



Connected Commerce Council

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U.S. House of Representatives Committee on Small Business
Hearing on “Unleashing the Digital Potential of Rural America”

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Introduction

Chairwoman Velazquez and Ranking Member Chabot, on behalf of digitally-empowered rural small businesses across this nation, thank you for holding this important hearing.

My hometown of Greenville, Maine is small. It is fewer than 1,500 residents small. It is everybody knows everyone else small. There were no chain stores or big corporations in my hometown. Every business was a small business. By any standard, that is rural America. Those small businesses were the pillars of our community, just as they are in small towns across the country today.

While it is true that much has changed in rural America, small businesses are as important to their communities as they have ever been. The digital age has brought challenges to rural businesses, but it has also created new opportunities. Digital resources are helping local businesses rise above and grow beyond traditional geographic limitations; enabling them to find customers around the world when historically the next county was a world away.

Digital tools, platforms, and marketplaces enable small businesses – wherever they may be – to serve customers efficiently with cutting-edge logistics; drive costs down and profits up using cloud-based applications and find new customers with digital advertising and online marketing. Today’s rural small businesses can grow, support their communities, and create more jobs – and Congress should help them.

I’m here today to ask this committee to help small businesses access the tools they need and to offer the help of the Connected Commerce Council (3C) in that effort.

The challenge of every small business is unique but their stories are universal. Unleashing the potential of rural America will require every small business to have access to the affordable, secure, and scalable tools they need. It will also require us to understand that the digital economy is a different type of interconnected and interdependent economy where the investment of global platforms have direct, tangible local benefits, and the value of access to digital tools is measured in new employees and increased financial security.

Many digital innovators harness the power of data for small businesses in rural America and nationwide. Quickbooks supports home-based entrepreneurs and small businesses. John Deere’s Precision Agriculture solutions work wonders for small farmers. Amazon brings the

power of its marketplace to local retailers and accelerates the growth of small stores through training and access to resources. These companies collect, aggregate and analyze vast quantities of data - safely, securely and affordably - and deliver the power of data science to small businesses.

I've seen first-hand how access to, and adoption of, digital technologies and tools enables small businesses to integrate seamlessly with global giants, and thereby compete for customers by offering better products that deliver higher value for lower cost. Those experiences led me to found 3C and led me to this table today.

As the son of a small business owner in a rural town in a rural state, it is my goal that 3C can provide resources, education, and access to help optimize small businesses' digital opportunity. And it is my intention to work with policymakers anywhere, including and especially Members of this committee, to accomplish that goal.

What is 3C?

3C believes that digital technologies and tools give small businesses the best opportunity to succeed. This was the conclusion of a recent Deloitte study that found effective use of digital technology by small businesses resulted in markedly higher revenue, substantially greater profitability and many more jobs created.

3C supports small businesses as a resource and an advocate. We promote access to and adoption of digital technologies and tools; provide resources and education to help optimize small businesses' digital opportunity; and cultivate a policy environment that considers and respects small business.

3C's mission is reflecting in the stories of our members:

- In Colorado a 3C Board member recently started her fourth business in 15 years. The biggest challenges of her first business were building a website without hiring a big PR agency and finding a secure credit card processing service that integrated seamlessly with the website. Today these solutions are ubiquitous and inexpensive so she can focus on products, marketing and family time.
- A Kansas Board member owns a plumbing company that historically spent more than \$100,000 annually to advertise in the Yellow Pages - but the company was going bankrupt. Now she spends less than \$20,000 on digital marketing and her company is growing again.
- In Florida a family-owned restaurant spends one or two dollars daily to send precisely targeted digital coupons to people who enjoy their specialized cuisine and are in the neighborhood during lunch hour. Within minutes new and returning customers arrive.

These small businesses and tens of millions more is why 3C was formed.

In Congress and in many state legislatures, debate is underway on issues that will dramatically affect small businesses ability to succeed – or even survive.

Our overarching concern is that policymakers, thought leaders and headline writers focus only on the largest companies and the riskiest behaviors when considering how to regulate the digital economy. Too often opportunity and access are assumed instead of promoted and protected. Too often we talk about small businesses rather than speaking to small businesses. I know

under the leadership of this Committee - that will change.

How Can Congress Unleash the Digital Potential of Rural America?

