



# **Connect Michigan**

# **2010 Business Technology**

# **Assessment Results**

**In compliance with state and NTIA requirements**

[www.connectmi.org](http://www.connectmi.org)



# 2010 Business Technology Assessment Presentation Outline

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# Summary of Key Findings



# Survey Overview and Summary of Results

## Survey Overview:

- Connect Michigan conducted a phone survey of 801 Michigan business establishments between June 23 and July 21, 2010. This sample includes 184 businesses with 50+ employees, 208 businesses with 20-49 employees, 211 businesses with 5-19 employees, and 198 businesses with 1-4 employees. This sample provides a margin of error of  $\pm 4.85\%$  at the 95% confidence level for the total sample group.
- This survey was designed to measure technology adoption and the awareness of available broadband service among Michigan businesses, and establish benchmarks for these metrics.
- Connect Michigan intends to conduct similar annual surveys of Michigan business establishments to allow for trend analysis.

## 2010 Key Technology Benchmarks:

Businesses with broadband service:	70%
Businesses that use a computer:	84%
Businesses that access Michigan state websites:	59%
Businesses whose employees telework:	24%



# 2010 Key Findings

## Other Key Findings:

- Statewide, more than eight out of ten Michigan businesses (84% or approximately 197,000 businesses) use computers for their work functions. Among those that do not use a computer, the largest barrier is the belief that they do not need computers for their work, followed by those that report that their business is too small to benefit from a computer or that computers are too difficult to use.
- Nearly three-fourths of Michigan businesses (70%, or approximately 164,000 Michigan businesses) subscribe to broadband service.
- Statewide, 63% of small Michigan businesses subscribe to broadband service, which equals approximately 78,000 businesses.
- Broadband adoption among the Professional/Financial Service (89%) and High Tech (87%) sectors are significantly higher than other business sectors in Michigan.
- The average download speed among broadband-connected Michigan businesses is 6.3 Mbps. It should be noted, though, that only about one-third of broadband-connected businesses knew their approximate download speed.



## 2010 Key Findings (Continued)

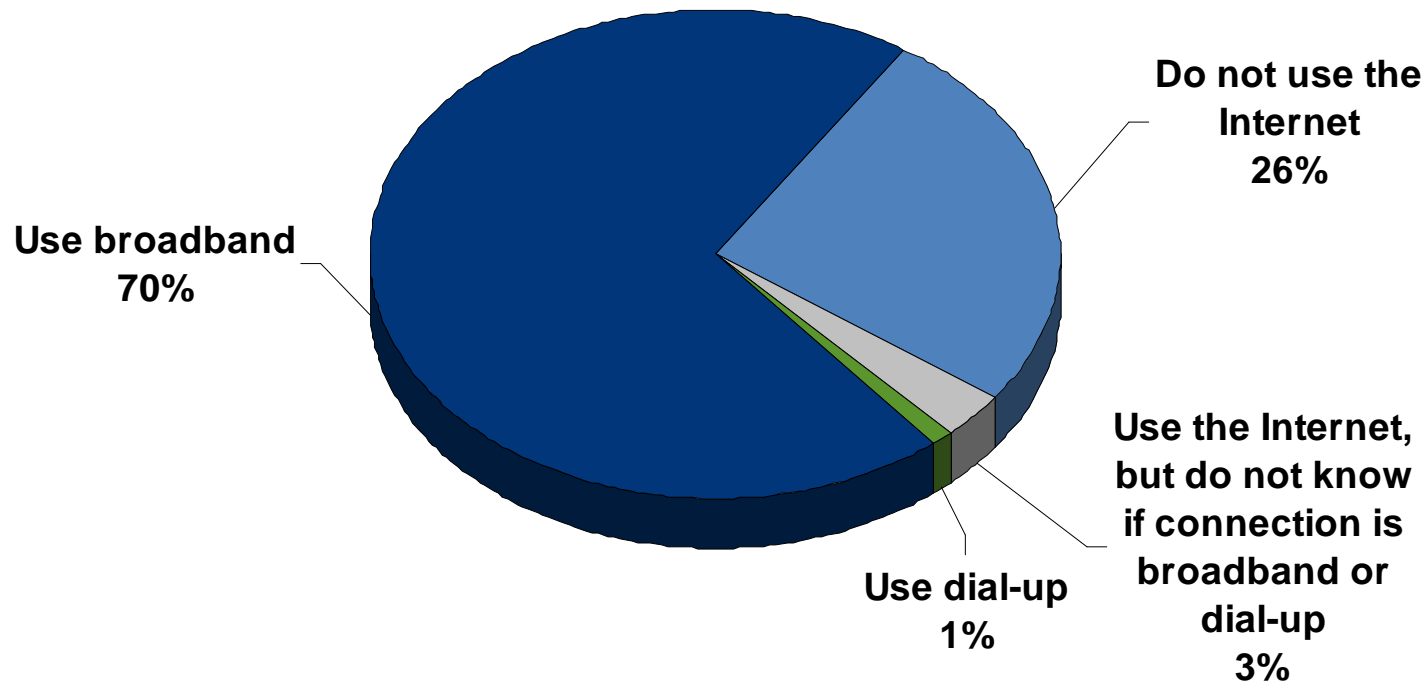
### Other Key Findings:

- In Michigan, 86% of broadband-connected businesses say their current bandwidth is “about right” or faster than they currently need. Of the 10% of broadband-connected businesses that say they would benefit from having more bandwidth, nearly three out of four businesses either have not investigated whether faster speeds are available, or they are aware of faster available speeds and have simply not invested in more bandwidth yet.
- Businesses with broadband Internet connections report having median annual revenues \$200,000 more than businesses without broadband.
- Statewide, 59% of all Michigan businesses (approximately 139,000 businesses) access Michigan state government websites, mostly to access and download forms and documents.
- About one-half of all Michigan businesses (50% or approximately 118,000 businesses) have a website. Median annual revenues among businesses that use broadband and have a website are double the state average.
- More than six out of ten (62%) of Michigan businesses that do not subscribe to broadband service say they don’t need the Internet/broadband service, and don’t know why they would subscribe.
- Statewide, nearly one-fourth of all Michigan businesses (24%, or approximately 56,000 businesses) allow their employees to telework.



# Technology Adoption Among Michigan Businesses

Percent of all Michigan businesses



Q: Which of the following describes the type of Internet access your company has? and  
Q: Does your company use the Internet to handle any of your business functions?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



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# Broadband Adoption Among Michigan Businesses



# Broadband Adoption Among Michigan Businesses

Percent of all Michigan businesses that subscribe to broadband service



**Statewide, 70% of all Michigan businesses subscribe to broadband service.  
This translates into approximately 164,000 businesses that have broadband access.**

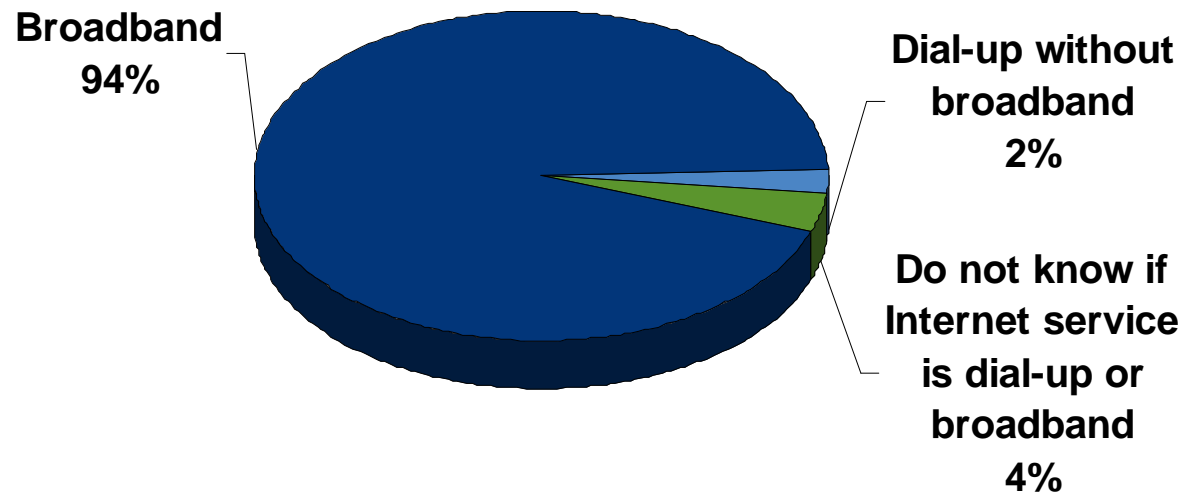
Q: Which of the following describes the type of Internet access your company has?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Broadband Users Among Internet-Connected Michigan Businesses

Percent of Internet-connected Michigan businesses



**Nearly every Michigan business that uses the Internet has broadband service.**

Q: Which of the following describes the type of Internet access your company has?  
(n=655 MI businesses that use the Internet)

