hot, too cold or too humid for health care operations and prevented profitable new leasing contracts.

Coupled with the low occupancy level (67%), this created a financial situation for the company that forced their bank to charge them unfavorably high rates. This had a direct and significant negative impact on the firm's profitability.

ESI managed the optimization and re-installation of the climate monitoring equipment which immediately reduced monthly energy costs by 24.5%. This resulted in break-even ROI within 3-1/2 months and increased tenant occupancy to 93%. With the more favorable terms now available from their bank, the company started showing a profit within 12 months.

Recycling

Recycling is all about repurposing what you put out. Not letting waste bleed out into the environment, but rather turning it around and recycling it back into the front end of your process. "Cradle to Cradle" is a new term oft used in waste optimization: this as an approach to industrial design which mimics the actual process of nature's cycle--a constant recycling of materials, then (both natural and synthetic)--which is not just more efficient, but indeed, essentially waste-free. It's a holistic approach, one modeling human industry on nature, and one that will become ever more important in the coming sustainable era.

Let me introduce Plasma Waste Recycling (PWR) - www.plasma-wr.com, an Alabama-based company with a powerful new approach to turning waste into energy and valuable by-products.

Municipal solid waste (MSW), everyday household trash and garbage, consists of items such as product packaging, grass clippings, furniture, clothing, bottles, food scraps, newspapers, appliances, paint, and batteries. The US EPA states that, "Currently, in the United States, 32 percent [of MSW] is recovered and recycled or composted, 14 percent is burned at combustion facilities, and the remaining 54 percent is disposed of in landfills."

PWR offers an environmentally sound and technologically advanced waste-to-energy solution for the disposal of MSW that can make landfills a thing of the past.

Remarket - The Green Consumer Market

"Green Lifestyles" is a catchall phrase that refers to companies that produce products (renewable energy products, efficiency products, waste optimization products) that not only offer a prolonged sustainability, but are intended specifically and directly for consumer use.

A great example of a new consumer application is offered by SOMS Technolgies - www.microgreenfilter.com a New York-based company.

The microGreenTM oil filter is the most advanced technological leap in engine filtration in 30 years. It replaces a conventional oil filter assembly without requiring any modifications to the engine or filter housing. By continuously filtering a small portion of the engine oil through the patented microfilter system, the microGreenTM filtration system allows your vehicle to operate up to 30,000 miles without changing the engine oil, 4x longer than standard filters. This means a 70% reduction in oil use, 50% reduction in filter use, a net savings less oil waste for companies and municipalities to manage.

Rethinking - Forming New Strategic Alliances

Rethinking business means taking a comprehensive look at your whole business, top to bottom, and applying the "five Rs" – Renew, Refine, Reuse, Remarket and Rethink -- in moving towards a more sustainable approach. Taking the savings generated from more efficient manufacturing process, and turning that into a new revenue streams and creating more jobs.

For more than twenty years, J. Ottman Consulting (www.greenmarketing.com), a New York-based firm, has been advising the leaders and innovators in rethinking their businesses.

In 1989, Jacquie Ottman set up shop and pioneered green marketing. She wrote three award-winning books on the subject long before most of today's green marketers had ever heard of the term. Today, she is a sought-after speaker on green marketing and eco-innovation at conferences in North America, South America, Europe and Asia and at corporate forums run by IBM, 3M, Philips Electronics and GE, among many others.

Her book, Green Marketing: Opportunity for Innovation 2nd Edition, is considered the "definitive work on the subject" by the American Marketing Association. Named one of the top business books of the year, it has been translated into six languages.

The Whole is More than the Sum of Its Parts

These case studies represent a tiny sliver of the many successful, sustainable technologies we've identified at Revenue Spark. But when multiple greentech technologies are combined and integrated into a coordinated whole, the overall positive impact both on the environment and on our economy is magnified exponentially.

But this can represent transformational change. For example, a recent initiative by Global Green's Coalition for Resource Recovery (CoRR) aimed at diverting prepared food packaging from the nation's landfills - recycling a simple paper cup - required cooperation and coordination between all the companies in the value chain:

Quick Service Restaurants, Havi Global Solutions (Burger King and McDonald's provider), coffee purveyors Starbucks and Tim Horton's, paper products suppliers MeadWestvaco, International Paper, Duro Bag, Interstate Container, Solo Cup, Dopaco, Huhtamaki, Georgia-Pacific, Duro Bag, Action Carting, Pactiv - and more.

Broadband was – and is – an essential tool for the large-scale integration necessary to achieve this kind of powerful synergy between both large and small companies. It takes split-second accuracy, timing and coordination that would be unthinkable without robust broadband communication capability.

Broadband is the New Main Street

Small and mid-sized companies are the engines of economic growth in the US – and they're dependent on the Internet to bring their ideas to market. Broadband is the new "Main Street" – not just "Main Street, USA," but everywhere in the world.

