AT&T Small Business Technology Poll

March 2010
Objectives

AT&T’s **Small Business Group** sponsored research to:

- Generate media coverage and thought leadership, which in turn will increase awareness and consideration among small businesses, with....
- The end goal to increase orders for AT&T small business services.
Methodology

- Online survey with 2,023 small businesses.
  1. 1,009 surveys completed with small businesses located throughout the United States (National data).
  2. 1,014 surveys completed with small businesses located in 10 markets; 100 in each market (Market data).
- With owners or employees who are the key decision-maker for computer purchases and maintenance, Internet service and telephones (e.g., information technology).
- Small businesses were defined as having between 2 and 50 employees, both part-time and full-time.
- Use of e-Rewards online business panel.
Methodology

- Sampling error associated with a survey of 1,000 respondents is 3 percentage points for responses at or near 50% (95% confidence level) (National data).
- Sampling error associated with a survey of 100 respondents is 10 percentage points for responses at or near 50% (95% confidence level) (Market data).
- To be considered statistically significant, responses between two samples of 100 respondents should be greater than the following (95% confidence level):

<table>
<thead>
<tr>
<th>Approximate Percent Value</th>
<th>11%</th>
<th>12%</th>
<th>14%</th>
</tr>
</thead>
<tbody>
<tr>
<td>20%/80%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25%/75%</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>50%/50%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Sample Data
Business Longevity

How long has your company been in business?

BASE: All respondents (n=1,009)

- Less than 2 years: 7%
- Between 2 and 10 years: 33%
- More than 10 years: 59%
- Don't know: * Less than one-half of one percent (0.5%)
Number of Employees

Approximately how many total employees, both full-time and part-time, work at your company?

- 66% Between 2 and 10 employees
- 22% Between 11 and 25 employees
- 12% Between 26 and 50 employees

BASE: All respondents (n=1,009)
Small Business Presence: AT&T Regions

Percentage of Total Completed Small Business Surveys in Each AT&T Region

BASE: All respondents (n=1,009)
Executive Summary
Executive Summary

- Small businesses are relying more on wireless technologies and social media to communicate, run their business and create and extend brand awareness. This is particularly evident in businesses that are fairly new (less than two years) and have a smaller number of employees (10 or less).
- Newer businesses (less than two years) are also more willing to adopt newer technologies.
- Very few small businesses have cut back on their use of wireless technology. Even the businesses that have reduced their IT budget, or their budget has stayed the same, have not cut back on their use of wireless technology. This is an indication of the growing importance of wireless technology for small businesses.
- Small businesses expect to rely more on wireless technology in the next year or two, especially businesses expecting their IT budgets to increase in 2010. But even the small businesses expecting no increase, or even a decrease in their budget in 2010, expect that their business will rely more on wireless technology within the next two years.
Economic Impact
National Data
Summary of Findings: Economic Impact

• The current economic environment appears to have had an impact on small businesses. Businesses are three times more likely to have reduced their 2009 budget from the previous year than have increased it.

• One in ten (9%) small businesses say they did not spend any money on technology this year, though this figure is in line with the 11% who indicate they don’t have enough IT and/or computers to warrant IT support.

• It appears that actions in 2009 are likely to have an effect on plans in 2010. Two-thirds (66%) of companies that did not spend any money on technology in 2009 do not plan on spending any money in 2010.
  ➢ Forty-two percent (42%) of companies who spent less in 2009 plan to do the same in 2010.
  ➢ And, three-fourths (77%) of companies who maintained their 2008 IT budget in 2009 plan on keeping their 2010 budget about the same as last year (essentially seeing no or minimal increase in at least two years).
**IT and Wireless Technology Spending This Year**

The smallest businesses are more likely to have not spent any money on technology this year.
- 2-10 employees: 11%*
- 11+ employees: 4%*
(* Difference is statistically significant at 95%)

Businesses who say they “could not survive” without wireless technology are more likely to have spent more money on technology this year.
- Could not survive: 17%*
- Could get by but it would be challenging: 11%*
- Could easily get by without it: 10%*
(* Difference is statistically significant at 95%)

- We spent more this year than last year
- We spent about the same this year as last year
- We spent less this year than last year
- We did not spend any money on technology this year
- Other

**BASE:** All respondents (n=1,009)
Q. How will the current economy impact your IT wireless technology budget for 2010?

- 52% We expect to spend more in 2010 than in 2009
- 25% We expect to spend about the same in 2010 as in 2009
- 13% We expect to spend less in 2010 than in 2009
- 9% We do not expect to spend any money on technology in 2010
- 1% Other

It appears that actions in 2009 are likely to have an effect on plans in 2010. Two-thirds (66%) of companies that did not spend any money on technology in 2009 do not plan on spending any money in 2010.

