

**THE DIGITAL ECOSYSTEM: NEW PATHS TO
ENTREPRENEURSHIP**

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WORKFORCE DEVELOPMENT
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THURSDAY, MAY 9, 2019

HOUSE OF REPRESENTATIVES,
COMMITTEE ON SMALL BUSINESS,
SUBCOMMITTEE ON INNOVATION AND WORKFORCE
DEVELOPMENT,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:03 a.m., in Room 2360, Rayburn House Office Building, Hon. Jason Crow [chairman of the Subcommittee] presiding.

Present: Representatives Crow, Houlahan, Kim, Finkenauer, Davids, Balderson, Burchett, and Joyce.

Chairman CROW. Good morning. The Committee will come to order. I thank everyone for joining us this morning. I want to especially thank the witnesses for being here today.

We all know how much the Internet has changed our lives, but the most dramatic impact it may have had is the opportunities it has provided small businesses. Twenty years ago, there was no Google, YouTube, or Facebook, companies that started small but eventually turned into major brands. Much of this is made possible by the internet and its ability to connect people in ways unheard of just a short time ago, allowing small businesses to compete with larger competitors.

One of the first ways small businesses utilize the internet to start and grow a business was through the use of digital platforms. Digital platforms facilitate commercial interactions between suppliers one on end, and consumers on the other. Whether it is reaching consumers out of arm's reach, or hiring someone to cover a shift, digital platforms stretch tight budgets and make small businesses much more efficient.

As the online economy evolves, digital platforms are growing into networks referred to as digital ecosystems where stakeholders and consumers are tied together by digital services that foster information sharing and collaboration. These communal environments have become the catalyst for modern business models like the gig economy, and the next generation of digital marketing.

The gig economy term used to describe an emerging labor marketplace defined by flexible temporary work arrangements is changing the way Americans view work. Through digital platforms like the ones that are represented by our witnesses today, small businesses can hire talent for short-term projects and benefit from a vast network of unbundled services. Skilled and creative solopreneurs, like web developers and event planners, can also use

digital platforms to be hired by consumers and other small business owners. In fact, 70 percent of U.S. small businesses have hired a gig worker, and 50 percent currently at least have one currently working. As a result, 43 percent of businesses hiring gig workers are saving at least 20 percent in labor costs.

Digital platforms can also help small businesses reach bigger audiences. In the traditional market space, small firms must compete with big businesses for expensive ad space. Digital marketing levels the playing field by lowering costs and expanding impact. Data sharing within digital ecosystems also make it easier for small businesses to reach niche audiences because advertisements are targeted to customers of similar businesses. This competitive advantage and cost savings enable small businesses to scale and thrive.

However, many small firms are being left behind. In fact, even today, a third of small businesses still do not have functioning websites, and 42 percent believe that the internet is not relevant to their business.

Unfortunately, many small businesses view digital adoption as a luxury instead of a key driver for success. As technology rapidly develops, the digital ecosystem is only going to become more deeply engrained in business and everyday life. Today, there are 2.5 billion people connected to the internet, and there will be twice as many connected by 2020. Studies have found that 80 percent of companies that have embraced digital adoption have increased profits by 85 percent. These increased profit margins can mean the difference between failure and survival. America's small businesses cannot afford to be left behind.

So I hope that today's discussion will shed light on the many ways digital platforms benefit small businesses and encourage broader adoption of digital tools. Small businesses must join the digital ecosystem to grow and thrive.

I thank each of the witnesses for joining us here today, and I look forward to your testimony.

I would now like to yield to the Ranking Member, Mr. Balderson, for his openings statement.

Mr. BALDERSON. Good morning. And thank you, Mr. Chairman. I am pleased to join you for our Subcommittee's inaugural hearing this morning. Good morning to all of you, and a special thank you to our witnesses for taking time out of your busy day to join us.

The use of digital technology is gaining popularity with small firms because of the opportunities it creates for small businesses to compete and succeed in a rapidly changing market. Smaller businesses can only compete with their larger corporate counterparts by acting swiftly and adapting to these demands produced by increasingly digital modern world. Technology innovation is a critical component of this development and a subsequent advantage.

As businesses adopt mobile computing devices and software, such as cloud computing systems and online conference calls, employees and key stakeholders are able to communicate and collaborate around the world in real time. Such innovations reduce travel cost, drastically improve efficiency, and eliminate barriers for startups.

Perhaps the greatest benefit of adapting new technologies is the resulting financial savings. As evidenced by the past few decades, digital technology increases productivity, reduces overhead costs, and gives businesses a leg up on their competition. Increasingly, digital tools and platforms serve as the foundation of modern American small businesses. Small firms that use digital tools are more nimble, resourceful, and better equipped to engage potential customers. In fact, it has been proven that digital-powered businesses earn twice the revenue as those that don't, and are three times more likely to create new jobs than nondigital firms.

The goal of today's hearing is to learn how Congress can unlock the vast potential of our nation's small business economy. I look forward to the discussion and further examination of how technology enables small businesses to succeed.

Again, I thank my colleague, Chairman Crow, for holding this important hearing, and for our friendship.

I yield back.

Chairman CROW. Thank you, Mr. Balderson. The gentleman yields back.

And if committee members have an opening statement prepared, we would ask that they be submitted for the record at this time.

I would like to just take a minute to explain the timing rules for all of you. Each witness gets 5 minutes to testify, and the members get 5 minutes for questioning each. There is a lighting system to assist you. Those are the buttons that you see in front of you. The green light will be on when you begin, and the yellow light comes on when you have 1 minute remaining. The red light comes on when you are out of time, and we ask that you stay within that frame to the best of your ability.

I would now like to introduce our first witness, Ms. Kellyn Blossom. Ms. Kellyn Blossom is the head of public policy at Thumbtack. Here, Ms. Blossom focuses on advocating for small businesses across the country. Ms. Blossom also served as Director of West Coast Public Policy at Uber, and Associate Director of Intergovernmental Affairs in the Obama White House. Before the Obama administration, Ms. Blossom served the Department of Homeland Security and worked on several congressional campaigns. Ms. Blossom received a bachelor's degree from Brown University, and a master of public administration from Harvard University, the John F. Kennedy School of Government. Welcome, Ms. Blossom.

Our next witness is Ms. Olivia Omega Wallace, a resident of Aurora, Colorado, our hometown. Ms. Omega Wallace is brand consultant and speaker, co-founder of the Wallace Marketing Group, Denver Director of Brazen Global, and author of Beautifully Branded, The Girl's Guide to Personal Branding and Understanding the Anatomy of Brand you. Inspiring women entrepreneurs is her passion. Olivia helps create—helps women create authentically unique brands through messaging, identity, and brand experiences.

Ms. Omega Wallace is a graduate of the University of Colorado at Boulder Leeds School of Business and has 15 years of corporate branding, advertising, and digital marketing experiences. Welcome, Ms. Omega Wallace.

Our third witness is Ms. Erika Mozes. Ms. Erika Mozes is a co-founder and Chief Operating Officer at Hyr. Prior to co-founding

Hyr in 2015, Ms. Mozes worked as a public affairs executive and senior communications professional in government and on political campaigns. Ms. Mozes received an honor's degree in political science from Western University. Welcome, Ms. Erika Mozes.

Ms. Blossom, we will start with you. You are recognized for 5 minutes.

STATEMENTS OF KELLYN BLOSSOM, HEAD OF PUBLIC POLICY, THUMBSTACK; ERIKA MOZES, CO-FOUNDER AND COO, HYR, INC.; AND OLIVIA OMEGA WALLACE, CO-FOUNDER, WALLACE MARKETING GROUP

STATEMENT OF KELLYN BLOSSOM

Ms. BLOSSOM. Thank you, Chairman Crow, for the opportunity to speak before you today. My name is Kellyn Blossom, and I lead public policy for Thumbtack. We are honored to be a part of this discussion to share our perspective on how technology can empower America's small businesses.