For us at Revenue Spark, the Internet is an indispensable tool to do what we do best - tell stories. Because that's really what we do. We tell a story – a true story – about new technologies, the boundless creative accomplishments of American innovators – this is a story as old as America itself.

But there's a new chapter that's being written even as we sit here – a tale of otherwise-undiscoverable technologies, of how America can flourish and grow in a way that's sensible, sustainable and yet preserves our precious resources for our children, and our childrens' children – not just here in the US, but all over the world, for all over the world. And, of course, it's a story about jobs – good jobs – jobs with a future.

It's a great story. If you tell it by telephone, you can communicate with, at best, a few people at once. With the Internet, you can communicate with millions.

We use Websites, Blogs, Twitter, Google Documents, Google Buzz, VOIP, Skype and more – and that's just what's available today; who knows what's next?

If given the choice between having telephone service or Internet, the vast majority of the companies we work with would choose the Internet without hesitation – that is the very definition of a sea change in how American companies do business.

All these tools (and more) serve to increase efficiency – which means a better bottom line – which means more jobs – good jobs. The jobs of today and tomorrow, not the jobs of yesterday.

In Conclusion

Chairwoman Valázquez, Ranking Member Graves, and Members of the Committee, thank you the opportunity to testify today. I appreciate the opportunity to share Revenue Spark's efforts to help drive the expansion of vital industries for the future of the United States and the world.

We look forward to helping our sustainable technology clients, business partners and employee to find financial rewards, market opportunities and competitive advantages powered by a low-cost, universally accessible broadband technologies.

# # #

CrimeReports.com:
How broadband is helping to grow the economy and create new jobs

Testimony of Greg Whisenant
Founder and Chief Executive Officer
Public Engines, Inc.
(CrimeReports.com)

May 12, 2010

Before the U.S. House Small Business Committee

Small Businesses and Broadband:
An Engine for Economic Growth and Job Creation

Thank you, Chairwoman Velásquez, Ranking Member Graves and members of the Committee. My name is Greg Whisenant. I am the founder and Chief Executive Officer of Public Engines, Inc. We make the CrimeReports.com Web site. Thank you for inviting me to provide my testimony concerning broadband's impact on small business and its significance as an engine for job creation.

I founded CrimeReports.com in 2007, and as of today, we work directly with nearly 1,000 law enforcement agencies throughout the country. My company is building the National Crime Map, and our goal is to give every American free access to street level crime information within 24 hours of its occurrence. Our revenues come from selling a monthly subscription to law enforcement agencies under a "Software as a Service" model. This approach allows us to create and maintain a single instance of software code that works with nearly any law enforcement agency's existing technology systems.

We don't sell hardware, software licenses, or maintenance contracts. We don't generally visit customers, so we don't incur the cost of travel or a maintaining a sales force in the field. As a result, we are able to operate in a capital efficient manner, and our prices are often 1/100th of what an agency might spend to build a comparable service either through a competitor or with its own internal resources. In three years, we have grown from just ten law enforcement agency customers in 2007 to nearly 1,000 today. We work with law enforcement agencies in many of the districts represented by the members of the committee here, and we cover more than 20% of the US population.

I would like to emphasize four key observations in my testimony today:

- First, **CrimeReports is a small business that uses technology – and increasingly, broadband – to compete effectively and create jobs.**

- Second, **broadband is vital infrastructure for technology and non-technology companies alike**, and as an equalizer in business, it encourages innovation that benefits consumers.

- Third, **widespread access to broadband is a proxy for other types of economic investment in the economy.**

- And finally, fourth, **widespread access to broadband is a key driver in open, participatory government as the President has envisioned**.

Observation #1: CrimeReports is a small business that uses technology – and increasingly, broadband – to compete effectively and create jobs.

Ten years ago, our service would not have been possible. It took investments in technology infrastructure – including broadband – from both the private and public sectors enable us to build our software. Like many other companies in the United States, without the Internet, CrimeReports.com would not exist – and with it, we have seen

exceptional growth. We currently have 41 employees, of which 30 were hired in 2009, mostly in sales and software engineering.

The users of our service are not just law enforcement agencies, but ordinary members of the public, and so gaining access to street level crime data is naturally easier with widespread access to the Internet. This is particularly important in public safety. If members of the public know what types of crimes are happening on their street, they can change their behaviors to protect themselves, their families and their property.

Some might rightly point out that my company's service does not rely specifically on a broadband connection and that ordinary citizens don't necessarily need access to high speed Internet to gain access to our site. This is true. However, as we have grown to support a vast network of agencies, our customers tell us that we could help them with new bandwidth intensive applications, including real time analysis of massive datasets, support for video applications, and an ability to harness the power of individual members of the public who carry mobile phones equipped with cameras and GPS. The limitations of services are constrained by technology in that the entrance fee for the toll road is simply too high. Although the invisible hand will solve many of these problems over time, we can move the needle in a meaningful way with a vision of where we are heading and a concerted effort to get there.

