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NET NEUTRALITY: IMPACTS ON NEW HAMPSHIRE SMALL BUSINESSES

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Dear Senate Committee Members, thank you for the opportunity to speak today about the very important topic of net neutrality and it's direct impact on small business. I have worked with many startups throughout the state of New Hampshire over the past several years. There is a unique aspect of a startup that makes them their own type of small business.

Startups by definition are attempting a new business with many unknowns in their model, product, or approach. Startups create opportunities through innovation. That innovation lies in either a new spin on an old business model, or in innovative products themselves. Startups also have high growth potential. They do not typically focus on a small geographic area. Ultimately this means that their competition are not other local businesses, but large business with broad interests. Almost always this competition has substantially larger financial resources.

The repeal of net neutrality protections enables a small handful of very powerful internet providers tremendous control over what is delivered to a consumer's home, and the speed at which it is delivered. Without net neutrality the power and control these internet providers have will allow them to create artificial market barriers. These barriers stifle innovation and competition and serve only to protect powerful incumbents and exact higher fees from consumers.

Startups may find the price to be paid for preferred access to be too great at their earliest and most vulnerable stages, yet may feel they have little choice as slow website speeds will hit their bottom line. Study after study has shown that the user bounce rate, which is the percentage of people who leave a site immediately, rises tremendously with increased page load times. One estimate from Akamai stated that just a 1-second slowdown results in an 8% increase in bounce rate¹. This could result in tremendous financial loss for ecommerce and startups. Similar reports have been made from many other well known companies and researchers. Page speed is so important that Google factors it into their search rankings². While the search rankings will not be impacted by speed shifting of internet providers, the intent of the ranking focused on page speed still remains. Speed has an immediate impact on user engagement.

¹ <https://www.soasta.com/your-2017-guide-to-retail-performance-success/>

²

<https://searchengineland.com/google-speed-update-page-speed-will-become-ranking-factor-mobile-search-289904>

Some may suggest that if consumers felt strongly about the issues of net neutrality they could simply vote with their dollars, picking a provider inline with their needs. That would presume consumers fully understood the details in their internet plans. Even if consumers did a responsive market to consumer demand would require a healthy marketplace of options. However many US consumers do not have a choice in their high speed broadband. Those that do often find themselves in long term contracts limiting their options.

The FCC's own Internet Access Services³ report released in February 2018 shows that in many areas there is simply no high speed broadband as an option. However in areas with broadband speeds of 25mbs or greater between 30% and 40% of homes had only one option for a provider. Consumers have little to no choice in provider, which means that the market isn't being driven by consumer net neutrality concerns. Consumers still need high speed internet access, even if the provider isn't providing the kind of service the consumer really wants.

In summary ending net neutrality protections will be detrimental to healthy competition for small business, including startups.

³ https://transition.fcc.gov/Daily_Releases/Daily_Business/2018/db0207/DOC-349074A1.pdf