

Thumbtack

The Digital Ecosystem: New Paths to Entrepreneurship

**United States House of Representatives Committee on Small Business
May 9, 2019**

**Presented by Kellyn Blossom
Head of Public Policy, Thumbtack**



Thank you for the opportunity to speak before you today. My name is Kellyn Blossom and I am the Head of Public Policy for Thumbtack. We are honored to be a part of this discussion to share our perspective on how technology can unlock entrepreneurship.

What is Thumbtack?

Thumbtack is a website and app that connects customers looking to hire service professionals to hundreds of thousands of small businesses in the United States. Now over 10 years old, Thumbtack facilitates millions of connections every year. These customers find professionals in nearly 1,000 categories from plumbers and personal trainers to caterers and cat groomers everywhere in the country. In fact, there are small businesses available on Thumbtack in each of the over 3,000 counties in the U.S.

Thumbtack was created to solve the biggest challenge facing new small businesses — finding the right customers. Over 43 percent of small businesses on Thumbtack cite this as their number one hurdle to success.¹ For independent businesses, finding the next client is a constant concern.

Thumbtack solves that problem by offering a platform that introduces customers looking for service professionals to small businesses in their area. We haven't created new categories of work; instead, we use new technology to grow and expand the reach of small business professionals in trades that have existed for decades. These florists, electricians, and DJs can work more efficiently, spending their time earning income doing skilled work they love, rather than worrying about where the next customer will come from.

Digital Features to Help Small Businesses

The internet has changed both the way customers buy products and services and the expectations that consumers have before making a purchase. Digital tools like Thumbtack make it easier for small businesses to market themselves to the customers who want their services and help those customers hire with confidence.

On Thumbtack, there are three features that are particularly valuable to small businesses looking to grow.

- **First**, each small business that signs up on Thumbtack gets to create an online profile that they can fill with information about their business, photos of past work and contact information. This profile can be found by customers using Thumbtack or through search

¹<https://www.thumbtack.com/survey#/sentiment>

engines like Google. This is crucial for small businesses who may not already have an online presence, including the 35 percent of small businesses who feel their business is not large enough to justify a website.²

- **Second**, Thumbtack makes it easy for new customers to find reviews from past customers. While not a perfect measure, customer reviews have become a key factor that consumers expect and rely on before purchasing products or hiring businesses. In fact, surveys have found that over 90 percent of consumers aged 18-34 trust online reviews as much as they trust personal recommendations.³ Providing a way to let potential customers view reviews from past customers is an important tool to help small businesses gain new customers. On Thumbtack we encourage customers to leave honest reviews, and we work hard to ensure that the reviews are fair.
- **Third**, Thumbtack provides crucial insights to small businesses about how they stack up in their market. We share data on how other businesses in their area are pricing their services and how many customers are searching in their category, so these business owners can quickly understand dynamics in their industry and market their services appropriately.

We also know that the small businesses that are succeeding on Thumbtack are using a range of other digital tools to perform the essential tasks to keep their business running.

These businesses tell us they use payment processing services like Square and Paypal for customer transactions, bookkeeping tools like FreshBooks and Xero to manage their accounts and send invoices, and online scheduling tools like Google Calendar and Time Tap. All of these tools make it easier for small businesses to focus on their craft so they can create better products and services and spend less time and hassle doing administrative work.

Creating Jobs v. Building Careers

Too often technology companies claim to be changing the game and the future of work by simply providing what amount to be on-demand minimum wage jobs. While these can be great transitional opportunities or side hustles for students, retirees and those trying to make a little extra money, they rarely allow individuals to build a business or expand their earning potential.

²<https://clutch.co/website-builders/resources/small-business-websites-2018>

³<https://www.brightlocal.com/research/local-consumer-review-survey/>

Thumbtack focuses on giving individuals the digital tools to build not just a job, but a career and business that they can scale. We often see professionals on Thumbtack start out as a sole proprietor and eventually add employees and services as their businesses grow.

For example, Jonathan Johnson of Connecticut was an accountant with a passion for photography when he suddenly was laid off when his organization downsized. He created a photography booth service profile on Thumbtack to help bring in income, and his business took off. He now manages a staff of four, has been hired on Thumbtack over 200 times, and regularly books jobs from Fortune 500 companies.

Through Thumbtack, Jonathan was able to find not just a job, but a tool that empowered him to grow his business and create greater opportunity for himself and others. This is how we should be leveraging technology to help small businesses grow — and contribute to their communities.

Helping Small Business Owners Access Benefits

While technology has helped many small businesses problems, there are still many challenges, particularly for individuals who work for themselves.

One of the biggest challenges for small business individuals is getting access to benefits. The system of benefits in America has largely been designed for traditional W-2 employees who work full-time for one employer. Benefits that are incentivized or mandated by the government like health insurance, tax-advantaged retirement savings, workers compensation, unemployment insurance and paid leave are often available to workers with an employer, but often not available or difficult to access for the professionals that work for themselves. Yet we are encouraged by recent policy efforts to help narrow this gap for independent workers.

The Affordable Care Act has made substantial strides in making health insurance available to independent workers. For full-time professionals on Thumbtack, 25 percent say access to benefits like health insurance affected their decision to start their business, and 14 percent report that the ACA directly helped them make the jump to running their own business.⁴

The Secure Choice retirement savings program being developed in numerous states and available to independent workers in Oregon and soon to be in California could help self-employed workers save for retirement outside a traditional 401(k) system.

⁴<https://www.thumbtack.com/blog/mar-2017-healthcare/>

And we in the private sector are taking action to help independent workers access benefits. Earlier this year Thumbtack became the first marketplace company to provide workers access to truly portable benefits through a partnership with the National Domestic Workers Alliance’s Alia platform.⁵ This is an important step, but we’ll be the first to acknowledge that these are patchwork efforts. In truth, we need the government’s help to make benefits portable and universally accessible to both employees and those who work for themselves.

We are encouraged by Congressional efforts to make portable benefits a reality through bills like Congresswoman DelBene’s Portable Benefits for Independent Workers Pilot Program Act. We hope this committee will join these efforts to help the smallest of businesses — the self-employed business owner — thrive.

What Success Looks Like

Like the small businesses that drive the American economy, our business at Thumbtack is about helping people find their own success. People like Terrell King, a Thumbtack user from Puyallup, Washington. Terrell had spent decades in the service industry but was struggling to get by. He signed up to work for a cleaning agency, but wasn’t making enough money to support his family. Terrell said he often skipped meals so he could save food for his wife and child.

Frustrated and out of ideas, he turned to a family member who told him about Thumbtack. He created a profile on Thumbtack that evening with a picture and his story of why he loved his work, and that first day found a customer for a high paying job. Within four months, Terrell went from making ends meet to having his own thriving cleaning business, paying off all his bills, and bringing on employees to keep up with the demand. Terrell was able to use digital tools like Thumbtack to take control of his own career and build a small business that he is incredibly proud of.

People like Terrell are the reason Thumbtack exists. We believe technology is at its best when it empowers people to achieve their own dreams.

⁵<https://www.thumbtack.com/blog/announcements/thumbtack-and-alia-partner-to-bring-portable-benefits-to-independent-workers/>