Thumbtack is a website and an app that connects customers looking to hire service professionals to hundreds of thousands of small businesses. Now over 10 years old, Thumbtack facilitates millions of connections every year. These customers can find small businesses in nearly a thousand different categories, from plumbers and personal trainers to caterers and cat groomers.

Thumbtack was created to solve one of the biggest challenges facing new small businesses. A Thumbtack survey found that 43 percent of small businesses say that the number one concern for their business is finding the right customers. For independent businesses, finding the next client is a constant concern. Thumbtack solves that problem by connecting customers looking for services to the small businesses that provide those services 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 that have existed for decades and make their work more efficient.

On Thumbtack, there are three features that are particularly valuable to the small businesses that are looking to grow. First, each small business that signs up on Thumbtack gets to create their own online profile that they can fill with information about their business, a story about how they get started, pictures of their work, and contact information. This profile can be found directly on Thumbtack. But even more importantly, it can be found through Google searches or other online search engines. This is crucial for small businesses who may not have an online presence, including the 35 percent of small businesses who feel that their business is not large enough to justify having their own website.

Second, Thumbtack makes it easy for new customers to find reviews from past customers. While they are not a perfect measure, customer reviews have become a key factor that consumers expect and rely on when purchasing products or hiring businesses. In fact, surveys have found that over 90 percent of consumers, age 18 to 34, trust online reviews just as much they trust personal recommendations.

And third, Thumbtack provides crucial insights to small businesses about how they stack up in their market. We give them data on how other businesses in the area are pricing their services, and how many customers are searching in their category so they can quickly understand the dynamics in their industry and market their services competitively.

These features help small businesses grow their business on their own terms, because too often, technology businesses claim to be changing the game and revolutionizing the future of work by simply providing what amount to be often on demand minimum wage jobs. While these can be great transitional opportunities, they rarely allow individuals to build a business or expand their earning potential.

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

And we think that technology can play a role in addressing other challenges that small and independent businesses face, like the challenge of accessing benefits.

Earlier this year, Thumbtack was proud to become the first marketplace company to provide workers access to truly portable benefits through a partnership with the National Domestic Workers Alliance, and their Alia platform. The partnership uses a digital platform to create accounts that independent workers can use to access paid time off and insurance products.

While the pilot is still in its very early stages, we are optimistic that we can learn important insights that we can share with policymakers, so together, we can work to help small businesses and independent workers close the benefits gap. But our business is about more than just numbers and data points and pilots and projects. It is about people. It is about people like Terrell King from Washington State. Terrell had spent decades in the service industry, but he was struggling to get by. He signed up to work for a big cleaning agency, but he wasn't making enough money to support his family. Frustrated and out of ideas, he turned to a family member who told him about Thumbtack. He created his own profile that evening with a picture and a story about why he loved doing his work. And that first day he found a customer for a high paying job.

Within 4 months, Terrell went from barely basically to making ends meet to having his own thriving cleaning business, paying off his bills, and even bringing on employees to keep up with the demand. Terrell was able to use technology to take control of his own career and build a small business that he is proud of.

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

Thank you.

Chairman CROW. Thank you, Ms. Blossom. You had that perfectly timed, too.

A lot of pressure, Ms. Mozes. You are now recognized for 5 minutes.

STATEMENT OF ERIKA MOZES

Ms. MOZES. Thank you, Chairman Crow. And thank you for having me here during National Small Business Week throughout which we honor the small businesses and entrepreneurs that are central to our economy and to our communities.

My name is Erika Mozes, and I am the co-founder and chief operating officer at Hyr. I am here to speak with you about the importance of the entrepreneurial spirit as it relates to the freelance economy, and how this new economy is providing economic mobility for millions of Americans.

The structure of work which we support through the Hyr platform allows hospitality and retail workers to freelance and earn extra income and portable benefits. Workers like Megan. Megan began working hospitality shifts through Hyr in the weeks leading up to Christmas. After the holidays, she sent us heartwarming message sharing that she joined Hyr to earn extra money for Christmas presents her daughter wanted most. And because of Hyr, she was able to give those presents to her daughter. But even better, after just 3 weeks of working shifts through Hyr, a company she worked with through Hyr offered her a full-time job.

And workers like Mandy. Mandy said Hyr allows her to schedule freedom. Before joining Hyr, Mandy found it difficult to work in the hospitality industry while starting off her career as an actress. Because of last-minute audition calls, she would have to call off from her job or beg coworkers to cover her shift. But with Hyr, she was able to pick up and choose shifts that best fit her schedule.

At Hyr, we help workers connect with businesses that are looking to fill any shift at any time. This helps both workers and small businesses alike. My co-founder and I understand both sides of this equation all too well. As hourly paid hospitality workers at one point in our careers, there were just too many times that we experienced too much month at the end of the money. And later in our careers, when we both worked on the business side, we struggled to find great workers given today's just ever shallowing labor pool.

To help close the gap, we created a worker focus platform that connects the two parties. Gig workers on the Hyr platform are typically already working a full-time or part-time job within the hospitality or retail sectors, but are looking to earn a little bit of extra money on the side through our platform.

And at Hyr, we ensure workers receive those earnings within 3 days after they work their shift. But more importantly, we created a form of portable benefits called UPoints for gig workers that accumulate every time they work a shift through Hyr.

We built the system to address the issues many gig workers face while they choose to enter the freelance economy. We did this because a growing number of Americans are choosing work that is just not 9 to 5. Instead, they are your Hyr pro, they are your Uber driver, or they are your Grubhub food deliverer. The gig economy has become a central cog in America's economic growth engine providing both entry level opportunities and supplemental incomes.

At Hyr, we set out to fill a massive gap for businesses. Access to talented workers, fast, and relief from high turnover and call-offs. With same-day availability, businesses post shifts on our mobile app by highlighting their specific need, location, hourly rate of

pay, and more. They review skilled and rated workers who apply for those shifts, and they choose the workers that best fit their need.

And we set out to fill a massive gap for today's gig worker. Flexible schedules, supplemental income, and portable benefits that, again, we call UPoints. Gig workers created their Hyr profile admittance by highlighting their particular expertise, their work history, their hourly rate of pay, and their availability. And they are notified of available shifts that meet their need, and then they apply for the shifts that interest them most. At the conclusion of each shift, earnings are directly deposited in the worker's bank account within 3 business days.

While it can be tempting to view the gig economy as either primarily beneficial or primarily detrimental, there is still a really large gray area. And businesses like Hyr are thinking about broader policy questions like how we help freelancers access more traditional benefits. At Hyr, we strive to bring opportunities and individuals together, and all businesses, but especially small businesses who would benefit from a modernized system that more easily allows individuals who wish to work independently to connect with organizations in need of talent.

For this reason, we have engaged with a coalition for workforce innovation to promote Federal policies that allow the connections to create between organizations and individuals accessible for all platforms, industries, and positions.

The fact is the number of gig opportunities are growing at unprecedented rates. And technology companies like ours have made it easier for workers and businesses to find each other.

By staying flexible, collaborating with each other, and balancing innovation with the tried and true, we can position ourselves to adapt and thrive in this new gig economy.

Thank you.

Chairman CROW. Thank you, Ms. Mozes.

Ms. Omega Wallace, you are recognized for 5 minutes.

STATEMENT OF OLIVIA OMEGA WALLACE

Ms. OMEGA WALLACE. Chairman Crow, Ranking Member Balderson, my name is Olivia Omega Wallace, an entrepreneur and a marketing consultant with 20 years of experience in branding and advertising.