Observation #2: Broadband is vital infrastructure for technology and non-technology companies alike, and as an equalizer in business, it encourages innovation that benefits consumers.

Like other conditions, such as education, access to capital, and a market that is largely unencumbered from excessive regulation, widespread access to broadband is a critical ingredient in economic recovery, and more so for long term economic prosperity. It lowers the barriers to entry for people to create new and innovative technologies. It lowers costs for the delivery of content. It democratizes participation in the economy for entrepreneurs with new and exciting ideas.

When I started CrimeReports.com, we had virtually no direct competitors. As we started to grow quickly to expand the National Crime Map, several existing software companies began to pay attention and released competitive products. For us, the Internet and broadband were tools that we used to drive down the cost of providing our service, and they contributed to our success. Over time, other companies in our space leveraged these same tools, and here we are today: focusing on efficiency, growing quickly and optimizing our processes, but ultimately, it is the consumers of our service – local law enforcement agencies – that are the clear winners in the exchange, where private companies are working hard to create the most value at the lowest price.

By any measure, widespread access to broadband is an accelerator to efficiency. Those economies that achieve the highest level of broadband penetration will be the first to create the new efficient services that will take advantage of these high capacity networks, and will be strategically advantaged in the long terms by being the first mover.

Observation #3: Widespread access to broadband is a proxy for other types of investments in the economy.

Part of the mandate of government is to foster the conditions that will contribute to a strong and vibrant economy. During the economic downturn, much of the focus has been on stabilizing components of the economy whose failure would have had catastrophic consequences. Substantial resources have also been devoted to creating economic stimulus through various fiscal and monetary policies, including direct investment in key industries, and in many cases, directly in specific companies.

Unlike other types of investment, renewed commitment to and investment in broadband is more like lowering interest rates: it is meaningful to all players and simply accelerates the timeline toward greater efficiency and innovation. Although economic policy is not my area of expertise, it seems clear to me that better infrastructure will only serve to create better conditions for innovation and creativity.

Observation #4: Widespread access to broadband is a driver in open, participatory government, as the President has envisioned.

In connection with its economic contribution, widespread access to broadband will enable new services that are simply not currently possible because our broadband infrastructure won't support them. Wider availability of broadband will put entire communities and individuals on more even ground, not just in their ability to gain access to information, but also in their ability to contribute and innovate in unexpected, creative ways. Better access to broadband will play a critical role in breaking down socioeconomic barriers and evolve our democracy into one that is more transparent, collaborative and participatory.

Government 2.0 is an emerging current example of how the investments we have made in technology are paying dividends by encouraging new innovation, even in government. The guiding philosophy behind Gov 2.0 is that government will operate more efficiently by improving access to data in ways that stimulate innovation and the opportunity for everyday Americans to become more involved in government and the democratic process. Inherent in this idea is the widespread availability of broadband to several ends: to facilitate access to the proliferation of data and services available on the Internet, to lower costs and thereby stimulate innovation, and to encourage citizen participation. By expanding access to broadband, individuals and companies will have the ability to innovate "at the edge" of the economy and create new services, companies, and jobs.

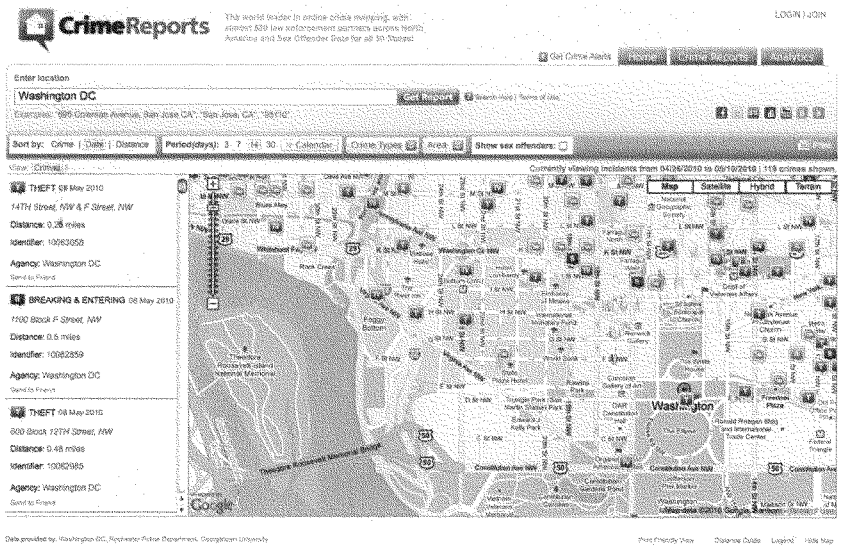
In many cases, today's problems are too complex to solve alone, either as legislators, administrators of government agencies, ordinary citizens or private companies. We need to create the technological vehicles that will facilitate contributions from experts and knowledgeable individuals in the areas that will enhance the creativity, innovation and transformative thinking of the American public to get to the best answers. We are starting to see appeals from global corporations and governments alike to help solve highly complex and sometimes dangerous situations.

