

Broadband & Business

Leveraging Technology
in Nevada to Stimulate
Economic Growth



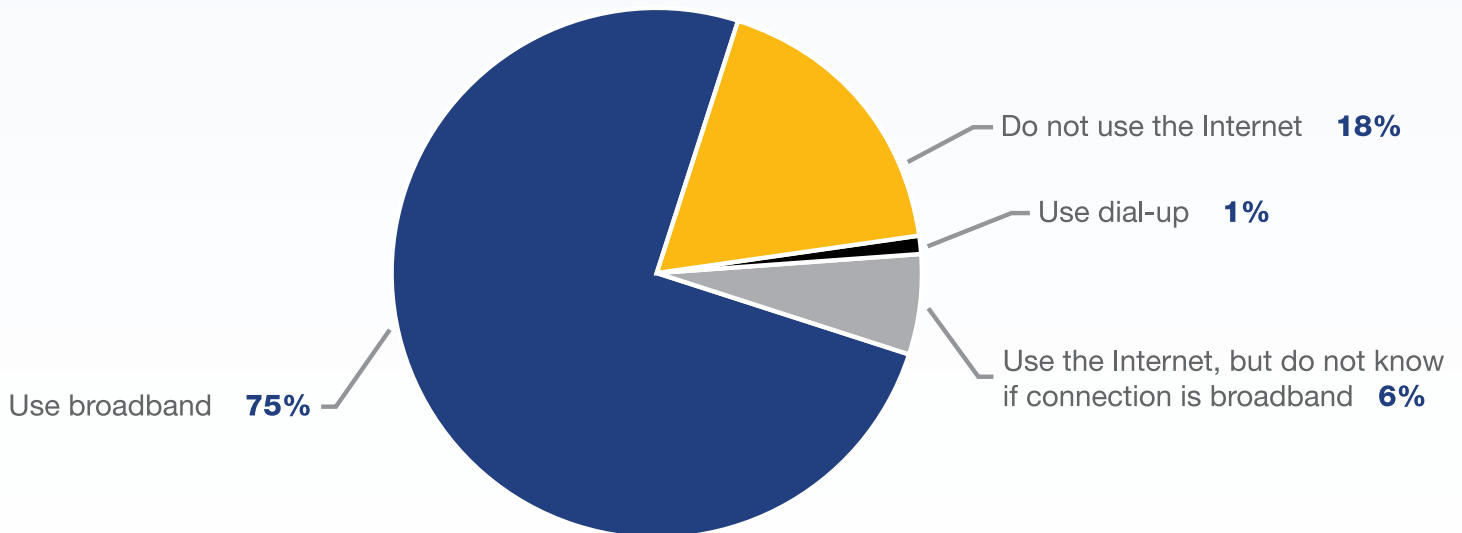
Broadband is the Engine of Economic Growth in Nevada

Broadband is a powerful, enabling technology that is fast becoming the engine of economic growth in America. Increasingly, businesses seeking to open or expand operations look to see not only whether a community has robust broadband access, but also whether potential workers have digital literacy skills and tools. The economic future of communities in Nevada depends not only upon whether robust broadband infrastructure is present but also upon whether businesses and individuals fully utilize that technology to grow and develop local economies.

- **16,000** Nevada businesses (est.) do not use broadband
- Broadband-connected businesses in Nevada bring in **\$100,000** more in median annual revenues

To better understand these relationships, Connect Nevada is studying how businesses use broadband, and broadband's impact on Nevada's business landscape. In 2008, our research found that a seven percentage point increase in broadband utilization in Nevada could result in an annual economic boost of nearly \$1.2 billion, including more than 23,000 jobs saved or created. In this report, we present the results of a telephone survey of 800 business establishments in Nevada that measured business broadband adoption, examined the use of broadband technology by those businesses, and assessed the price and quality of broadband service that Nevada businesses purchase. And the results are somewhat surprising.