I live in Aurora, Colorado. And I am the co-founder of Wallace Marketing Group. My husband and I and three contractors started Wallace Marketing Group specifically to help coaches and consultants in the health, wellness, fitness and nutrition industry, to grow their companies through branding, online marketing, and digital communications.

Over the past two decades, I have seen the evolution of marketing happen before our eyes on the internet. The many barriers to entry started to diminish as technology increased allowing individuals with no special advantages take an idea, quickly bring it to market, hire employees, and scale with less up front out-of-pocket costs and less risk.

Our clients include a vegan chef, and a naturopathic doctor, husband and wife team. They want to bring healthy living and easy

cooking to their local and online global communities. We also have a counselor that offers art therapy to families in trauma. Online marketing tools allow them to reach their specific target audience from Aurora to Australia.

I started my first business making and selling stuffed animals as a teenager. And at that time, the internet, again 20-plus—20, 30 years ago, the internet and other online resources weren't available. It is incredible to look at young people today, such as our daughter, who has a business of her own. She is a sophomore in high school and has published three murder mystery novels for middle schoolers. She is pursuing her dreams early in life. This has been made possible by online publishing, payment, and marketing platforms that we, as entrepreneurs and small business owners, use every single day. She is releasing her fourth book later this year, thanks to the many digital resources at her fingertips.

Terms like post engagement, community insights, cost per click page views, shared pins, retweets, channel subscribers, page boosts, and video views are household names for us. Whether I am searching for the perfect contractor on Upwork, teaching a workshop to 100 women entrepreneurs on how to leverage Facebook ads to grow their business, or coaching a client one-on-one on the importance of consistent content to grow their YouTube channel, the ability to participate fully and make a living as a small business or entrepreneur would be impossible without these online business tools.

So I am here today to advocate for all of those small businesses, solo entrepreneurs, all of those independent artists, writers, and creators, all entrepreneurs who are using the internet, and the free flow of data that it offers us, to bring their vision to the world.

Privacy and security are critical to both our family and our business. But achieving these ends must be done in a way that preserves the magic of commerce, as well as the community that brought us to this point.

When I hear the phrase, "it is not personal, it is business," I kind of laugh to myself. Our family is helping our clients provide for their family whether it is through online marketing or social media. So for us, it is always personal.

Thank you very much.

Chairman CROW. Thank you, Ms. Omega Wallace. I appreciate that.

We appreciate the testimony all of you have shared. And I am going to begin by recognizing myself for 5 minutes, starting with Ms. Omega Wallace.

You know, we heard earlier that not all small businesses have websites. In fact, a lot of them don't even think that it is relevant to their businesses. And I would love for you to share with us, in your experience working with other entrepreneurs, why—you know, A, what are the barriers to getting those websites up and having the technological savvy, and, B, why some don't think that it is even relevant for their businesses?

Ms. OMEGA WALLACE. When we think about entrepreneurs, let's take a local baker, for example. They love to bake. That is what they know how to do. And so adding something like a website to their day-to-day, they think about the complications of putting

it together, trying to find a web designer to help them do that, the cost of putting a website up.

But I think the most overwhelming thing which creates a barrier and why they might dismiss it is that upkeep. So going day-to-day, month-to-month, and even year-to-year, they want to bake. And, again, that is what they know how to do. So we are adding another piece of technology in an element of marketing that they may not understand to a long list of things that they have to do, including accounting and sales tax, et cetera. So it starts to become very overwhelming and, therefore, dismissing it altogether sometimes becomes the easiest thing in their mind.

Chairman CROW. Yeah. It makes sense.

Ms. Blossom, you mentioned that Thumbtack is different than other digital tools, and that you are not just providing a job, but helping people start businesses.

And I am really interested in creating pathways for new business ownership and entrepreneurship, and I would love for you to talk a little bit more about that.

Ms. BLOSSOM. At Thumbtack we really think that our job is to provide small businesses the tools to kind of scale and grow and fit what needs for them. The businesses that are using Thumbtack are able to set their budgets and, reach out to as many customers as they like.

But we really think that it is up to them. We are not about limiting their opportunity. We often see people that will start out and they are just one person. They are a dog trainer, you know, training dogs. But then as they get more demand and they get more customers from Thumbtack, they bring on additional people and they expand into other services, so that they can really grow. But they still have control over how they grow.

And one of the things that we are really proud of is that it really allows people to expand their earning opportunity. You know, you may start out at a lower rate that you are charging customers to try and get more customers in the door. But as you are getting more and more demand, you may raise your prices, and you may be more selective about the type of customers that you want because you have control of your own business. And we think that that is really important.

Chairman CROW. Okay. Thank you.

Ms. Mozes, we talked earlier about the gig economy. And from your perspective, first, how is the gig economy defined, right? Because I think about a lot, kind of, cottage industry and, you know, mom-and-pop stores and shops and other things. I would love to hear your thoughts on how we define that and how it is impacting the small business environment?

Ms. MOZES. It is a great question.

And I think the first thing is the definition of the gig economy itself. Where we see that as it is a free market system, which temp positions are common and companies contract with independent workers for short-term engagements.

In terms of how it is impacting small business. I think that is still to be defined, frankly, because you are seeing products like ours that are coming about and helping small businesses connect with workers when they need the most. But we are still relatively

new. And you guys probably are aware of the other gig economy services that are out there, which are ride sharing or delivery.

But if you are looking at delivery, in particular, for small businesses, you are thinking about that small restaurant that now is able to offer delivery, which is a whole other revenue stream for them that they didn't have previously. And it is helping them reach customers in areas that they haven't before.

I think with Hyr, where we are breaking into that small business is when they only have five people in their restaurant, and their dishwasher calls off, then they have to turn down customers, because they are not able to have people actually be able to wash the dishes. Now with Hyr, they can bring in that extra person for those labor costs that they truly need.

Chairman CROW. Thank you. And it seems like we can't have a conversation about the gig economy and how this is changing without a discussion about the portability of benefits as well. As people's relationship with work changes, then the relationship with their health and retirement benefits changes as well.

Thank you.

So I will now recognize Mr. Balderson for 5 minutes.

Mr. BALDERSON. Thank you, Mr. Chairman. And my first question is pretty broad. This is to all three of you, if you all would like to jump in.

I am often surprised to learn when small business owners do not know how the Small Business Administration can help them as they start and grow their businesses. For example, I am a cosponsor of an important piece of legislation sponsored by Ranking Member Chabot that would establish a program at the Small Business Development Center to provide cybersecurity training to entrepreneurs.

Programs offered to small businesses owners, such as these, aren't reaching their full potential if not enough business owners know, and know about how to use them.

Did any of you use any of these resources at the SBA, or maybe at the SBDC, or did you advise any of your customers, as I would say, to reach out and to search out these agencies and what they had to offer? And anybody can answer.

Ms. OMEGA WALLACE. Yes, I have used some resources in the past, and I have advised some of my clients to do so as well.

You asked the question of why aren't they being used or utilized to their fullest. And I would say there is an overwhelming long list of items to check off for a business owner to start a business, from registering their business name, trade name, registering their URL, et cetera. And I truly just believe that small business owners, solopreneurs starting out are overwhelmed. And on the long list of things to do, they look at what do they absolutely have to do this minute on this day to get started, and things like cybersecurity training can fall by the wayside, unfortunately.

Mr. BALDERSON. Ms. Blossom?

Ms. BLOSSOM. Sure. I think one of the things that we struggle with is there is often a misperception among the small businesses using our platform, the SBA—their only purpose is to provide loans, and a lot of the businesses on Thumbtack are not capital intensive, because they are service businesses. If you are a personal

trainer, you might need a set of weights and a park to get started. And, you know, you might think that SBA loan is not applicable for you. And so we are trying to educate the professionals using our site about all of the other services that SBA provides in terms of consulting, in terms of helping folks write a business plan beyond just the financial aspects, to let them know the full reach of the agency.