Fortunately, many of these technology systems are being established, but they are limited in their reach, and could be vastly improved and accelerated with a more expansive deployment of broadband. I believe that this specific capability will have a lasting effect on our economy's ability to innovate, to lower the costs of doing business, and to accelerate the development of new industries.

Conclusion

Ultimately, the economy needs to go through a continuous process of constant innovation to remain competitive, and the widespread growth of broadband will be a driver. NYU Professor and social media expert Clay Shirky has stated "Communication tools don't get socially interesting until they become technologically boring." In the context of broadband, I interpret this to mean that we are currently just scratching the surface when it comes to the innovation that will become available through widespread adoption and availability of broadband. Although any one of us can imagine the new services that will flourish under ubiquitous broadband – for example, in education, long distance medicine, telepresence and government – we can be virtually certain that we can't even imagine the revolutionary products and services that surely will emerge that will benefit individuals, our economy and our democracy as a whole.

Thank you.



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Statement of Tom McDonald

CEO BeSafe Technologies

Before the House Committee on Small Business

May 12, 2010

Dear Sub-Committee Members:

I want to thank the Committee for the opportunity to speak today on the work that BeSafe Technologies, from Cape Cod, Massachusetts, is doing to enhance public safety and the significant role that broadband has played and continues to play in the success and growth of our small business.

BeSafe Technologies was founded by the former Associate Commissioner for Public Safety from Massachusetts in 1999 following the terrible tragedy at Columbine High School in Colorado. I joined with him in this effort after leaving my position as Superintendent of Schools in Barnstable, MA.

Utilizing broadband, BeSafe now delivers vital site specific information to first responders. Not only on their office computers and into their command centers, but also en route to or at the scene of an event on their mobile laptops and other smart devices as well. This enhanced access to information is designed to help prevent, plan for, respond to and recover from an emergency such as a bomb threat, lockdown, hazardous materials spill, medical emergency, earthquake, bio threat, serious weather emergency or any of a multitude of other situations.

Prior to placing a building, campus, business, ship or other entity into the BeSafe system and providing access and training to first responders, our company contracts with each location and sends a highly trained team to each site to gather the necessary data and establish proper protocols and formatting of the site specific data needed by the first responders across cities, states, and regions. This allows for a systematic and comprehensive training program to take place using our system and maximizes the use of limited time and resources that are available today.

We then use state-of-the-art broadband technology to deliver this critical information and training, making it instantly available to first responders including local, state and federal authorities as they approach and while on the scene of an emergency.

This information includes, but is not limited to, contact information, building floor plans, aerial photographs, digital photos, live video, utility shut offs, the location and inventory of hazardous materials and much more. It enables those responding to an emergency to not only have instant access to vital communication, but just as important the necessary information from which to make rapid decisions and communicate around to fellow responders and emergency personnel. In short, we provide accurate information about a site, make it available to all site managers and first responders in real time and train those responsible so they can utilize BeSafe to ensure the efficient and effective allocation of resources in order to minimize the multitude of things that can go wrong during these fast moving events.

We target our services to a wide range of public and private entities including schools (K-12), colleges and universities, public housing, ships and terminals, as well as corporate and government facilities and other critical infrastructure. BeSafe provides first responders with the vital information they need to better ensure the safety of students, staff, employees and customers in the event of an emergency. First responders rely on our tools and the public enjoys increased security as a result.

Based on the continued expansion of broadband across the United States, our company invested heavily in technology, which transformed us from being a company that provided critical safety information to first responders via paper and CD-rom to a web-based delivery system that works in real time, is updatable, interactive and available 24/7 to our first responder community.

As a result of this transformation we are able to ensure that information needed during an emergency is accurate and up to date. We are better able to train police, fire, SWAT, hazmat teams and others in the use of our system due to our ability to conduct on-line training, document management, and have become a center for the dissemination of best practices in enhancing the public safety. First responders, due to the convergence of BeSafe and America's robust, high-speed broadband networks are now only three mouse clicks away from accessing the information they need during an emergency.

This growth of BeSafe has been greatly enhanced due to the expansion of broadband across America, and as we look to invest in improvements to our system we do so with the belief that the availability of broadband technology will continue to be available to us and to other small business owners whose very survival is dependent on providing information over broadband.

In summary, while my first career was in education, I come before you today to offer a perspective from 396 Main Street and to urge this Committee and those at all levels of government to support the growth of small business in America and to carefully consider

any additional burdens to small business owners who are working extremely hard every day to improve their companies and the lives of those they serve.

In my line of work, rhetoric and appearances do not count for much. At the end of the day, results matter and we are measured by lives saved, risks ameliorated and the quantity and quality of information presented in extremely stressful situations.

I wish to thank the members of this Committee for taking the time to listen to those of us on the front lines every day so that their can be improved coordination between us, and renewed growth in the small business community.