Technology Adoption



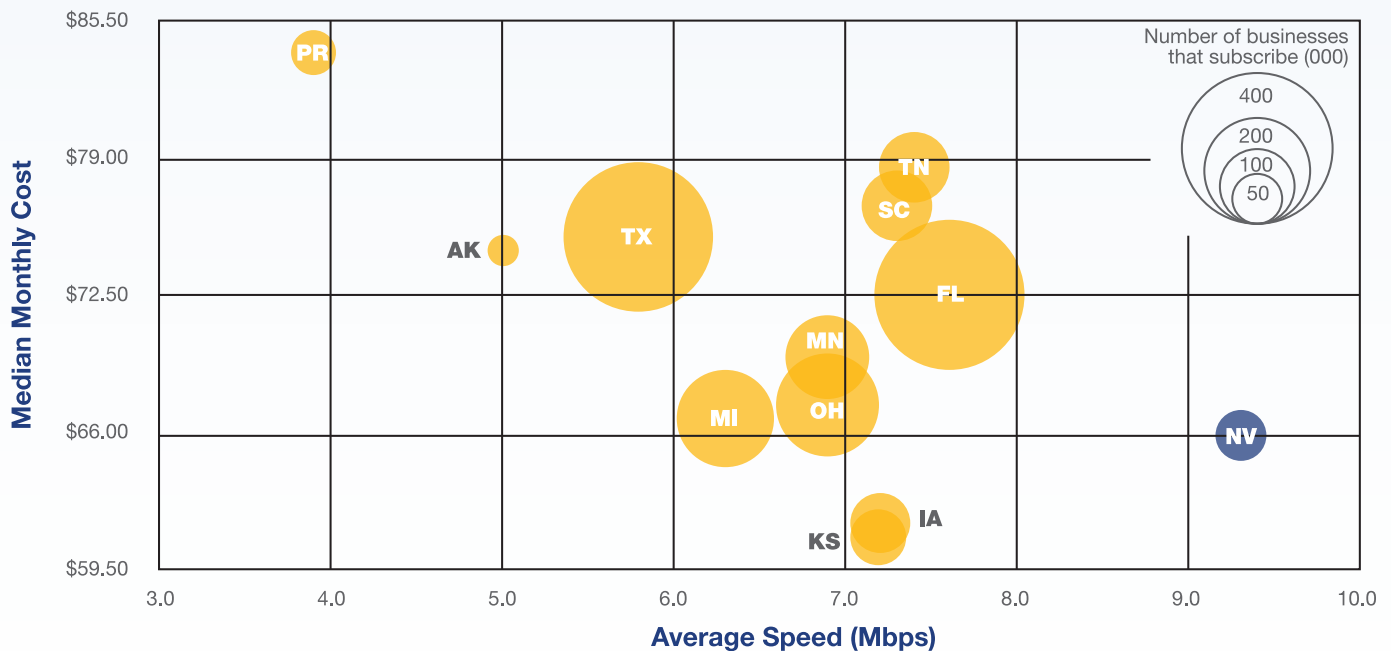
KEY FINDINGS OF THE NEVADA BUSINESS TECHNOLOGY ASSESSMENT

- Nearly 16,000 businesses in Nevada still do not use broadband technology
- Adoption in crucial sectors, such as healthcare, trails even further – three out of ten Nevada firms in the Healthcare industry sector do not subscribe to broadband
- Median annual revenues of broadband-connected Nevada businesses are \$100,000 higher than those without broadband
- Nevada businesses pay a median monthly price of \$65.92 for their broadband service. Nevada businesses pay less than the average among states/territories served by Connected Nation, but they report the highest average download speed (9.3 Mbps) among all states/territories served by Connected Nation
- Approximately 17,000 Nevada businesses allow their employees to telework, reducing the cost of office space, as well as the number of miles that employees are forced to commute for work

Nevada Businesses Pay Lower Prices for Broadband

Nevada businesses pay less than average for their broadband connections and their download speeds are the highest reported by businesses in states and territories served by Connected Nation.

Nevada businesses pay a median monthly price of \$65.92 for their broadband service, which is lower than the median price of \$71.92 paid by all businesses in states/ territories served by Connected Nation.