Mr. BALDERSON. Okay. Thank you.

Ms. MOZES. I think I would echo the same sentiment about just small businesses owners when they are first getting out. I know when we first started, it was so overwhelming for us to do everything from creating the app itself, creating the technology, doing the website. Thinking about actually just applying for a loan would just be very overwhelming for us. In terms of the workers on the Hyr platform, the majority of the workers on our platform are already working full-time or part-time within the industry, so they are only using Hyr as supplemental income. So that sort of benefit would not apply to them, just because they are only picking up a few shifts a month.

Mr. BALDERSON. Okay. Thank you all.

My next question is for Mrs. Wallace. I met with President Jake Ward and other members of the 3C team yesterday, and who are also joining us here this morning. And one thing that we discussed was the need for data privacy legislation.

In your opinion, what would the successful data privacy legislation entail?

Ms. OMEGA WALLACE. In my opinion, it would entail one overarching law or bill that small businesses can follow versus having to understand and comply to something State by State, where most all digital and online businesses cross State lines and have clients all over the country. So that is what I would recommend.

Mr. BALDERSON. And that is a great recommendation. Thank you.

Did anybody else want to add to that?

Ms. BLOSSOM. I would just second what—

Mr. BALDERSON. Yes. I know. She nailed it, so—

Mr. Chairman, I yield back my remaining time.

Chairman CROW. Thank you. The gentleman yields back.

I will now recognize the gentlelady from Pennsylvania for 5 minutes.

Ms. HOULAHAN. Thank you, Mr. Chairman. And thank you for allowing me to ask my questions a little bit out of order. My questions first are for Ms. Blossom, and also Ms. Mozes.

You each spoke about—something about portable benefits in your particular case and about points—a point system in your case for what amounts to portable benefits and healthcare.

Can you give me a little bit more detail about how that is executed in each of your organizations, and also, how we as a Congress might be able to leverage that kind of idea to help people in a gig economy with portable benefits and such?

Ms. BLOSSOM. Thanks. We are so happy to talk about this topic.

Earlier this year, we partnered with the National Domestic Workers Alliance who have created an online platform called Alia,

designed primarily for house cleaners. And the way that the platform works is cleaners can set up an account, and their customers can make contributions into their account that they can then use to—use the credits for a number of products, including paid time off, life insurance, disability insurance, and critical accident insurance. It is a small step, and we know that it is not solving the full complement of benefits challenges that workers face, but we think it is an important step to take to try and move the conversation forward and see what we can do.

As for what Congress can do, you know, there has been a bill from Congresswoman DelBene on portable benefits to set up a pilot fund that would help set up pilot projects in States and fund them. We think that that is a fantastic idea. We don't claim to have all of the answers or solutions on how to do this yet, but we are openly looking for partners that are interested in solving this problem with us.

Ms. HOULAHAN. Thank you.

And Ms. Mozes.

Ms. MOZES. It is a great question, and thank you for asking it.

I think when we first looked at creating Hyr, one of the big things we wanted to do was, because we have gig economy workers, was to create a system that we would be able to provide these benefits to them.

Today, the way that the benefits look is they are called UPoints. And within the UPoints, we collect money from the business, and we take a percentage of those earnings and we give them back to the workers in terms of a points-based system. What they are able to redeem those benefits for today is what we call a UDay. It is essentially a \$75 credit which gives them a paid vacation day. By the end of this quarter, we are also going to be partnering with an insurance company which would allow them to put those benefits towards insurance, so accident insurance.

We would love to be able to explore options to also be able to provide, like, that traditional healthcare benefit piece. Again, it is looking for clarity among legislators as well to figure out how we are able to do that within a gig economy work. But we do believe that the points-base system that we have created will allow workers to actually take part of their earnings, like on addition, because we are giving them these points in addition to what they are earning for their hourly wage, and then decide where to allocate those to what matters most to them, whether it is insurance, a paid day off, health insurance, or other benefits that hopefully, as we grow, we will be able to add to the platform.

Ms. HOULAHAN. So at this point in time, neither of you all have figured out how to crack the nut of healthcare insurance. Is that a fair statement?

Ms. BLOSSOM. That is fair. We know that a lot of the professionals on Thumbtack are using the ACA exchanges to get their health insurance. About a quarter of the professionals that started on Thumbtack said that accessing benefits was the biggest challenge in making that leap to entrepreneurship. And about 14 percent of them directly attribute the ACA to them being able to start their own business. It has been a great step. But we know as pre-

miums are increasing and it becomes a little bit harder to access that, that there is more work that we need to do there.

Ms. HOULAHAN. So I actually did read in your testimony about the 14 percent attributing, you know—I guess assessing that as being a positive thing. It actually begs the question how many didn't think it was a positive thing. Was there a larger portion that didn't like the Affordable Care Act? Or did you ask that question?

Ms. BLOSSOM. We didn't ask that question specifically. But because small businesses and professionals come from a variety of backgrounds, a number of them are getting health insurance through a spouse. Some of them are under 26 and still on their parents' plan. So they are getting insurance from a variety of ways.

But for those that didn't have access to insurance, or that were relying on insurance from a previous kind of traditional 9-to-5 job, being able to know that they were going to be able to purchase insurance on the individual market was a huge relief for them in kind of getting over that barrier.

Ms. HOULAHAN. Thank you.

And with the last 40 seconds of my time. Ms. Mozes, if you could kind of speak to us a little bit about freelancers union and how you work with them and whether or not there is anything that the government can learn from that as well?

Ms. MOZES. We don't currently work with the freelancers union. That being said, we would love to work with them more closely. They are doing some really great things for freelancers in America, including looking at exact policy questions that you have asked today about healthcare, and how they will be able to provide that to this huge growing segment of workers that have decided to work this way.

Ms. HOULAHAN. Thank you. And I appreciate the time.

I yield back.

Chairman CROW. Thank you. The gentlelady yields back.

The gentleman from Tennessee is now recognized for 5 minutes. He stepped out. Okay.

The gentlelady from Iowa is now recognized for 5 minutes.

Ms. FINKENAUER. Thank you, Mr. Chair.

I was really excited about the Subcommittee hearing today. I know, obviously, the gig economy is becoming, you know, a bigger part of—well, for millennials like myself and young folks across the country, you know, a new pathway where we can, you know, get creative about our future and—but it makes it difficult sometimes, given the policies that are out there and folks thinking about retirement and healthcare and childcare and paid family leave and all the things that go into it. So thank you so much for being here and chatting about those topics.

But I got really excited, Ms. Wallace, when you started talking about marketing. And it took me back to a conversation I recently had with some folks back in Iowa when I was doing a small business tour, visited a company in Maquoketa, is one of our smaller towns that is working really hard in their Main Streets and, you know, trying to keep folks in Maquoketa and bring them back home. And the company that I talked to, you know, they had been around for decades and have done a great job. They do commercial

washers. But then, they also work with other, you know, entrepreneurs that come to them and have ideas.

You know, one of the things I heard about was a gentleman from Cascade, which is an even smaller town than Maquoketa in Iowa, who had an idea for shredding—a shredding machinery when it comes to tearing down houses. And just being creative about how they do that more effectively, and it is a wonderful idea. Excited that this company was willing to help him create that product and asked them, you know, how is that going? Has he been able to grow?

And one of the things we heard that the biggest issue was the marketing side of it, and how he was going to have access to that. Because, again, you guys are exactly right, Ms. Mozes and Ms. Wallace and Ms. Blossom. When you are working hard on your business, the last thing you are thinking about when, you know, you are filling out all the paperwork all that, is then how do you take that next step.