Forty-two percent (42%) of companies who spent less in 2009 plan to do the same in 2010.

And, three-fourths (77%) of companies who maintained their 2008 IT budget in 2009 plan on keeping their 2010 budget about the same as last year (essentially seeing no or minimal increase in at least two years).
IT and Wireless Technology Spending: 2009 Versus 2010

Small businesses appear to be cautiously responding to a turnaround in the economy. Fewer companies will be spending less next year (25%) than they did in 2009 (37%). About two-thirds (65%) of businesses plan on spending more or about the same in 2010 as they did this year.

Q. How will the current economy impact your IT wireless technology budget for 2010?
Wireless Technology
National Data
Summary of Findings: Wireless Technology

- Very few small businesses have cut back on their use of wireless technology. Even the businesses that have reduced or maintained their IT budget have not cut back on their use of wireless technology. This is an indication of the growing importance of wireless technology for small businesses.
- Overall, small businesses expect to rely more on wireless technology in the next year or two, especially the small businesses who expect their IT budgets to increase in 2010.
Wireless Technology Scenarios

Firms who have been in business more than 10 years do not feel that wireless technology is as important to their survival as newer businesses.

- <2 years: 31%*
- 2-10 years: 31%*
- 11+ years: 16%

(* Difference is statistically significant at 95%)

- Without wireless technologies, we could not survive or be in business
- Without wireless technologies, we could get by, but it would be a major challenge to overcome for our business
- We use some wireless technology, but we could easily get by without it
- We don't use wireless technologies in this business

BASE: All respondents (n=1,009)

(May not equal 100% due to rounding)
Current Use of Wireless Technology Now Compared to Two Years Ago

- 42% Somewhat more now than two years ago
- 32% About the same now as two years ago
- 25% Somewhat less now than two years ago
- 1% Much less now than two years ago
- 1% Much more now than two years ago

74% of small business owners rely on wireless technology more now than two years ago.

BASE: Respondents who use wireless technology (n=969)

(May not equal 100% due to rounding)
Expected Use of Wireless Technology Two Years From Now

Q. Thinking about your use of wireless technology for work, do you think you will rely on wireless technology more or less two years from now than you do today?

BASE: Respondents who use wireless technology (n=969)

- **37%** Much more two years from now
- **24%** Somewhat more two years from now
- **37%** About the same two years from now as today
- **1%** Somewhat less two years from now
- **1%** Much less two years from now

Small businesses expect to rely more on wireless technology in the next year or two, especially the small businesses who expect their IT budgets to increase in 2010.

- IT spend in 2010 – more: 52%
- IT spend in 2010 – somewhat more: 35%

Small businesses which rely on wireless technology expect to rely on wireless even more so within the next two years.

- Could not survive without wireless: 57%
- Would be challenging without wireless: 40%
- We could easily get by without wireless: 18%

(* Difference is statistically significant at 95%)

(May not equal 100% due to rounding)
Use of Wireless Technology: Current Versus Future

Thinking about your use of wireless technology for work, do you rely on wireless technology more or less now than you did two years ago?

- Much more now than two years ago: 1%
- Somewhat more now than two years ago: 25%
- About the same now as two years ago: 42%
- Somewhat less now than two years ago: 32%
- Much less now than two years ago: 1%

(May not equal 100% due to rounding)

Thinking about your use of wireless technology for work, do you think you will rely on wireless technology more or less two years from now than you do today?

- Much more two years from now: 1%
- Somewhat more two years from now: 24%
- About the same as in two years as today: 37%
- Somewhat less two years from now: 37%
- Much less two years from now: 1%

BASE: Respondents who use wireless technology (n=969)
Role of Wireless Technology in Providing a Competitive Advantage

- Strongly agree: 34%
- Agree: 31%
- Neither agree nor disagree: 26%
- Disagree/strongly disagree: 8%

Half of the firms who have been in business less than two years strongly believe that wireless technology is keeping them competitive.

- <2 years: 49%*
- 2-10 years: 40%*
- 11+ years: 28%

(* Difference is statistically significant at 95%)

BASE: Respondents who use wireless technology (n=969)

Q. How much do you agree or disagree with the following statement: “Wireless technology is critical to keeping my business competitive.”

(May not equal 100% due to rounding)
Q. What type of business-related activities are you using your Smartphone for?