Nevada businesses report the highest average broadband speed among states/territories served by Connected Nation. Nevada businesses that know their advertised download speeds report an average speed of 9.3 Mbps, compared to the average advertised download speed of 6.7 Mbps among all states and territories served by Connected Nation.



25% of Nevada Businesses Do Not Use Broadband

Three out of four Nevada businesses use broadband, though some sectors still lag behind in broadband adoption.

Improving technology adoption in Nevada will require a concerted effort between the public and private sector. Over the next three years, Connect Nevada will be educating, engaging, and informing businesses, community anchor institutions such as schools, libraries, and healthcare centers, and community leaders about the broadband challenge facing their communities – and we will help those communities devise and implement grass-roots solutions to those challenges.

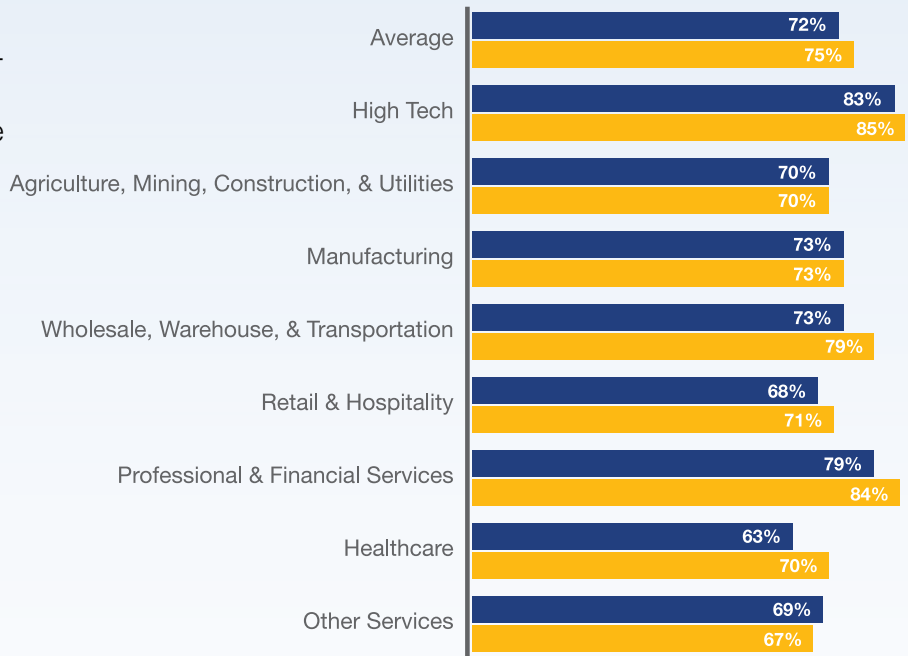
Statewide, 75% of all Nevada businesses subscribe to broadband, compared to 72% of businesses in states and territories served by Connected Nation. This means that approximately 16,000 Nevada establishments do not use broadband or benefit from the opportunities it offers.

The High Tech and Professional & Financial Services sectors lead in broadband adoption, with about 12,000 businesses in the Professional & Financial Services sector and 5,000 businesses in the High Tech sector using broadband. On the other extreme, only about two-thirds of businesses in the Other Services sector have adopted broadband. This means that approximately 3,000 Nevada businesses engaged in activities such as education, waste management, advocacy, and personal care services are not connected to broadband.

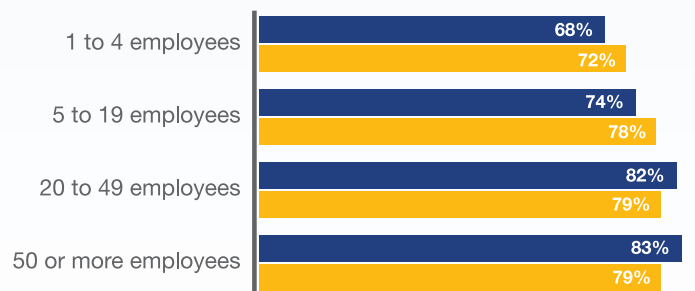
Broadband adoption rates in Nevada mirror those in other Connected Nation states by size and industry sector, with no significant differences between Nevada businesses and the average for each industry sector and size bracket.