Is there anything that you guys could see the Small Business Development Centers, or the SBA, start getting more involved in to encourage folks to have access to marketing and take it to the next step? And is there—what should we be looking out for here? And is there any—are there any programs that we are missing, or things that you think we should be doing that we are not doing, especially when it comes to connecting marketing to the folks who need it?

Ms. OMEGA WALLACE. I don't know that there is anything specific that is missing. But I do know that marketing is the very last thing that businesses think about when they are building. They think about creating the app and building the technology and creating the products, et cetera. They open the doors, whether virtually or physically, and wait. And the whole notion of, you know, build it and they will come is definitely not what happens when you start a business.

So when they open their business and they wait for customers and then they think, oh, yeah, I should probably do that thing called marketing.

So I think the message needs to be, right when they start, don't forget about this major piece. Don't start this major piece, you know, at the end, but think about your marketing as part of your entire business development now.

Ms. FINKENAUER. And I know, Mr. Balderson, you touched on this quite a bit too, just how do we better educate folks about the programs that are out there.

I know you guys are doing your best, again, being on the ground every day with our entrepreneurs and folks who are, you know, taking that next step and that risk. But what more can we be doing as a Congress to make sure that we are educating folks?

Ms. Mozes or Ms. Blossom.

Ms. MOZES. I mean, I think one thing that you could do is work with kind of more, like, community organizations that are better at talking to businesses. So, for example, I know for us with Tech New York City, that was a resource that we definitely reached out to. And they are very good at disseminating information to technology companies.

But I am sure that it is really about knowledge, right? And I think that a lot of small business owners as they are building businesses, like when I first started Hyr, it was kind of blinders on me building the business, not looking out and figuring out what else is out there to help me. And I think marketing—you are completely right. It is the hardest thing for a small business owner to wrap their head around, because you go online and you start reading about all these things you could doing with ad words or, you know, Facebook ads, or whatever it might be, and it is overwhelming. So you just don't do anything instead of doing something.

Ms. FINKENAUER. Yeah. Well, thank you.

I yield back.

Chairman CROW. Thank you. The gentlelady yields back.

The gentleman from Pennsylvania is now recognized for 5 minutes.

Mr. JOYCE. Thank you, Mr. Chairman. This question is for Ms. Blossom.

Small businesses are always at the forefront of what is next, because they have to stay ahead of the larger counterparts.

What new technology is out there that will make your small business and many small businesses even more accessible to growth?

Ms. BLOSSOM. I think that that is a great question, and I think it is both about utilizing new technology but also using a lot of the existing technology that is out there and making small businesses see how it can work for them. For example, we were in Colorado, and we met two great guys who started a deck building business. And on a whim, they started making YouTube videos of themselves building decks and now they have tons of followers. They have gotten lots of customers, because people are weirdly very interested in watching people watch decks. But they have used social media in a nontraditional way to help build their business.

So I think we can encourage companies that might not think that either social media, or online presence—it could be important for them in business to really kind of expand their reach. And to what my fellow panelists said, use that as a marketing tool to let more customers know about their businesses.

Mr. JOYCE. Specifically, as someone who has built decks with my own hands, I have never watched a YouTube video. Perhaps the deck would have been more stable if I had.

But you bring a great point, and I am going to ask each one of you to address that, if you would for me, please.

I come from South Central Pennsylvania, an incredibly rural area where there are over 5,000 farms, and these are all small businesses.

Please touch on the importance of accessibility to rural broadband in your particular concerns, and in the concerns regarding small businesses throughout your areas?

Ms. BLOSSOM. Sure.

We think broadband is incredibly important, because we know that the internet is often the first place that people are turning now when they are looking for businesses. We met a person this week who had a lawn care business, and he was connected through Thumbtack to his neighbor who lived across the street who didn't

know that he had a lawn care business. But because of the internet and because they were able to connect online, they got new customers and helped build their business.

So, rural broadband is incredibly important, because we know that that is where everybody is going to turn to make sure that those people are able to access the internet and have an online presence, so they are not missing out on potential clients.

Ms. MOZES. I would echo that sentiment in terms of just that importance of connecting people. We hear from businesses all the time that are outside of large cities about how they would love to be able to access Hyr. One of the big reasons why we would never—well, not never, but why we can't go to some of these smaller communities is that we are an app-based business. So if people don't have access to broadband, they don't have access to potentially even downloading an app, or being able to connect them.

But sometimes it is those small businesses in rural communities that need a service like Hyr more than a business that is in, you know, downtown Manhattan, because they do need to access people. So I think that making sure that people have access to broadband is of utmost importance across the country.

Ms. OMEGA WALLACE. And I would just add to what they have said as far as marketing connection, but also education. And I think—I know for myself and for a lot of entrepreneurs, the education and training they are receiving, they are finding online. And so when you don't have access to even high-speed internet or broadband to stream videos to learn techniques and other elements of running your business, then that is a hindrance as well.

Ms. BLOSSOM. If I could just add on to what she said.

Mr. JOYCE. Absolutely.

Ms. BLOSSOM. We also have been surveying the professionals in the states. Asking them when you need information about your business, where do you turn? Do you turn to the SBA? Do you turn to your local chamber? And increasingly, people are turning to the internet, to Facebook groups, to YouTube videos to get information from fellows in their industry, and then just other business owners about how to solve challenges that we have talked about throughout this panel.

Mr. JOYCE. I might just indulge just a few more seconds.

If I asked a yes and no question for each one of you, if there was more access to internet through rural broadband expansion and accessibility, would that make your businesses stronger and grow more? It is a yes-no.

Ms. BLOSSOM. Yes.

Ms. MOZES. Yes.

Ms. OMEGA WALLACE. Yes.

Mr. JOYCE. Thank you all for being here today.

I yield back.

Chairman CROW. Thank you. The gentleman yields back.

And I will say with confidence, nobody would want to watch me build a deck on YouTube. I can assure you of that.

The gentlelady from Kansas is now recognized for 5 minutes.

Ms. DAVIDS. Thank you so much. I didn't realize there was so much deck building experience here. I have built a couple of decks myself.

Mr. JOYCE. We will have to talk afterwards.

Ms. DAVIDS. Yeah. We will collaborate on that.

So, first of all, thank you, Chairman Crow, for leading this important discussion today.

The digital ecosystem has definitely opened up new opportunities for entrepreneurs and small businesses, you know, from founding a startup to existing businesses growing and helping existing businesses. And I think the biggest piece that we are seeing here is that so many people across the country are having access to opportunities to start their own businesses. And, in fact, Susan Cooley, who is—I represent the district that she has started a business in was, you know, someone who, like a lot of folks, saw a need. You know, she is looking for a reasonably priced comforter, right, and then discovers that there is a demand for a specific kind of product and decided to, you know, start an eBay store. And I think a lot of people have gone down this path, and now has grown that from, you know, offering clothing and accessory and household goods at Sincerely Susan, to now having a brick-and-mortar store and having 15 employees. And I think that those are the kinds of stories that we need to make sure that we keep in mind as we think about how do we help other folks who are looking to solve a problem, have that entrepreneurial mind-set.

And one of the things that I kind of wanted to follow up on is this concept of broadband and access to broadband. Thank you for answering the question, because now I get to ask follow-ups to just like pull out a little bit more information.

I was wondering if, when you think about broadband as someone—as folks who actually are, like, helping benefit other small business owners, do you find that you are kind of, like, waving your arms and saying broadband is important? Or do you feel like there are a lot of people who are also recognizing that, you know, Oh, I would definitely start a business if I had access. Or is this an instance where we need to be getting out there and explaining to people that small businesses would grow if there were more broadband access. Does this make sense?

Ms. Wallace, I would—

Ms. OMEGA WALLACE. I think so. My first, you know, instinct on that and thought is that people are aware that it is important. And I have heard too, we have a lot of, kind of, rural areas in Colorado that, you know, if the—I had broadband or if I had, you know, reliable internet, then I would be able to do these things.