A common theme of 3C companies - the power of technology and data - connects directly to today's hearing. Unleashing the potential of rural America requires unleashing the potential of digital tools, access to data, and the power of data science for rural America. For many years, policymakers and thought leaders have discussed the digital divide as a broadband access issue, and focused attention on how underserved communities would benefit from inexpensive access to broadband. These are legitimate concerns, but 3C's focus is the next question: once broadband and digital tools are available, how can small businesses maximize the opportunity?

The reality of the digital economy is that our members – and nearly 30 million small businesses like them - stand on the shoulders of large companies to reach otherwise unobtainable heights. Platforms invest in scalable, secure, and affordable tools. Marketplaces connect buyers with sellers. Small businesses leverage these tools and marketplaces to start, build, and grow. The guiding principles of the digital economy – speed and scale – consistently drive shared value and mutual benefit for small businesses. Innovative technologies and approaches are widely available, easily adopted, and quickly improved upon. Congress must take great care to ensure that policies focused on the largest digital companies do not inadvertently undermine small business opportunity. That vigilance can be this Committee's great contribution to unleashing the digital potential of all small businesses, including those in rural America.

Data Privacy

Consumers deserve to have their personal data respected and protected by all businesses - large and small. But consumers don't need dozens of state standards and a federal standard to measure good data practices, and small businesses cannot comply with dozens of laws. We all need one good law -- with clear definitions and precise requirements that will protect consumers and let businesses operate without hiring teams of lawyers. And to be very clear - if the law works well then we do not need small business exemptions.

A recent 3C survey of more than 1,000 small businesses regarding data protection and privacy found that an overwhelming majority of respondents - 86 percent - believe that they already effectively protect customers' data. However almost as many - 80 percent - report knowing very little about data protection laws. Most concerning, however, is that more than 80 percent of small businesses doubt that their public officials are sufficiently knowledgeable about technology to effectively regulate this area.

This Committee, on behalf of small businesses nationwide, can help make sure that small businesses are respected and feel respected. Small businesses must be sitting at the table when privacy and data protection laws are written, because if you do not have a seat at the table then you are on the menu and likely to be eaten.

Cybersecurity.

Cybersecurity and data breach is another area where policymakers and headline-writers understandably focus on the breaches with the largest number of customers and the potentially massive gravity of consumer harm. But one fact should always be in the forefront: small businesses do not recover from data breaches. The costs of recovery and remediation are too

high; the loss of consumer trust cannot be overcome. All too often a small business data breach puts it out of business.

For consumers of small businesses, it would be frightening to know that small business data breaches are almost never investigated and the perpetrators never caught. The FBI, state police and local prosecutors simply do not have enough resources so they focus on high-volume breaches. And as a result criminals know that if they prey on small businesses they are less likely to be caught.

How can government help? First, consider if a public-private partnership can be helpful. Dedicated small business support resources can provide breach recovery assistance which to promote reporting instead of hiding. More reporting will lead to better data, and that could result in more effective enforcement.

Competition

It is impossible to overstate the billions of dollars in small business value and the millions of small business jobs supported by some of America's largest brands and companies, including eBay, Etsy, Amazon, Square, Intuit, Freshbooks, Google, Constant Contact and Facebook. Some of these companies are much larger than others, but all provide extraordinary and low-cost platforms and tools to small businesses. That should not be overlooked by this Committee, the Congress, and competition regulators.

Recently the Chair and Ranking Member of this Committee asked the Federal Trade Commission to include small business considerations in their important 21st Century Economy hearings. To date the Commission staff has held multiple hearings without a single small business witness or researcher.

3C urges this Committee to continue its vigilance on behalf of small businesses. In each debate over privacy, cybersecurity and competition there are important small business values at risk and opportunities to be preserved and created. We cannot afford to lose the forest through the trees, focusing our attention on only the largest and more prominent companies and issues. Rather, we should try to take the perspective of a small business, seeing the full landscape as we consider who will ultimately pay the price if business models are dramatically changed, costly regulation is enacted, or access to essential tools is limited.

Conclusion

On behalf of the nearly 30 million digitally-empowered small businesses nationwide, thank you for welcoming 3C to this morning's important hearing and considering our views and role in America's market-based narrative. We look forward to working with you and your colleagues to lower technological barriers to small business success and to continue promoting small business opportunity.

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