

Arkansas Small Business Broadband Utilization Study



Between December 2014 and February 2015, Connect Arkansas partnered with Strategic Networks Group (the world's leading broadband economists) to survey 1,532 businesses across the state to gain an understanding of the importance of broadband to economic development in Arkansas. The findings are significant:

Choosing a Business Location

Broadband is key to both attracting & retaining businesses.

- Two in five (39.6%) Arkansas businesses say that broadband service was “essential” in selecting their current business location, and
- Nearly three in five (58.3%) say broadband is “essential” for remaining in their current location.

Findings Across Arkansas Reveal a Business “Digital Divide”

Smaller, rural businesses need help in how to use the Internet and broadband to effectively benefit from the digital economy.

- The smaller a business, the lower the Internet application utilization.
- The more rural an organization, regardless of connection speed, the lower the level of utilization.

Many small and medium businesses are planning to address these gaps as they do see the importance of getting online and they are merely needing to overcome barriers, such as lack of in-house expertise, or understanding what the potential benefits are to their business operations.

Financial Impact

Broadband is currently responsible for 3 in 10 new Arkansas jobs and a quarter of Arkansas businesses’ revenues.

- In Arkansas total job impact from broadband represents **29.4% of all new jobs**.
- Current level of Internet application utilization* accounts for **24.7% of overall revenues and cost savings averaging 6.6%**.

Findings Across Arkansas Show Gaps, Untapped Potential

While the impacts are significant, there is clearly opportunity for increases in revenues, jobs, and the tax base.

- Only 40.3% of businesses sell goods and services online and just over 36.8% deliver services and content online.
- Barriers are evident as nearly half (46.4%) of surveyed Arkansas businesses state that they are not taking full/better advantage of broadband and its solutions because of a lack of in-house knowledge while 31.4% are not utilizing the Internet because they don’t fully understand the benefits.

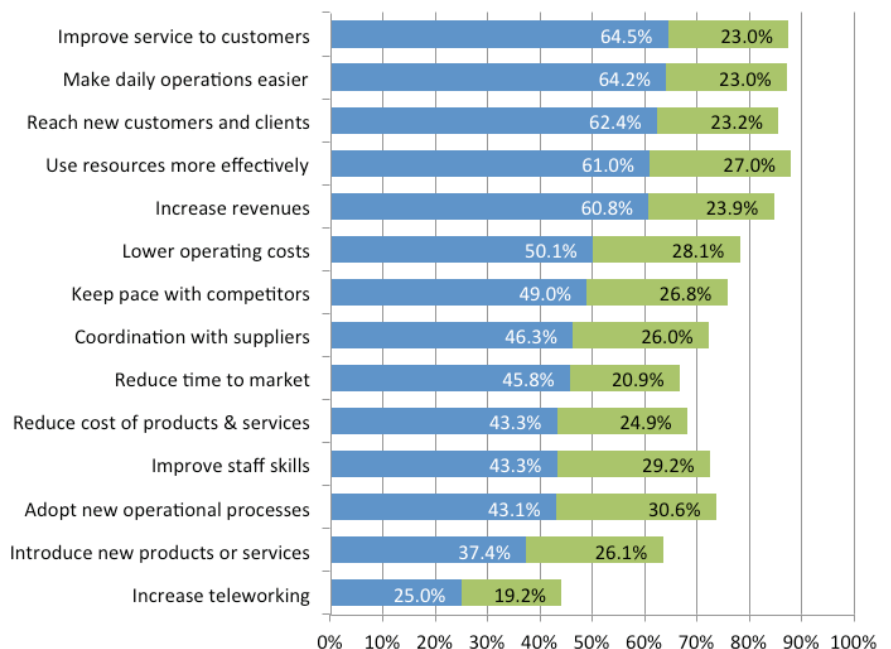
Importance of Broadband

Benefits for Businesses

N=712

- Very Important
- Somewhat Important

*NOTE: SNG measures utilization as actual use, beyond adoption of broadband applications.



Strategies for Driving Local Economic

Development through Broadband

SNG has provided Arkansas with an eStrategy Report, containing multiple recommendations and available online at: www.connect-arkansas.org/SNG-reports

One key recommendation from the report is to focus on helping to drive Internet utilization within the small-to-medium enterprise segment (less than 100 employees) to drive competitiveness, revenues, and job creation with additional effort placed on businesses in non-metropolitan areas.

Smaller businesses generally have lower utilization of Internet applications than larger businesses; meaning **small businesses could potentially make the greatest gains.**

Current Steps: Pilot Program

Strategic Networks Group also delivered 100 small businesses within Arkansas with Internet Utilization Scorecards to show the potential economic impact and financial benefits that can be realized through Internet applications.

By surveying businesses across the nation (more than ten states), SNG's robust database is able to help the businesses better understand how to increase their utilization of broadband to improve their bottom line. These financial impacts are based on numbers reported by an individual business' peers (industry and size) across the nation – more than 30,000 other U.S. businesses and organizations that have taken SNG's Assessment.

By taking a random sampling of 100 businesses across the State (including 49 in Faulkner county), SNG and Connect Arkansas provided recommendations for most businesses. Over 90% had at least one recommendation for increasing utilization based on their current activities.

The Utilization Scorecard contains up to three recommendations along with the average ROI received by the business' peers from implementing the same Internet application.

On average, these recommendations provided businesses with an average financial impact (revenues and cost savings) of **\$225,000 per company**. If all of these 100 businesses undertake these recommendations, the overall impacts would be:

- **\$22.5 million aggregate positive financial impacts to the businesses.**
- Potential job growth of **100 direct and 250 total jobs.**

Next Steps

Through the data collection process, SNG already has an additional 839 businesses eligible to receive:

- Utilization Scorecard
- Accompanying "how-to" guidance and coaching
- Arkansas-specific online training modules made available to support utilization efforts broadband utilization efforts.

Based on the pilot, this means that the potential financial impact of the program taken from "pilot" stage to all 929 businesses would be **\$202 million in financial impacts, 900 direct and 2,250 total jobs.**