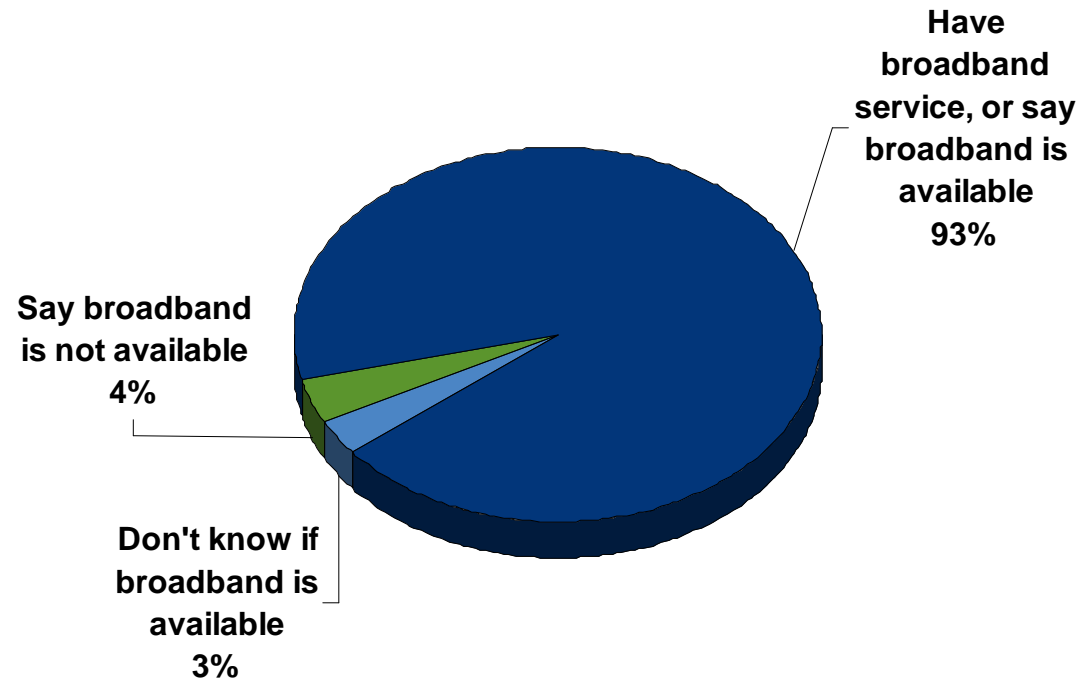
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Perceptions of Broadband Availability in Michigan

## Awareness of broadband availability among Michigan businesses

Statewide, 4% of Michigan businesses report that broadband service is not available at their location, and an additional 3% do not know whether broadband service is available.



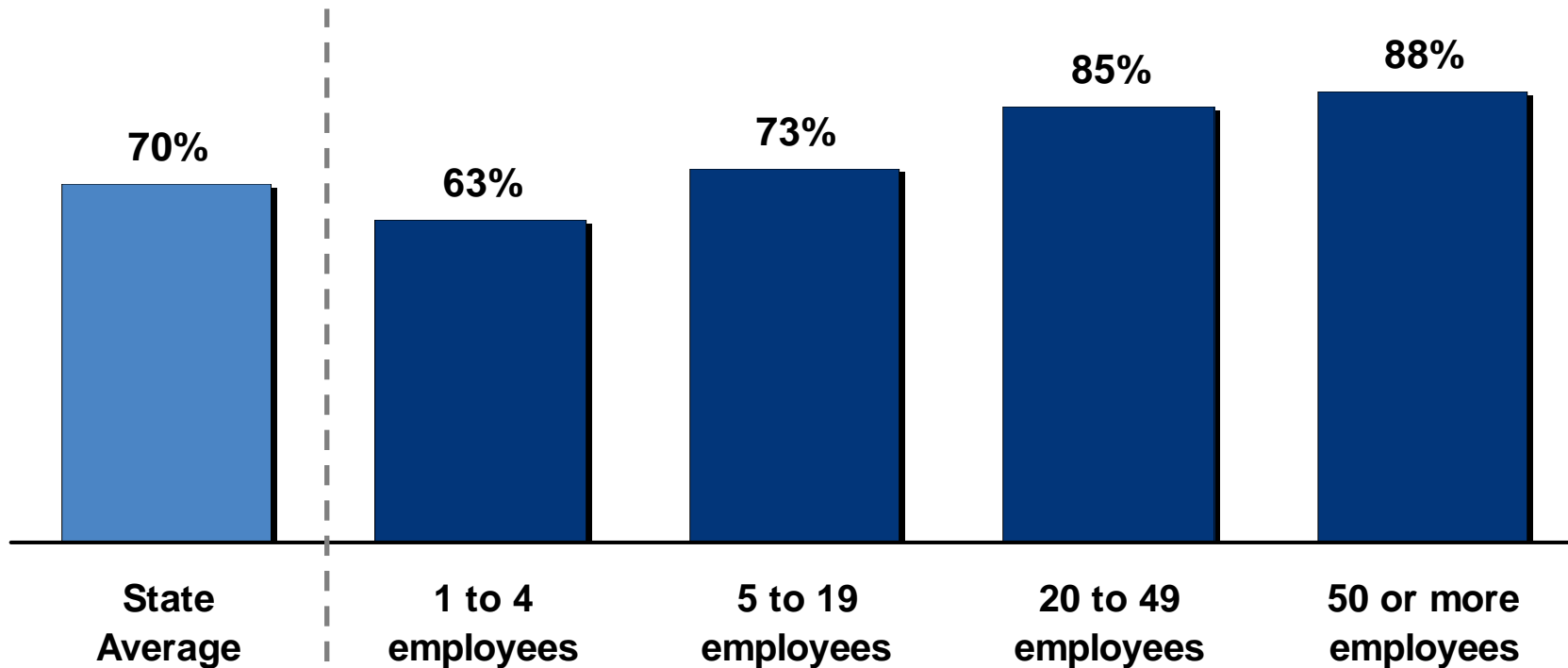
Q: To the best of your knowledge, is broadband or high speed Internet service available in the area where your organization is located?  
(n=801 MI businesses)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Broadband Adoption by Business Size