Respectfully,

Tom McDonald
CEO
BeSafe Technologies, Inc.

TESTIMONY OF LINDSAY DOFELMIER
Before the U.S. House of Representatives Committee on Small Business
May 12, 2010

Good afternoon Chairwoman Velázquez, Ranking Member Graves and Members of the Committee, my name is Lindsay Dofelmier and I appreciate your invitation to testify today on a matter of national importance in the Nation's dialogue on restoring the country to economic health - broadband adoption for small business.

My company, Urban Agent Team, began when I learned that the average Realtor in the United States was a 51 year-old female. Having spent a decade in Seattle, I had a hunch that the urban and echo-boomer demographics were under-served and under-represented in the real estate industry. As a result, I began to explore targeting this demographic.

"Echo boomers," also known as "Gen Y," "Millennials," or the "Net Generation" are the children of baby boomers, born between 1977-1995. There are approximately 80 million of us; ranging in age between 15 and 33 years old, making us second in size only to the baby boomers – and by some estimations, larger. We are a well-informed, media and tech-savvy generation that grew up with computers and the Internet both at home and in school. Thanks to the Internet, the world has been at our fingertips for most, if not all of our lives. With vast amounts of information only a click away, we are well versed in technology, culturally literate, informed on world affairs, and poised to revolutionize the economy in this digital age.

Urban Agent Team speaks to this demographic. We are a company of Millennials, for Millennials, and by Millennials. With offices in Boise, Seattle, and Portland and frequent travel among these cities, constant connectivity to wireless or mobile service is absolutely essential. Access to the Internet IS our business. Without the existence of Broadband and Social Media, Urban Agent Team would not exist.

With agents on the ground throughout the Northwest, the ability to collaborate and communicate instantly and effectively is the foundation for our business. In order to do this, we use a variety of Internet-based, cloud-computing programs on a daily basis. We manage our company domain and meet our IT needs with Google Apps. With access to email, online documents, and the ability to manage and view one another's calendars online we are freed from the constraints of hard drive-based applications and have the ability to collaborate virtually. We have our weekly team meetings via Skype, use Dropbox for online file storage, send and receive large files via Sendspace, manage our cash flow with Google Docs and run our finances with Quickbooks Online. With Google Alerts I know whenever someone anywhere in the world uses our company name or one of our agents' names in an article or post on the Internet. With the click of a button on our iPhones or laptops we can access any contract document, one another's calendars, or chat with one another from any wireless access point.

The use of technology in our business is not limited to the back-end however. A majority of the online tools we use are aimed at our clients. With the versatility and mobility of HP

tools such as the HP Mini our customers are only a click away. We use YouTube for virtual tours of their homes and post our clients' listings on a variety of online home search sites. We link to Google Maps for property location information, use data feed programs like IDX Broker to run our online property search tool for buyers, and send out event invites and alerts to our customer database via MailChimp. We depend on the Internet and connectivity for day-to-day operations.

The digital nature of our business allows us to be accessible at all times. Due to the instant gratification of the Internet, today's highly-connected consumer demands an immediate response. Due to the competitive nature of the industry, we must respond immediately to provide better service than other real estate companies. We cater to this competitive advantage — our clients can email, text, or use social media to contact me late in the evening and during the traditional "post-work" hours. Potential clients requesting information on a property can usually expect a response within five minutes of their request. Our ability to quickly respond to such requests greatly increases our conversion rates and overall customer satisfaction.

In an era of information overload, we have captured and held our client's attention by recognizing and exploiting an underserved niche market. Rather than trying to be everything to everyone, we have specialized our business strategy. Our approach to how we present ourselves and how we've positioned our brand is unorthodox and embodied by our motto: "We're NOT Your Parents' Real Estate Company." We don't span the digital divide, as our clientele tend to be young, tech-savvy, educated, and diverse. As such, they connect with our honest, straightforward brand. Through the use of a variety of social media platforms we have been able to build our brand identity, capture new client leads, make friends in new markets, keep our followers up-to-date on our whereabouts, and maintain strong relationships with people we see infrequently. With social media, we can connect with like-minded individuals in other cities, states, and even countries. With the demographic information Facebook gleans from their users we can create highly-targeted and measurable advertising campaigns. Some other examples of social media sites we use regularly include: Twitter, Facebook, Foursquare, Linked In, Gowalla, Brightkite, and Shizzow. Twitter has been the bread and butter of our growth surge. Since joining Twitter two years ago, we have amassed a total following among our team to 4,500 other users, most of whom we did not know prior to our Twitter connection and many of whom we have yet to meet in person! In 2010 alone, we have gained twelve clients as a result of Twitter.