So I don't know that we have to wave our hands. I would think that people know that it is needed.

Ms. DAVIDS. Yeah. So one of the reasons I ask is because a lot of times I think what ends up happening is that, especially legislators and lawmakers make a lot of assumptions about what people already know. And as the Small Business Committee, I think—and, you know, we are focused on innovation and workforce development is, how do we make sure that folks have access to information if rural broadband is a huge issue and, you know, the Congress now knows about it, it tells me that there is probably a lot of people on the ground who are in the weeds doing the work that have been trying to sound the alarm for a long time.

One of the things I am wondering about is whether or not any of you have made use of the SBA programs, whether it was Small Business Development Centers, loan programs. And then as the follow-up, have your—whether they are customers or folks that your helping connect, are they making use of them? Because I often hear that people realize that there was this available. We will start with Ms. Blossom.

Ms. BLOSSOM. Sure. We know that—we have hundreds of thousands of professionals. We know that many of them are using SBA, but we also know that it is probably underutilized. And so we are open to all ideas on ways that we can better educate people about the different resources that are available, because, you know, as we have spoken, time is the biggest resource for small businesses owners, and they are often so frenzied that they don't know that the SBA would be a resource for them to look to. So, you know, anything we can do on the education front to just let them know about the array of services, I think would be really helpful.

Ms. DAVIDS. And so, to tie those two things together, the reason I ask that is because, when access to—access to information is so reliant on broadband access or internet access, you know, the Small Business Development Centers can be a place where people might be able to make use of that. So that is why I was curious. How much are you seeing use of that in your work?

And I don't know if Ms. Wallace or Ms. Mozes had anything additional—

Chairman CROW. The gentlelady's time has expired. But we will—

Ms. DAVIDS. Okay. No. Thank you.

Chairman CROW. We will have a second round of questioning, so you can hold that—hold that question and thought.

I will recognize the gentleman from New Jersey. Thank you for joining us. If you have some questions.

Mr. KIM. Thank you, Mr. Chairman. Yeah. Absolutely.

Well, look, thank you, Chairman, Ranking Member, for holding this hearing. I really appreciate it. And I actually might be following up on some of that.

But I have been deeply interested in the innovative ways the small businesses can use digital services to grow and adapt to an ever-changing tech landscape. It is something that I hear a lot about from folks in my own district as they are trying to figure this out. And once we are talking about things that we can be doing on infrastructure and other things, making sure that we are looking out for broadband. I don't know how that is going to impact, so—

You know, Ms. Wallace, I just want to start with you. You know, you shared ways that small businesses can use digital tools to help them reach more customers. Can you explain how the evolution of digital marketing has benefited small businesses in particular?

Ms. OMEGA WALLACE. Sure.

When I started doing marketing, I worked with really big clients that had millions of dollars to do traditional media, to buy TV ads and newspaper ads.

Today, relying on simply traditional media would be impossible for small businesses. So now allowing myself and clients to be able to buy Facebook ads for, you know, \$100, or do a YouTube video,

or do even YouTube ads or boost post on Pinterest, allow them to reach a broad yet targeted audience for a fraction of the cost. So that has changed tremendously over the last 10 years, and even over the last couple of years.

Mr. KIM. You mentioned, you know, Facebook and YouTube as some of these different platforms.

What are some of the other platforms that you have seen been successful, either in your own work, at your family's businesses? I would just be—you know, just get a better sense of that. And how critical is it, you know, to having that social media presence for small businesses now?

Ms. OMEGA WALLACE. You know, I could go on and on about LinkedIn as well as—I mentioned Pinterest already. Constant contact in Mailchimp as far as email marketing and tying that back to social media. The list goes on. And I would say it is 100 percent critical to the success of businesses and the growth of businesses to have an online presence, and specifically, have a social media presence.

Mr. KIM. Ms. Blossom, over to you.

You know, we are at this point now where, you know, you have billions of users, you know, accessing these digital platforms on their phones and on their computers. You know, as these digital platforms gain users, what can small businesses do to try to stand out amongst the crowd? You know, how is it that they can kind of penetrate through and make their mark?

Ms. BLOSSOM. Absolutely.

So, I think as people turn more and more to the internet, they expect more and more information. And one of the most important things that we can do as a platform is give small businesses the tools to put as much relevant information online and in a searchable format as we can, so they can upload photos of your work.

If you are wedding photographer, you are going to want to put lots of examples on your profile. And you may not have the money to create your own multimedia website. You know, if you are a personal trainer, you might put videos of how you have worked with other clients on there, so people looking at your business might find—see if you are a good fit.

And so it is incredibly important. And I think one of great things about digital tools is it lets people know that there are other options than traditional big businesses. If you had a plumbing emergency, and you thought to yourself, I don't know where to get a plumber, you might think, I will just call Roto-Rooter, because I have heard of them or seen the commercial. But if you went online and searched plumbers near me, you would find Thumbtack, and then you might get 10 to 15 options of small businesses that could do the job, perhaps quicker and more efficiently.

And so opening people's ideas up to other small business options that they might not have thought of is one of the best things about the internet.

Mr. KIM. Yeah. You know, certainly talking to some businesses in my district as I went around earlier this week, I mean, I think that is something that they were trying to figure out is, you know, how do they—how do they get that word out? How do they just, you know, get that connection with folks?

And the ones that have been successful have been ones that have been able to kind of build a community around them. You know, be able to use these platforms to be able to really accentuate and create the, not only loyalty in terms of customers, but what I found really exciting was just really seeing the camaraderie and the connectedness between small businesses owners themselves, you know, using these platforms to be able to highlight each other and really trying to, you know, create that kind of atmosphere.

So I am certainly, you know, still trying to learn some of these best practices. And I appreciate all of you coming out and sharing some of those with us.

I will yield back.

Chairman CROW. Thank you. The gentleman yields back.

At this time, I would like to just start a brief second round of questioning. I think there is a few follow-ups that we all have that we would like to dive into a little bit more.

So I will start by recognizing myself for 5 minutes.

And I wanted to pick up on something that the Ranking Member, Mr. Balderson, alluded to earlier. And it is a concern that I share. He brought up the issue of digital privacy regulations. And this is part of a broader issue, that we have this tendency to treat all businesses the same, with respect to regulations and rules. And yet, we know that a small- and medium-size businesses have a much harder time bearing the costs and the burdens of compliance than a Fortune 500 company does.

So specifically with regard to data privacy, whether you all have any experiences with compliance and the cost of those, and how that might have impeded your growth. And then more generally, if you had experiences with regulations that could be more appropriately scaled to your businesses and kind of where you are in your growth cycle.

Ms. BLOSSOM. I think you very accurately summarized that. With data privacy regulation, we obviously support the goals. And for our businesses to succeed, people have to feel comfortable using the internet, and feel comfortable that companies like ours and other actors are going to take good care of their information.

But the big companies, they are going to be able to do it. They are going to be able to hire enough compliance experts and lawyers, and they have the means to do so. For midsize companies like Thumbtack, and even the small businesses that we serve, some of these data privacy regulations, while very well-intended and have good goals, are going to be incredibly cumbersome. And particularly, as we mentioned before, like if there are 50 different sets of data privacy regulations, it will essentially prevent small and medium businesses from operating across State lines, because they just won't be able to spend enough resources on compliance information as they need to.

Ms. MOZES. I would echo those sentiments in terms of just us ourselves as Hyr, as a company, we are still growing. We are very diligent in terms of the data that we collect, because as you can imagine, we are collecting data on people's—where they are working their shifts, even geolocations of where workers are going. And we are very, you know, again, diligent about keeping that information and making sure that it is very intact.