Percent of all Michigan businesses that subscribe to broadband service



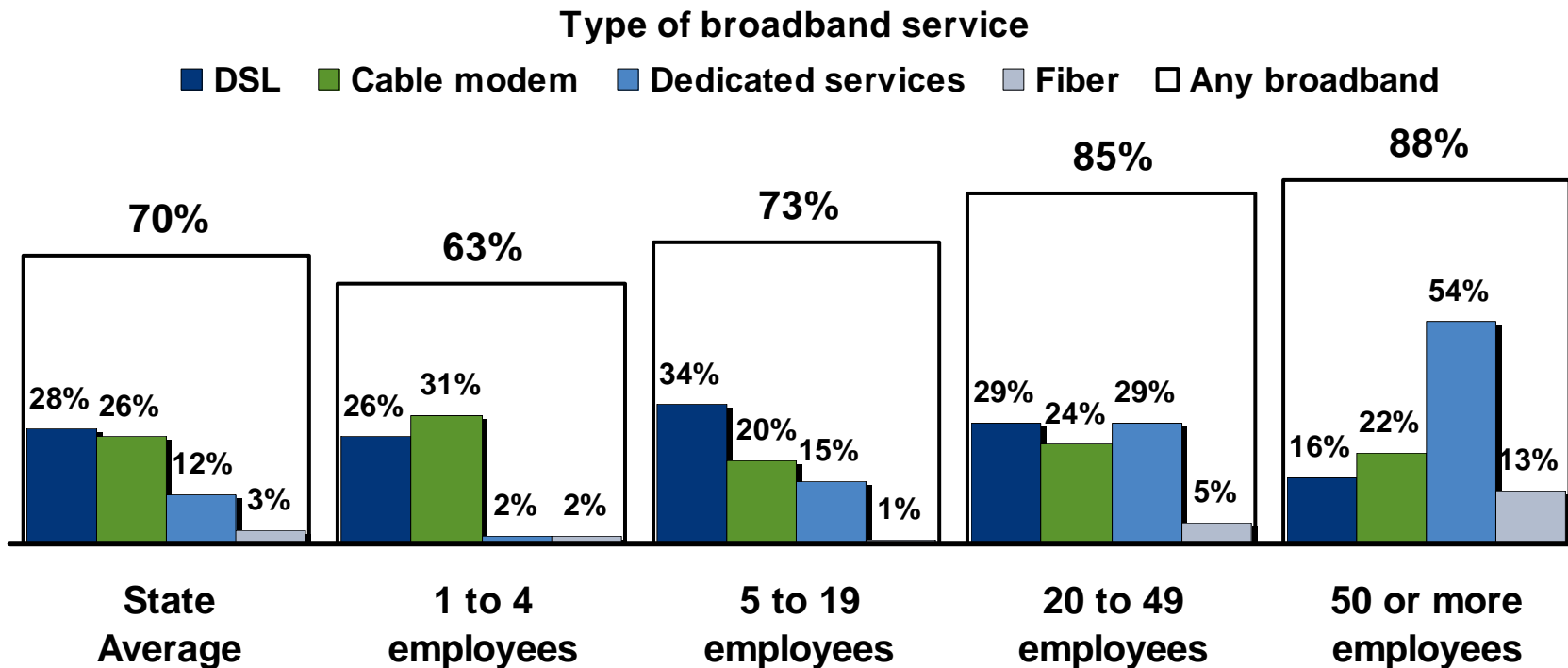
Q: Which of the following describes the type of Internet access your company has?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Broadband Adoption by Business Size

Smaller Michigan businesses are more likely to use DSL broadband, but as business size increases, businesses are more likely to rely on dedicated broadband services.