The best part is – the bulk of these programs are open-source and free. As a small business founded during the economic recession, watching the bottom line with hawkish eyes has been key to our survival. We're a virtual company with no brick-and-mortar offices—the Internet has allowed us instead to create our "office" online, thereby saving us tens of thousands of dollars a year in rental/ownership and maintenance fees. Our online presence functions as a storefront, business center, and property search. In addition to office rent savings, the Internet has allowed us to trim our costs with access to a multitude of free, open-source programs and tools that allow us to grow regionally without the traditional costs associated with such expansion. As a direct result of

Broadband we have also been able to trim payroll by consolidating positions and allowing for "remote/virtual assistance."

Instead of investing in offices, redundant support staff in multiple cities, and hardware and software, we have invested in the Internet and focused on regional growth. As a result, we are perceived to be a larger company. The monetary savings the Internet has provided us has fueled our growth, allowing us to successfully compete with much larger, more traditionally managed companies within our industry.

Since we build our brand, make connections, and work online we are afforded an unprecedented level of freedom in our careers: we can do our jobs from home, coffee shops, bars, libraries, airports, and anywhere we can find WiFi – and at any time. The flexibility in the time and location of where we work allows us to live fulfilling lives outside our careers with time for travel, friends, family, and fun.

I can confidently say the success that I've achieved – both personally and professionally – are a direct result of my ability to access Broadband. This is why the National Broadband Plan and digital literacy efforts aimed at small businesses are causes that I feel passionately about. A generation of tech-savvy entrepreneurs with Broadband access will fuel job creation and economic growth. The Internet puts knowledge in the hands of the user – and we all know that knowledge is power: power to learn, power to think, and power to create. The six goals of the National Broadband Plan summarized as access, speed, affordability and clean energy are laudable goals that every American should embrace. The fact that we as a nation are already trailing other countries in this arena is of great concern to me for the future of our economy and entrepreneurial spirit. I truly believe that without the Internet the potential for small businesses to be successful and ultimately grow to medium and large businesses would be far more difficult.

On behalf of myself and everyone else at the Urban Agent Team, I thank you again for your time.

WRITTEN SUBMISSION OF
THE NATIONAL CABLE & TELECOMMUNICATIONS ASSOCIATION
to the
HOUSE SMALL BUSINESS COMMITTEE

SMALL BUSINESSES AND BROADBAND:
AN ENGINE FOR ECONOMIC GROWTH AND JOB CREATION
May 12, 2010

NCTA represents cable operators serving more than 90 percent of the nation's cable television households and more than 200 cable program networks. The cable industry is the nation's largest provider of broadband Internet services, having invested more than $161 billion since 1996 to build two-way, interactive networks with fiber optic technology. As detailed below, cable companies offer a wide range of broadband services to small businesses in large and small communities. Cable broadband and digital voice services are helping small businesses increase their productivity, create jobs, and expand their reach. Government can best ensure the continued expansion of small business Internet access through policies that facilitate broadband adoption by small businesses, promote private sector investment in new and upgraded broadband facilities and services, and avoid policies that impede those investments.

As the FCC's National Broadband Plan notes, "broadband can provide significant benefits to the next generation of American entrepreneurs and small businesses—the engines of job creation and economic growth for the country."[1/] Broadband can expand access to jobs and training, support entrepreneurship and small business growth and strengthen community development efforts. Broadband also removes barriers of time and space. With broadband, a small business in rural America can transact efficiently with customers and suppliers worldwide at any time. Broadband is becoming a prerequisite to economic opportunity for individuals, small businesses and communities. Those without broadband and the skills to use broadband-enabled technologies are becoming more isolated from the modern American economy. As a result, small businesses must have the broadband infrastructure, training and tools to participate and compete in a changing economy.

Cable operators large and small are contributing to this crucial element of our economy by providing an array of broadband services to small businesses across the country, in urban and rural communities alike. Cable operators already can reach 82% of the 4.7 million businesses with fewer than 10 employees in the U.S.[2/] Cable voice, data and video services give small businesses the tools they need to drive economic growth. Small businesses are an important, growing segment of the market for cable services, and cable companies value their small business customers. According to one survey, "businesses with fewer than 10 employees are

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1/ *Connecting America: The National Broadband Plan*, Federal Communications Commission, at 266 (2010) ("National Broadband Plan").

2/ SNL Kagan, *Cable Makes Gains in Commercial Segment*, BROADBAND TECHNOLOGY, at 5 (March 22, 2010).

expected to account for nearly half the commercial voice and data revenue at $4.6 billion by 2014 and represent the majority of the total customers in the commercial category."[3/]

The cable industry has also undertaken a number of small business broadband initiatives which are helping to advance many of the National Broadband Plan's specific policy recommendations for enhancing the availability and adoption of broadband services by these enterprises. These initiatives include providing information technology applications training through Small Business Administration resource partner programs, using broadband to give small businesses access to a network of experts, promoting public-private partnerships to provide technology training and tools for small businesses in low-income areas, and bolstering entrepreneurial development programs with broadband tools and training.[4/]

Cable services also provide other benefits to small businesses. For instance, cable's digital voice service has enabled small businesses to realize substantial savings on their telephone bills. According to one study, "the small business customer can cut his telephone bill by about 50 to 70 percent by using a cable provider's voice service."[5/] In short, cable is bringing new services and significant savings through competitive service offerings and cable is actively competing in the small business market.