But as more regulations are put on us, it could impede our growth in terms of what we would potentially have to report, how we would do that, you know, having to hire new technology people just to comply with those regulations. So I think most companies want to ensure that we are compliant with people's privacy information, but just considering that when regulations are being built at the Federal level would be a great thing.

Ms. OMEGA WALLACE. And just quickly to add to that, at one point in time years ago, as—you know, building websites and having people have an e-commerce website, they had to process credit cards through their own processor in the back end, and now we are able to heavily rely on third parties to do that processing for us.

So I will use my daughter as an example. She is selling books at a school fair, and she is using Square. We rely on Square to have the capability to keep data safe. And we also rely on Square to have the lawyers and the ability to fight that when needed knowing that we wouldn't be able to if it was placed on the shoulders of the small businesses owner themselves.

Chairman CROW. Thank you, all of you. And, Ms. Omega Wallace, I have this feeling that I will someday be working for your daughter, so—very impressive young woman.

I will now yield to Mr. Balderson, the gentleman from Ohio.

Mr. BALDERSON. Thank you, Mr. Chairman.

Ms. Wallace—and I was appreciative of the Chairman. That was a great question. So I am old school. I am in my late 50s. I am that end of that baby boomer line. And for me, to buy online is a challenge. For me, I like to still touch that piece, that shirt I want to buy or that piece of equipment I want to buy. You have been doing this for a long time, obviously. As Chairman Crow said, your daughter now—I will probably be dealing with her, or my son will. And my son gets on me about not being able to buy online yet, and he is 32, and that is the only way he does business.

Tell me the difference, when you encourage folks to get into this online business compared to the bricks-and-mortar stores that we are seeing decreasing more and more, I can no longer buy a dress shirt in my hometown, because the last dress shop just closed. I say dress shop. Men's shop, that—you know, and it is a struggle. So tell me the advantages to why this is all happening. I know the low cost. But give me some other ideas that you encourage some of your clients to go online for.

Ms. OMEGA WALLACE. When you go online, you expand your territory by leaps and bounds. So I actually work with quite a few brick-and-mortar businesses in Denver, Colorado, who are limited to that corridor or that neighborhood in their brick and mortar. Going online opens up a whole new world, literally, to them to be able to scale and to be able to, overall, increase revenue.

Also, as a consultant or as a service provider, if I am doing consulting one-on-one, I max out my time after I meet with five people in a day. Whereas, if I can go online and expand that to a group setting or have, you know, a Facebook group and do live chats with groups of people, I can grow and expand my business and move out of that one-to-one service.

Mr. BALDERSON. All right. You almost sold me, but not quite. But thank you.

Mr. Chairman, I yield back my remaining time.

Thank you all very much.

Chairman CROW. Thank you, Mr. Balderson. I can't help the fact that you are old school, though.

Thank you.

The gentleman yields back.

I will now recognize the gentlelady from Kansas for 5 minutes.

Ms. DAVIDS. Thank you, Chairman.

So I know the issue around privacy, again, I am just, like, this is awesome. I love the—I can just do follow-ups. What are some specific measures or—I don't know if there is already policy or legislative ideas that are being put out there that you could share with us about how we take into account compliance for the much smaller businesses, and how we make sure that we are not impeding people from being able to do the kind of business that we definitely need, because, you know, if you are—when you were talking about depending on Square to really adhere to privacy concerns, you know, I think that there is some, probably, like, lines of liability that we could be talking about. But are there some specific pieces of policy that you think that we need to know about here?

Ms. BLOSSOM. What we have seen in some of the State bills and some of the frameworks that we have seen coming out of Congress is different thresholds for compliance on the privacy. Either a revenue threshold or an employee number threshold that would really help the smallest businesses, depending upon where that threshold is set and let them think about privacy as they are getting bigger. And hopefully, as they grow, they will then be part of that compliance scheme. But giving some help to the really small ones who might not hit those thresholds yet.

Ms. MOZES. Yeah. I think that thresholds on employee numbers as well as potentially even, like, revenue numbers. For us, much like you use Square, we use Stripe. Stripe is actually used by most big tech platforms now, so that we are not collecting any financial information from any of the workers on our platform. Everything is actually dealt through them. And that is a huge help for us as a business, because we don't have to deal again with any of those—that financial information.

I think it more comes down to when you are collecting people's addresses, their telephone numbers, even when we are thinking about the geolocation of the workers that we are carrying from, that kind of stuff could get potentially cumbersome if we are looking at different types of legislation that could be coming up.

Ms. OMEGA WALLACE. And I would just agree with what they both said.

Ms. DAVIDS. Thank you.

I yield back.

Chairman CROW. Thank you.

The gentlelady yields back.

I will now recognize the gentleman from Pennsylvania for 5 minutes.

Mr. JOYCE. Thank you, Mr. Chairman. And I do want to thank Chairman Crow, and I want to thank Ranking Member Balderson for bringing you in front of us here today.

I think that I learned something from what you presented to us. Small business is a bipartisan advocate for you. And I have often said that we are bridge builders. But today, I have changed that. We are deck builders. With Representative Davids, that we understand the importance of working together. We are your service providers. That is your take home message from me today. We work here with both sides of the aisles, unencumbered, to advocate for the small businesses in the United States.

Now, I would like to finish with a pop quiz. But I will tell you there is no wrong answer. But it is a question for each one of you, and it is important for me to take home. Now, as someone who didn't finish their formal education until I was in my early 30s, I am used to pop quizzes. And you might not have thought this was going to happen to you today, but I would like to allow you to indulge me, please.

Regarding the growth of your individual companies, if you had to choose between one of the three following, which would you choose? Again, I will preface by saying there is no wrong answer. Would you ask for more capital for that growth? Would you ask for better broadband access for your companies for that growth? Or would you ask for better access to trade associations?

So better broadband, more capital, or better access to trade associations. What works best for you?

I will start with you, please, Ms. Blossom.

Ms. BLOSSOM. It is a very interesting question. I think for us, we are lucky to have the capital that we need to grow. And so broadband would actually be interesting, because we don't know how many potential Thumbtack service providers and customers are out there that aren't using our platform or aren't aware of the opportunities, because they don't have access. So for us, that is really an unknown and a very interesting question that we would love to explore.

Mr. JOYCE. So, Ms. Mozes, it is your chance to tell us why these are important to you and which is the most important?

Ms. MOZES. I think it is a great question for us at our stage in our business capital. We are at this point in our business turning down business because we don't have enough capital in order to hire enough people to service all of the small businesses that want to use us to access labor. But we are in a unique position because we are a growing tech company. And so if you usually ask any growing tech, capital would be number one. But I think all three are important for businesses to grow in America.

Mr. JOYCE. Thank you. Ms. Wallace.

Ms. OMEGA WALLACE. We are in an interesting situation, but also a situation that a lot of business owners face is that my husband's income and my income is the same income from our business that we bring in. So I would have to say capital, because right at this moment, we are at a place where we are juggling three contractors and bringing in the right amount of business to be able to pay them, pay ourselves, pay our mortgage. And so, it is a very tricky balance of cash flow. So capital would be helpful so that we can scale, grow more, bring on more people and help provide marketing to more small businesses.

Mr. JOYCE. Thank you all, and thank you for being here today.

Chairman Crow, I yield my time.

Chairman CROW. Thank you. The gentleman yields back.

I will say, John, this deck joke is going to be good for a long time, I can tell.

I would like to thank all of the witnesses for sharing their time with us today. Digital platforms provide transformative resources for entrepreneurs to build and grow businesses. That is very clear from our discussion today.

The collaboration fostered through digital ecosystems has improved both the cost and efficiency of digital marketing and employment. These costs and time savings are particularly helpful for small businesses that are burdened with tight budgets and limited resource. But small businesses cannot unlock these opportunities if they fail to adopt digital tools. That is why the members of this committee must raise the awareness of the value of digital platforms and encourage small businesses to become active participants in the ecosystem, but also identify ways to lower the hurdles as well and not have us stand in the way of your entrepreneurship and your growth.