Broadband Adoption

by sector:



by business size:



■ Connected Nation ■ Nevada



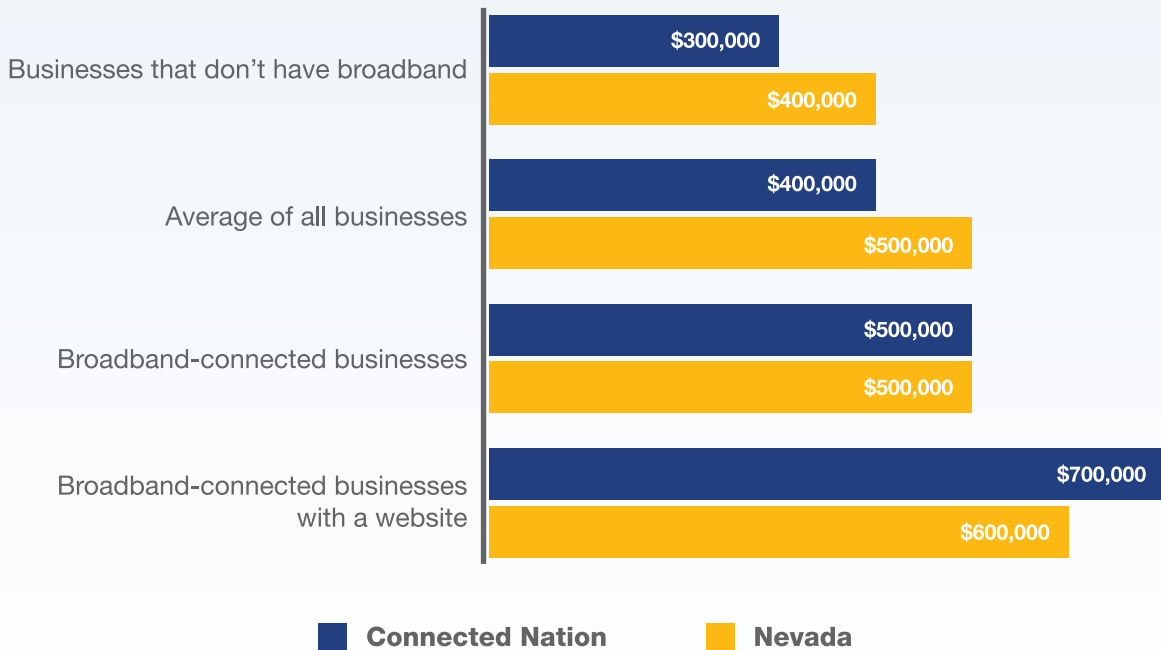


Businesses with Broadband Generate More Revenues

The impact of broadband on Nevada businesses can be seen in the difference in revenues between businesses with and without broadband, the number of businesses that increase their revenues by using the Internet, and the number of businesses that empower their employees to telework.

Across Nevada, businesses that subscribe to broadband report median annual revenues to be \$100,000 higher than businesses that do not use broadband. In addition, Nevada businesses that subscribe to broadband and maintain a website report median annual revenues that are \$200,000 higher than businesses that do not use broadband at all.

Median Annual Revenues (Self-Reported)