The following are some specific examples of the benefits that cable operators provide to small businesses through their provision of broadband services – in large urban or suburban markets, as well as in smaller and rural markets.

Bresnan. Bresnan Communications, a broadband telecommunications provider serving rural and urban communities in Colorado, Montana, Wyoming and Utah, offers small businesses a suite of services that includes broadband as well as a phone solution that provides these businesses with the same advanced features available to larger enterprise customers but without having to invest in expensive on-premises switching equipment. In addition, Bresnan has partnered with sixteen small business development centers in Montana and Wyoming as part of its "Bresnan Business Incubator" program to give grants of phone and high speed data service to small and new businesses. Recipients have included a variety of businesses from Boxcar Willy's Sandwich Shop in Hamilton, MT to Envy Tanning & Rejuvenation Studio of Casper, WY. As Bresnan notes on its website, "we know what it means to start small and move forward. . . . We know because we started that way ourselves."[6/]

Bright House Networks. Bright House Networks uses the number of employees a small business has to calculate customized voice, data and video bundles. Bright House offers a

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3/ *Id.* at 5.

4/ National Broadband Plan, at 266.

5/ Michael D. Pelcovitz and Daniel Haar, *Consumer Benefits from Cable-Telco Competition*, Microeconomic Consulting & Research Associates, Inc. at 22 (November, 2007).

6/ Bresnan Communications Website, Bresnan Business Incubator, *available at* http://www.bresnanbusinessincubator.com/montana/.

number of competitive business Internet and business data protection services along with its "Enterprise Services" solution with managed services and VPNs.[7/]

Cablevision. Cablevision's "Optimum Online Business" offers reliable Internet, phone and television products at a great value for small companies with up to 100 employees. In 2009, JD Power & Associates recognized Optimum Online and Optimum Voice as having the "Highest Customer Satisfaction With Small/Midsize Business Data and Business Phone Service Providers." Cablevision's Optimum Online Boost offers Internet speeds of up to 30 Mbps downstream and 5 Mbps upstream, along with advanced configurations and business-grade tools. Last year Optimum Online launched an added benefit for small businesses – a mobile version of Optimum.net, its popular consumer web portal.[8/]

Charter Communications. Charter offers a "Small Business Bundle," a service package designed to meet the needs of individual small businesses. It offers Internet connections of up to 20 Mbps, as well as email addresses and web-hosting, along with small business telephone and video services. Charter's reliable and fast uploading capacity enables small business customers like Greenville Radiology in Greenville, N.C. to transmit digital medical images to hospitals and other treatment facilities at all hours of the day.[9/]

Comcast. Over the past several years, Comcast has escalated its efforts targeting the frequently underserved small business sector, rolling out services and products to meet the specific needs of this market segment. Products available to small and midsize businesses include: business Internet with the faster download and upload speeds businesses require; reliable Digital Voice service with unlimited local and long distance calling and advanced call management tools; and informational TV services for breakrooms and waiting rooms (Private View TV), as well as entertainment, sports and HDTV packages designed for restaurants, bars and other establishments (Public View TV). Comcast also offers a small businesses "triple play" bundle for $99 per month, similar to its residential packages, providing voice, data and video service. Currently, Comcast offers its Wideband Internet service with downloads up to 100Mbps and up to 15Mbps upload speeds in the Twin Cities market, and will be launching this service in other areas throughout the year. A recent study found that Comcast's Hosted Microsoft Communications Services, including e-mail and collaboration tools managed in the cloud, help small and midsize businesses trim operating expenses and reduce the burden on IT support resources.[10/]

Cox. Cox Business provides voice, data and video services for nearly 250,000 small and regional businesses, including healthcare providers, K-12 and higher education, financial

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7/ *See* http://business.brighthouse.com/About_Us/Why_Bright_House/.

8/ See http://www.optimum.net/downloads/OOL_MobilePortal.pdf.

9/ *See* http://www.charter-business.com/Small-Business-Bundle.aspx; *See* http://www.charter-business.com/CaseStudies/Case-Greenville-Radiology.aspx.

