Chairman Eklund and Members of the Committee:

I am Jake Ward, president of the Connected Commerce Council (3C), a small business membership organization that promotes small businesses’ access to essential digital technologies and tools.

On behalf of digitally-empowered small businesses across Ohio and nationwide, thank you for holding this important hearing. As Chairman Eklund noted recently, Ohio has often played a significant role in antitrust matters. Thus, today’s exploration of how large technology companies impact Ohio citizens and businesses is not only important to your constituents, but also to all of America.

I am sure that today and at other hearings, you will hear expert testimony about antitrust economics, theory, how to measure competition, and what I understand is a favorite law school topic – the rule of reason. I’m not a lawyer or an economist so I’m not going to play those roles or discuss those topics. Instead, I will use our time together to share what I have learned from thousands of 3C small business members – including many in Ohio.

I should warn you that I may get passionate today because I care deeply about small businesses and entrepreneurs. My hometown of Greenville, Maine has fewer than 1,700 residents. It is so small that everybody knows everyone else; every business was a small business. Many of them – like in Ohio – were pillars of our community. But they were located in our small town; their entire market was our small town; so their growth and opportunity was limited. As you know, many young people leave America’s small towns to chase opportunities in big cities across the state or country. But it doesn’t have to be that way.

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 wants small businesses to succeed and we believe that digital technologies and tools give small businesses the best opportunity to succeed. A recent Deloitte study found that effective use of digital technology by small businesses resulted in markedly higher revenue, substantially greater profitability and many more jobs created.

At 3C we spend most of our time talking to small businesses and supporting small businesses. A few months ago, we hosted a SkillsConnect workshop just a few miles from here. On a lovely night in June, several dozen small business owners heard advice and tips from a digital marketing expert, mingled with fellow business owners and heard remarks from your
Congressman, Steve Chabot, the senior Republican on the U.S. House of Representatives Committee on Small Business.

3C members include family-owned restaurants, authors and publishers, executive coaches, local plumbing companies, hand-made leather goods producers, owners of small inns, wineries, print shops, and specialty manufacturers. I am proud to share their stories and speak on their behalf, because collectively they would tell you a simple and straightforward story – that large, data-intensive digital platforms such as Google, Amazon, and Facebook – as well as Etsy, eBay, Yelp, Pinterest, TripAdvisor, Walmart.com, Houzz, QuickBooks and many more – benefit their businesses, help them compete, and accelerate their success.

- One 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 second 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.

- A third 3C member is a family-owned restaurant that spends one or two dollars daily to show precisely targeted digital coupons to people who enjoy their specialized cuisine and are in the restaurant’s neighborhood during lunch hour. Within minutes after the coupons are issued, new and returning customers arrive at the restaurant.

Digital technology, digital platforms, and digital tools are helping small businesses start, grow and succeed in previously unimaginable ways – not only locally but way beyond traditional geographic limitations. Digital advertising and online marketing help small Ohio companies find new customers – globally and cost-efficiently. Data helps small Ohio businesses serve more customers at a lower cost. The digital cloud helps small Ohio businesses reduce paperwork, reduce their environmental footprint, and go on vacation while still being available to colleagues and customers. Digital marketplaces help Ohio small businesses sell more products locally and globally.

3C small business members in Ohio and nationwide are powered and empowered by digital platforms and tools. Platforms and tools that at little or even no cost enable small businesses to compete with their biggest competitors.

- A Columbus print shop competes with gigantic global companies by offering literally 50,000 different products that customers can choose to purchase with custom designs, standard logos or anything they choose. A well-designed website organically attracts 50 percent of the company’s digital visitors, and the business has taken off.
• A Grandview Heights thrift store seems fairly traditional and local but does all of its advertising and customer outreach online while using Venmo and Square to process payments.

• A local Ohio author and executive coach wrote a book, published it independently, built her online brand and business and now makes her living helping other local entrepreneurs find their passions and build their businesses.

These are not simply feel-good stories or digital innovation stories. They relate directly to this hearing and the policy issues being considered by this Committee and Attorney General Yost, because in so many respects the digital platforms and tools powering small businesses are provided by some of the world’s largest companies, and several of those companies are being investigated here in Ohio and by many of our elected officials.

Through the course of history, disruptive innovation has challenged incumbent industries. The combustion engine challenged horse-drawn carriages, the airplane challenged passenger and freight trains, and digital music challenged traditional record companies. Fortunately, policymakers of those times scrutinized carefully and critically the complaints of then-powerful economic incumbents, and the inventions that once caused turbulence were not over-regulated out of existence and are now accepted as status quo.

With respect to this hearing and many of the digital economy investigations, 3C’s concern is that policymakers, thought leaders and headline writers are focusing only on the largest companies, the loudest voices, and assertions of negative impacts or challenges when considering how to regulate the digital economy. It is so easy to say “big is bad,” to hear the loud laments of incumbent businesses and industries, and to take for granted the opportunity and access to opportunity that deserves celebration and protection.

Institutionally, 3C is concerned that policymakers too often talk about small businesses rather than listen to them. For example, the U.S. Federal Trade Commission held several hearings about the digital economy and whether antitrust law should be reconsidered, and not a single small business or small business organization was invited to testify. I thank you, and 3C members thank you for including small business and considering our views in your process.

The challenge of every small business is unique but their stories are universal. Unleashing the potential of American small business now requires access to affordable, secure, and scalable broadband and digital tools. It also requires policymakers 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.

As I noted earlier, there are many more digital platforms than the Big Three or Big Four that so many people think about – Google, Facebook, Amazon, and Apple. QuickBooks supports home-based entrepreneurs and small businesses. John Deere’s Precision Agriculture solutions work wonders for small farmers. Pinterest and Houzz support and promote home decoration and renovation products, designers and contractors. These companies collect, aggregate and analyze
vast quantities of data - safely, securely and affordably - and deliver the power of data science to small businesses that could not do this or afford this in virtually any other way.

It is indisputable that large digital platforms, services, and marketplaces provide small businesses with affordable, scalable and secure business solutions. What is not equally understood is that these solutions are affordable, scalable and secure because of the platforms’ relative size. It is because of their size and scale that platforms have the capital to invest and the flexibility to price so that small businesses have a pathway to viability, growth, and success. Without the large platforms, these services would not exist or would not be affordable to 3C member small businesses.

We are living in an extraordinary era for entrepreneurs and small businesses. When new products, marketing campaigns and advertising creative can be tested online for less than $100, there is virtually no barrier to starting a business or introducing a new product. But if the large digital platforms are broken up and each business unit would need to be individually profitable or pay the other business units for data or data solutions, there would be significantly fewer free or low-cost tools and services available to small businesses, prices would increase and effectiveness would diminish. That would reduce small business formation; undermine small business innovation; and hurt families in Ohio and nationwide.

It is also notable that large digital companies compete aggressively against each other. Some 3C member small businesses spend more money on Facebook and Instagram; others think Google is a better partner; and still others focus on Amazon and Pinterest. Moreover, new competitors are entering the market every day and driving innovation like Tik Tok. Each of the platforms is investing in new and better small business offerings, and small businesses and their hometowns benefit.

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 unattainable 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. Our public officials must take great care to ensure that policies focused on the largest digital companies do not inadvertently undermine small business opportunity.
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 federal policymakers, and competition regulators.

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 regulations are enacted, or access to essential tools is limited.

On behalf of the tens of millions of digitally-empowered American small businesses, thank you for welcoming 3C today. We look forward to working with you and your colleagues to lower technological barriers to small business success, to strengthen competition and to continue promoting small business opportunity.