**Use of Smartphone For Business-Related Activities**

- **As a cell phone**: 91%
- **To check e-mail**: 78%
- **To view data (general)**: 53%
- **To surf the Web**: 43%
- **Conduct online banking or other financial transactions**: 20%
- **Checking or updating social media sites**: 18%
- **Manage business processes**: 14%

**Newer businesses are most likely to use wireless technology to check and update their social networking site.**

- <2 years: 34%*
- 2-10 years: 21%*
- 11+ years: 14%

(* Difference is statistically significant at 95%)

BASE: Respondents who use a Smartphone for business-related activities (n=811)
**Use of Wi-Fi for Business-Related Activities**

(Multiple responses allowed)

- **To check e-mail**
  - BASE: Respondents who use Wi-Fi hotspots to conduct business (n=796)
  - <2 years: 67%*
  - 2-10 years: 61%*
  - 11+ years: 53%*

- **To surf the Web**
  - BASE: Respondents who use Wi-Fi hotspots to conduct business (n=796)
  - <2 years: 40%*
  - 2-10 years: 30%*
  - 11+ years: 21%*

- **Conduct online banking or other financial transactions**
  - BASE: Respondents who use Wi-Fi hotspots to conduct business (n=796)
  - Newer businesses are more likely to conduct business-related activities away from the office.
  - <2 years: 34%*
  - 2-10 years: 21%*
  - 11+ years: 15%*

- **Manage business processes**
  - BASE: Respondents who use Wi-Fi hotspots to conduct business (n=796)
  - <2 years: 67%*
  - 2-10 years: 61%*
  - 11+ years: 53%*

- **Checking or updating social media sites**

(*) Difference is statistically significant at 95%

Q. **What type of business-related activities are you using Wi-Fi for?**
Use of a Laptop Data Card For Business-Related Activities

(Multiple responses allowed)

- To check e-mail: 85%
- To surf the Web: 57%
- Manage business processes: 34%
- Conduct online banking or other financial transactions: 29%
- Checking or updating social media sites: 17%

Small businesses who say they primarily use social networking sites as a way to generate sales are the most likely to use their laptop data card to check or update their social media sites.

Why use social media
- Generate sales: 42%
- Create and build awareness: 34%
- Network with other small businesses: 32%
- Communicate with customers: 30%
- Have to in order to stay competitive: 25%

BASE: Respondents who use a laptop data card to conduct business (n=714)
Wireless Data Security

National Data
Summary of Findings: *Wireless Data Security*

- Most small businesses are at least somewhat concerned with wireless data security, though smaller businesses are less concerned with security than larger businesses.
- Newer businesses are more concerned than firms that have been in business for a while.
- Smaller firms are more likely to install software to address wireless security threats, while the larger small firms are more likely to block access to certain Web sites and hire people to handle the security.
Concern With Wireless Data Security

Most small businesses are at least somewhat concerned with wireless data security.
Smaller businesses are less concerned with security than larger businesses.
Newer businesses are more concerned than firms that have been in business for a while.

Q. Using a scale from 1 to 10, with 1 meaning “not a concern at all,” and 10 meaning a “major concern,” how concerned are you about wireless data security for your business?

BASE: Respondents who use wireless technology (n=968)

- 58% Concerned (8-10)
- 29% Somewhat concerned (5-7)
- 13% Not concerned (1-4)

MEAN: 7.3

("Don’t Know" is not shown)

(May not equal 100% due to rounding)
Addressing Wireless Security Threats

Q. Which, if any, of the following steps have you taken to help keep your business safe from wireless security threats?

Smaller firms are more likely to install software to address wireless security threats, while the larger small firms are more likely to block access to certain Web sites and hire people to handle the security.

<table>
<thead>
<tr>
<th>No. of Employees</th>
<th>2-10</th>
<th>11-25</th>
<th>26-50</th>
</tr>
</thead>
<tbody>
<tr>
<td>Install software</td>
<td>81%</td>
<td>78%</td>
<td>76%</td>
</tr>
<tr>
<td>Block access</td>
<td>29%</td>
<td>28%</td>
<td>37%</td>
</tr>
<tr>
<td>Have employee handle</td>
<td>14%</td>
<td>22%</td>
<td>26%</td>
</tr>
<tr>
<td>Hire outside consultant</td>
<td>10%</td>
<td>20%</td>
<td>24%</td>
</tr>
</tbody>
</table>

BASE: Respondents who use wireless technology (n=968)
Importance of Technology

National Data
Summary of Findings: Importance of Technology

- Small businesses in operation less than two years (newer businesses) are more willing to adopt recent technologies. Noteworthy is that in some cases, these technologies weren't around when some of the older businesses started out over 10 years ago.

- The importance of various technologies appears to be driven by how long a business has been in operation (e.g., newer and older businesses).
Q. For each of the following technologies, please rate how important each is to making your business more productive.