10/ Steve Hilton, *Comcast and Microsoft Help Small Businesses Cut Costs with E-Mail and Messaging*, Yankee Group (Oct. 2009) *available at* http://business.comcast.com/pdfs/Yankee-Group-Cut-Costs-with-MCS-100209.pdf.

institutions and federal, state and local government organizations. Cox Business provides advanced voice and data services (Ethernet, T-1, PRI) via the traditional cable network (hybrid fiber coax), previously available only via fiber networks. This allows smaller businesses to have access to more complex services to enhance their communications capabilities. Cox is able to offer business solutions like a bulletin-board telephone system so its small business customers can quickly re-direct each employee's phone extension to any other phone. One of its customers, an IT services consulting firm called Roundbrix, found that it was able to compete with larger, well-funded companies by using Cox's bulletin-board telephone service to provide reliable connectivity with its employees who are frequently off-site.[11/]

Eagle Communications. Eagle Communications provides its small business customers broadband service of up to 100 mbps, as well as other web hosting, e-business, and wireless solutions. And these services are not confined to the larger communities it serves; Eagle is also making high speed connectivity and e-business solutions available to smaller markets and businesses such as MCM Manufacturing in WaKeeney, KS, a town of 1,700 residents, and Surveys, Inc., which is located in Ellsworth, Kansas, a community of 3,200 residents.

Mediacom. Mediacom customizes its service offerings to each small business it serves, consulting with new customers to understand their businesses to develop specific service packages for particular business needs. Mediacom also offers tech support and web services to aid customers in getting websites up and running.[12/]

Midcontinent. Midcontinent is raising the bar in offering the latest in high-speed Internet to the communities it serves in Minnesota and North and South Dakota. Midcontinent offers its small business customers an array of business packages, including everything from a small office/home office package of up to 15 mbps/1mbps, to an advanced package that incorporates DOCSIS 3.0, the latest in cable modem technology, with up to 50 mbps download/5 mbps upload. In bringing DOCSIS 3.0 to Minnesota and the Dakotas, Midcontinent is able to offer its customers cutting edge cable modem innovation for fast Internet speed. Midcontinent also partners (as the backhaul provider) with wireless Internet providers to extend broadband services deeper into rural areas, creating new opportunities for small businesses operating in those communities. Midcontinent's Business Solutions account executives even meet with individual businesses to customize service packages to their needs.[13/]

Sjoberg's. Sjoberg's has been providing broadband services to small businesses in rural Northwestern Minnesota for 12 years. Broadband enables former residents of the area to move "back home" and continue to work online. Companies like HDR Engineering and Houston Engineering have been able to expand their market reach and also have happier employees by allowing employees to establish remote offices and work online. Through the Internet, other Northern Minnesotans have turned their hobby or passion into a business with a global

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11/ Cox Business, *Small Businesses Share Success Stories, Cox Business Provides Winning Telephone and Internet Solutions to Orange County Businesses, available at* http://www.daileymarketing.com/Cox/stage/sheila/pdfs/CS_OCBJ_Roundbrix.pdf.

12/ *See* http://mediacomcable.com/BusinessServices/partnerprogram.html.

13/ *See* http://www.midcocomm.com/classlibrary/page/resourcecenter/files/190.pdf.

The current tax code taxes capital heavily. It taxes capital through the capital gains tax and taxes on dividends, both at 15 percent, and through taxes on business income and the corporate income tax—especially because businesses cannot deduct the full cost of the capital they buy, but must depreciate it over several years at a lower real value.

Under current law, the tax rate on capital gains will increase to 20 percent and that on dividends will increase to up to 39.6 percent on January 1, 2011. Congress should at the very least hold these rates at 15 percent. To lower the cost of capital for small businesses further, Congress should consider lowering the rate on capital gains and dividends below 15 percent and make permanent President Obama's plan to provide immediate small business expensing of all capital purchases.

Targeted Tax Cuts No Substitute for Low Rates

Many in Congress would prefer to offer targeted tax credits to specific small businesses instead of keeping income tax rates and taxes on capital low for all small businesses. But targeted tax cuts are no substitute. Targeted tax credits for small businesses that produce or sell certain items do not stimulate the economy or assist small businesses in general. They are corporate welfare for certain businesses that produce and sell goods that Congress deems beneficial.

When Congress provides tax breaks for only certain businesses it is picking economic winners and losers instead of allowing the marketplace—the traditional and wiser decision maker in such matters—to decide. It does so because the targeted tax credits give their recipients an advantage in the market compared to the businesses not fortunate enough to receive the tax break. The businesses that get the credit can keep their prices lower than they otherwise would without the credit.

Furthermore, in the current budgetary environment, since targeted tax cuts would be financed by adding to the deficit instead of reducing spending, the increased borrowing would take available funds away from other businesses. These other businesses could have used the funds to expand operations and add new jobs, but Congress will divert the resources to the businesses it prefers.

Congress should not be the arbiter of which businesses succeed and which do not. Its track record of making such choices is far from exemplary, and further efforts to move the market in the direction it desires could actually prevent breakthroughs that would benefit the economy and the United States.

The economy will recover eventually, and when it does the sales and profitability of small businesses will improve. At that time, targeted tax incentives will do nothing for the vast majority of small businesses that are ineligible to claim the tax breaks. For these businesses, and the economy as a whole, it is better to have low tax rates. That way, Congress is not influencing economic outcomes or engaging in corporate welfare, and small businesses have the proper incentives to expand operations, create jobs, and increase wages.

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