I would ask unanimous consent that members have 5 legislative days to submit statements and supporting materials for the record. And without objection, it is so ordered.

If there is no further business to come before the Committee, we are adjourned. Thank you very much.

[Whereupon, at 11:13 a.m., the Committee was adjourned.]

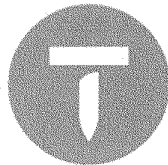
A P P E N D I X

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/>

THE GIG ECONOMY IS HERE TO STAY AND THAT IS GOOD NEWS FOR SMALL BUSINESSES

Thank you for having me here during National Small Business Week, throughout which we honor the small businesses and entrepreneurs that are central to our economy and our communities.

I am here today to speak with you about the importance of that entrepreneurial spirit as it relates to the freelance economy and how this new economy is providing economic mobility for millions of Americans. This new structure of work has emerged and it's here to stay.

This structure of work, which we support through the Hyr platform, allows workers in hospitality and retail to freelance and earn extra income and portable benefits.

Workers like Megan. Megan began working hospitality shifts through the Hyr platform this past December in the weeks leading up to Christmas. After the holidays, she sent my Co-Founder and I a heartwarming message sharing that she joined Hyr to earn extra money for the Christmas presents her daughter wanted most. And because of Hyr, she was able to gift those gifts to her daughter. Even better, after just three weeks of working shifts through the Hyr platform, a company she worked with offered her a full-time job.

And workers like Mandy. Mandy says that Hyr allows her to "schedule her freedom." Before joining Hyr, Mandy found it very difficult to work in the hospitality industry while starting her career as an actress. Because of last-minute audition calls, she would have to either call-off from her bartending job or beg a co-worker to cover her shift. But with Hyr, she was able to pick and choose shifts that best fit her schedule. I'm also happy to share that Mandy is now working full-time on a TV production.

At Hyr, we help workers connect with businesses that are looking to fill any shift, at any time. Which, frankly, helps both workers and small businesses alike.

My Co-Founder and I understand both sides of this equation all too well. As hourly paid hospitality workers ourselves, there were too many times we experienced too much month at the end of the money. And later in our careers, when we worked on the business side, we struggled to find great talent in today's extremely shallow labor pool.

To help close this gap, we built a worker-focused platform that connects the two parties.

Gig workers on the Hyr platform are typically already working a full-time or part-time hospitality or retail job, but looking to earn a bit of extra money, fast. At Hyr, we ensure workers receive their earnings within three days after a shift if worked.

But more, we created a form of portable benefits called UPoints for gig workers that accumulate each time they work a shift through the Hyr platform.

We built this system to help address the issue many gig economy workers face when they choose to enter the freelance economy.

We did this because a growing number of Americans are choosing work that is not 9-to-5. Instead they are your Hyr pro, your Uber driver, your Grubhub food deliverer, or your Barkly dog-walker. The gig economy has become a central cog in America's economic growth engine, providing both entry-level opportunities and supplemental incomes.

At Hyr, we are setting out to fill a massive gap for businesses: access to talented workers, fast, and relief from high turnover and call-offs. With same-day availability, businesses post shifts on Hyr's mobile app by highlighting their specific needs, location, all-in hourly rate of pay, and more. Then they review skilled and rated workers who elect to make themselves available for the shifts, and they choose the workers that are the best fit.

And we set out to fill a massive gap for today's gig worker: flexible schedules; supplemental income, and fairness with UPoints, our form of portable benefits, but also a broader range of positions to create opportunities for workers with a broader range of skills. Gig workers create their Hyr profile in minutes by highlighting their particular expertise, work history, hourly rate, and availability. Then they are notified of available shifts that meet their needs, and they apply for the ones that interest them the most. At the conclusion of each shift, earnings are directly deposited to the worker's bank account within three days, not weeks.

Some gig economy marketplaces have faced criticism for not providing fair wages or benefits. One of our top priorities at Hyr is to bring fairness to the gig economy, so we created UPoints. Designed as a form of benefits that are portable for a freelancer's entire working life, UPoints are earned with every shift and redeemable for whatever matters most to you, *the worker*, hence the name UPoints. Today, UPoints are redeemable for UDays, which are equivalent to paid vacation days, and as we continue to grow, workers will be able to redeem UPoints for healthcare, retirement savings, personal savings, and more. *Freelancing in America* is the most comprehensive measure of the gig economy workforce. Their 2018 study, conducted by an independent research firm and commissioned in partnership by Upwork and Freelancers Union, surveyed more than 6,000 American workers. In its fifth annual year, 22 percent of gig workers said access to affordable healthcare is their top concern, with saving for retirement at 19 percent, and being able to put enough money into savings at 15 percent.

While it can be tempting to view the on-demand economy as either primarily beneficial or primarily detrimental, there is still a large gray area. And businesses like Hyr are thinking about broader policy questions, like how we help freelancers access more traditional benefits.

Fact is, the number of gig economy opportunities are growing at unprecedented rates, and technology companies like Hyr have made it easier for workers and businesses to find each other. By staying flexible, collaborating with others, and balancing innovation with the tried and true, we can position ourselves to adapt and thrive in this new gig economy.

Written Testimony of Olivia Omega Wallace
President, Wallace Marketing Group

U.S. House of Representatives Committee on Small Business
Subcommittee on Innovation and Workforce Development

May 8, 2019

Chairman Crow and Ranking Member Balderson, my name is Olivia Omega Wallace, an entrepreneur and marketing consultant with 20 years of branding and advertising experience. I live in Aurora, Colorado and I'm the co-founder of Wallace Marketing Group. My husband and I started Wallace Marketing Group to help coach and train entrepreneurs and small businesses within the health and wellness industry to grow their companies through branding, online marketing and digital communications.

Over the past two decades I've seen the evolution of marketing happen before our eyes on the internet. The many barriers to entry started to diminish as technology increased, allowing individuals with no special advantages take an idea, quickly bring it to market, hire employees and scale with less upfront out-of-pocket costs and less risk. Our clients include a vegan chef and naturopathic doctor husband and wife team who want to bring easy healthy living to both their local and global online communities, and a counselor who offers art therapy to families in trauma. Online marketing tools allow them to reach their specific target audience from Aurora to Australia.

I started my first business making and selling stuffed animals when I was 13. At that time the internet and other online resources weren't available. It's incredible to look at young people today such as our daughter who is a sophomore in high school and has published three murder mystery novels for middle schoolers. She's pursuing her dreams early in life. This has been made possible by online publishing, payment and marketing platforms that we as entrepreneurs and small business owners use every single day. She is releasing her fourth book later this year thanks to the many digital resources at her fingertips.

Things like "post engagement", "community insights", "cost-per-click", "page views", "shared pins", "retweets", "channel subscribers", "page boosts" and "video views" are all household terms for us. Whether I'm searching for the perfect contractor on UpWork, teaching a workshop to 100 women entrepreneurs on how to leverage Facebook ads to grow their business or coaching a client one-on-one on the importance of consistent content to grow their YouTube channel, the ability to participate fully and make a living as a small business or entrepreneur would be impossible without these online business tools.

So I'm here today to advocate for all of those small businesses, all those independent artists, writers and creators, all entrepreneurs who are using the internet – and the free flow of data it offers – to bring their vision to the world. Privacy and security are critical to both our family and

our business, but achieving these ends must be done in a way that preserves the magic of commerce and community that's brought us to this point.

When I hear the phrase "It's not personal, it's business", I laugh to myself. Our family is helping our clients provide for their families leveraging online marketing and social media. So for us, it's always personal. Thank you.