



U.S. SMALL BUSINESS ADMINISTRATION

WASHINGTON, D.C. 20416

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**Before the
U.S. Senate Committee on Small Business & Entrepreneurship
“Leveraging Broadband to Help America’s Small Businesses Grow”**

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Thank you, Chair Landrieu, Ranking Member Snowe and members of the Committee for inviting me to this important hearing. I’m honored to be here.

Broadband technology brings extraordinary opportunities to America’s small businesses – regardless of industry, size, or geographic location. There are two critical facts to consider when it comes to broadband and small business.

1. Small businesses would benefit from broadband being accessible and affordable.
2. Better tools and training targeted for small businesses would help maximize broadband’s potential.

The immediate challenge is relatively simple: Access to affordable broadband service is not yet available to all small business owners — especially those located in unserved and underserved parts of our country.

Julius Genachowski, talked earlier about the FCC’s efforts to construct and implement the National Broadband Plan. The other witnesses from the first panel touched upon the Administration’s continuing efforts to ensure that America’s broadband infrastructure undergoes the improvements necessary to make it a model for the rest of the world.

Already, the Recovery Act has played an important role in moving us toward that goal. For example, USDA has rolled out a first round of broadband projects in rural areas totaling over \$1 billion. Not only will it bring broadband to half-a-million homes, but also nearly 100,000 rural businesses in 31 states and 17 reservations.

We need to continue expanding access and driving down costs, including addressing the fact that small businesses pay over twice as much per employee than large firms for broadband due to magnitudes of scale.

Once they get access to affordable broadband, the challenge lies in adopting the technology and leveraging it to the fullest extent possible, which leads me to the second key area: Small businesses need better tools and training to maximize broadband's potential. This is where the SBA and its partners can play a role.

Consider that about three-fourths of small businesses already have a website, but only about one-fourth are using broadband for e-commerce. That's a big gap when you consider that 60 million Americans go online every day to buy something.

Our resource partners know that small businesses can't just expect to create a work email address or put up a website in order to increase sales. It takes a solid business plan with a comprehensive broadband strategy.

They need to understand how unique broadband innovations not only improve areas like marketing, but also that broadband has a direct impact on other areas such as productivity and operations – from Voice Over IP cell phones that allow them to seamlessly conduct business abroad to online software that allows transparent tracking of deliverables both for their workers and their customers.

That's just one reason why the SBA's resource partners are focusing on increasing digital literacy. We want to broaden the knowledge base of small business owners to include areas such as e-commerce, cloud computing, social media, and much more.

I'll give one recent example. We have a cadre of about 12,000 volunteers who are executives that actively counsel and mentor entrepreneurs and small business owners – SCORE. Earlier this month, SCORE announced a partnership with technology companies that will develop training materials to inform, educate and support small businesses interested in broadband. The SCORE leadership team is working to develop these train-the-trainer materials, and they've already brought on board another one of SBA's resource partners – our 110 Women's Business Centers.

SBA will continue working with all of our resource partners on similar efforts, including the possibility of delivering the products of these partnerships through the Small Business Training Network, using our agency's own broadband capacity.

Overall, small business owners are realizing that a strong broadband infrastructure is not just a good option, but a necessary investment. Partnerships like this can equip them for the future by giving them the right tools, the right information, and, most importantly, the right people to talk to.

As today's hearing clearly shows, broadband access, adoption and utilization can play a critical role in supporting the strongest engine of our economy – small business. SBA and our partners can help small business owners gain the knowledge and skills they need to harness the strength of this powerful new technology. If we can accomplish that, we know that small

businesses will grow and create even more good American jobs that will lead us toward economic recovery.

Thank you for your leadership in this crucial area and for holding this important hearing today. I'm now happy to take your questions.

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