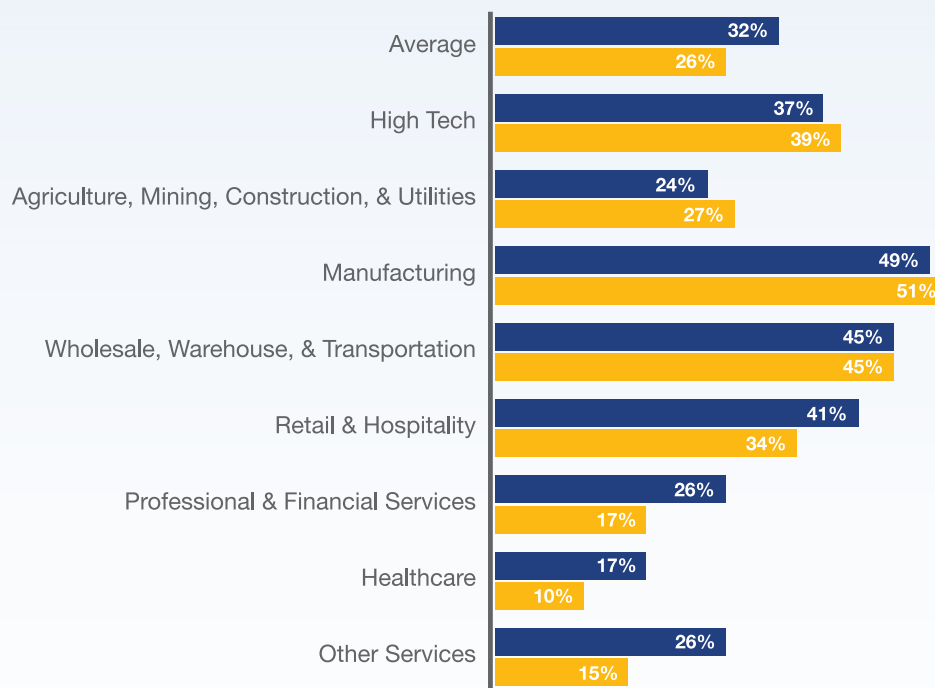


Statewide, 26% of Internet-connected businesses (approximately 14,000 statewide) report earning revenues through online sales and transactions, compared to the Connected Nation average of 32%.

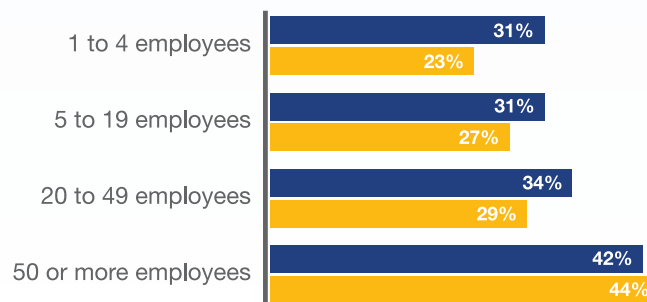
Nevada businesses with fewer than five employees are less likely to earn revenues from online transactions than small businesses in other states/territories served by Connected Nation. Larger Nevada businesses, though, are just as likely as other Connected Nation states/territories to earn revenues from online transactions.

Internet-Connected Businesses That Earn Revenues From Online Transactions

by sector:



by business size:



■ Connected Nation ■ Nevada

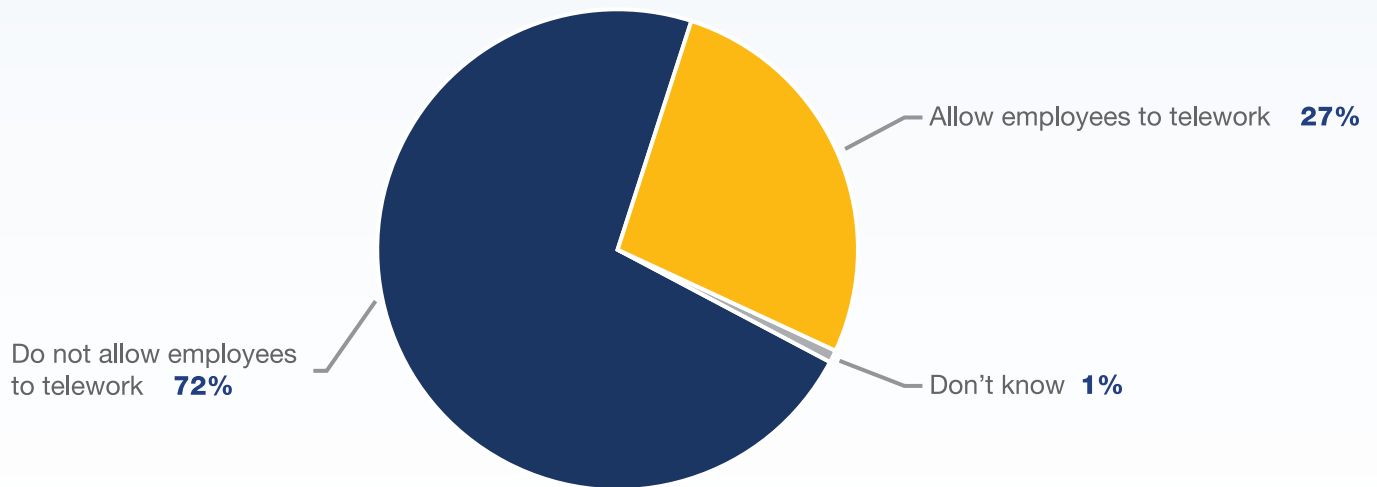


Nevada Businesses Use Broadband in Unique Ways

Nevada businesses use technology in ways that make the state stand out and highlight ways that the state's unique character has influenced its workforce. For example:

- In rural Nevada, nearly nine out of ten (88%) Internet-connected businesses purchase or place orders for products or services online, which is higher than other Connected Nation states and territories.
- One-third of Internet-connected Nevada businesses with fewer than five employees utilize the Internet for online training. This is significantly higher than the average among states and territories served by Connected Nation.
- Across Nevada, six out of ten businesses (60%, or approximately 37,000 businesses) report having a website. This is significantly higher than the average of states and territories served by Connected Nation.
- In addition, broadband helps empower the Nevada workforce by enabling workers to telework. Across Nevada, 27% of businesses (approximately 17,000) allow employees to telework. By comparison, only 23% of businesses in states/territories served by Connected Nation allow their employees to telework.

Teleworking Among Nevada Businesses





Survey Methodology

Connect Nevada conducted a random digit dial telephone survey of 800 business establishments state-wide between June 24 and July 21, 2010. Data were collected by Thoroughbred Research Group, located in Louisville, KY. The purpose of this survey was to set benchmarks for technology adoption and barriers to adoption; determine best practices by identifying which applications Nevada businesses use most often; and measure the average price and speed of broadband service among business establishments across Nevada. On average, these surveys took approximately nine minutes to complete.

Sample quotas were established by company size (5 brackets) and industry sector (8 sectors). Within these 40 cells, a randomly-drawn sample of businesses listed with Dun & Bradstreet was contacted for the survey. Altogether, this sample included 108 businesses with 50+ employees, 178 businesses with 20-49 employees, 263 businesses with 5-19 employees, and 251 businesses with 1-4 employees. In cases where the respondent's information regarding the number of employees at the establishment differed from the information provided by Dun & Bradstreet, the respondent's answer was used in determining business size quotas. Connect Nevada intentionally over-sampled large businesses to ensure a sample that was large enough to analyze and compare to smaller businesses.

In addition to the size and sector quotas, the data was subsequently weighted to ensure that the sample was representative of all employer business establishments statewide, with targets determined according to the 2007 United States Census Bureau's County Business Pattern report, the most recent data that was available at the time the survey was conducted. Weighting of the survey data and research consultation were provided by Lucidity Research LLC, located in Westminster, MD.

This sample provides a margin of error of + 4.63% at the 95% confidence level for the total sample of 800 businesses. This sample error accounts for sample weighting, using the effective sample size.

The Nevada Business Technology Assessment was conducted as part of the State Broadband Data and Development (SBDD) grant program, funded by the National Telecommunications and Information Administration (NTIA). The SBDD grant program was created by the Broadband Data Improvement Act (BDIA), unanimously passed by Congress in 2008 and funded by the American Recovery and Reinvestment Act (ARRA) in 2009.

If you have any questions or would like further information about Connect Nevada, please visit our website at www.connectnv.org or e-mail us at info@connectnv.org.