### Importance of Technology

**BASE:** Those who rated the technology. Excludes those who did not answer the question and those who say their business does not use the technology. **Number of respondents varies by technology.**

<table>
<thead>
<tr>
<th>Technology</th>
<th>Important (8-10)</th>
<th>Somewhat important (5-7)</th>
<th>Not important (1-4)</th>
<th>Mean</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-speed Internet access</td>
<td>93%</td>
<td>5%</td>
<td>1%</td>
<td>9.5</td>
</tr>
<tr>
<td>E-mail</td>
<td>92%</td>
<td>6%</td>
<td>2%</td>
<td>9.5</td>
</tr>
<tr>
<td>Desktop computer</td>
<td>85%</td>
<td>10%</td>
<td>5%</td>
<td>9.0</td>
</tr>
<tr>
<td>Cell phone</td>
<td>81%</td>
<td>13%</td>
<td>6%</td>
<td>8.8</td>
</tr>
<tr>
<td>Landline telephone/voicemail</td>
<td>80%</td>
<td>14%</td>
<td>6%</td>
<td>8.7</td>
</tr>
<tr>
<td>Laptop/notebook computer</td>
<td>73%</td>
<td>19%</td>
<td>8%</td>
<td>8.3</td>
</tr>
<tr>
<td>Fax machine</td>
<td>64%</td>
<td>20%</td>
<td>16%</td>
<td>7.7</td>
</tr>
<tr>
<td>Smartphone</td>
<td>57%</td>
<td>25%</td>
<td>18%</td>
<td>7.3</td>
</tr>
<tr>
<td>Wi-Fi hotspot</td>
<td>43%</td>
<td>29%</td>
<td>28%</td>
<td>6.3</td>
</tr>
<tr>
<td>Laptop data card</td>
<td>40%</td>
<td>29%</td>
<td>30%</td>
<td>6.2</td>
</tr>
<tr>
<td>Hosted applications</td>
<td>34%</td>
<td>32%</td>
<td>34%</td>
<td>5.8</td>
</tr>
<tr>
<td>Netbook or mini computer</td>
<td>33%</td>
<td>28%</td>
<td>39%</td>
<td>5.6</td>
</tr>
<tr>
<td>VoIP</td>
<td>32%</td>
<td>31%</td>
<td>37%</td>
<td>5.6</td>
</tr>
<tr>
<td>Unified messaging</td>
<td>31%</td>
<td>38%</td>
<td>31%</td>
<td>5.9</td>
</tr>
<tr>
<td>Video or television services</td>
<td>30%</td>
<td>29%</td>
<td>41%</td>
<td>5.4</td>
</tr>
</tbody>
</table>

(May not equal 100% due to rounding)
### Importance of Technology: By Subgroups

- Newer businesses (<2 years) are more willing to adopt newer technologies. Noteworthy is that in some cases, these technologies weren't around when some of the older businesses started out.
- Greater variance exists primarily between newer and older businesses, not so much with the size of the business (e.g., number of employees).

<table>
<thead>
<tr>
<th>% of small businesses rating the importance of each technology an 8, 9 or 10 on a 10-point scale</th>
<th>Total (%)</th>
<th>No. of employees</th>
<th>Length of time been in business</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>2 to 10</td>
<td>11-25</td>
</tr>
<tr>
<td>High speed Internet access</td>
<td>93%</td>
<td>93%</td>
<td>94%</td>
</tr>
<tr>
<td>E-mail</td>
<td>92%</td>
<td>93%</td>
<td>94%</td>
</tr>
<tr>
<td>Desktop computer</td>
<td>85%</td>
<td>84%</td>
<td>86%</td>
</tr>
<tr>
<td>Cell phone</td>
<td>81%</td>
<td>82%</td>
<td>81%</td>
</tr>
<tr>
<td>Landline telephone and/or voicemail</td>
<td>80%</td>
<td>78%</td>
<td>85%</td>
</tr>
<tr>
<td>Laptop/notebook computer</td>
<td>73%</td>
<td>73%</td>
<td>74%</td>
</tr>
<tr>
<td>Fax machine</td>
<td>64%</td>
<td>60%</td>
<td>70%</td>
</tr>
<tr>
<td>Wireless Smartphone</td>
<td>57%</td>
<td>55%</td>
<td>63%</td>
</tr>
<tr>
<td>Wi-Fi hotspots</td>
<td>43%</td>
<td>44%</td>
<td>40%</td>
</tr>
<tr>
<td>Laptop data card</td>
<td>40%</td>
<td>40%</td>
<td>43%</td>
</tr>
<tr>
<td>Hosted applications</td>
<td>34%</td>
<td>32%</td>
<td>35%</td>
</tr>
<tr>
<td>Netbook computer</td>
<td>33%</td>
<td>36%</td>
<td>25%</td>
</tr>
<tr>
<td>VoIP</td>
<td>32%</td>
<td>32%</td>
<td>33%</td>
</tr>
<tr>
<td>Unified messaging</td>
<td>31%</td>
<td>32%</td>
<td>29%</td>
</tr>
<tr>
<td>Video or television service</td>
<td>30%</td>
<td>32%</td>
<td>27%</td>
</tr>
</tbody>
</table>