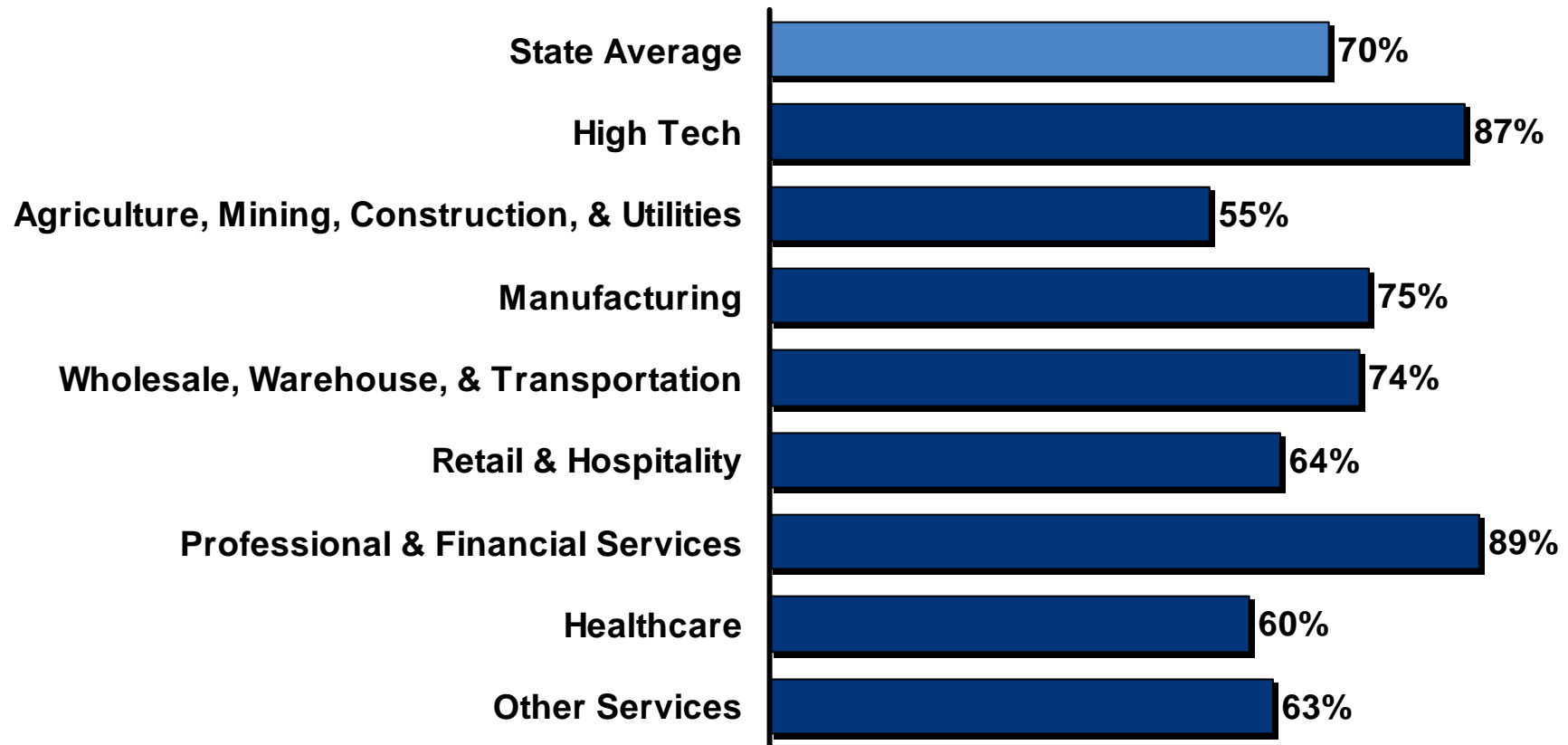
Q: Which of the following describes the type of Internet access your company has?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Broadband Adoption by Industry Sector

Percent of all Michigan businesses that subscribe to broadband service



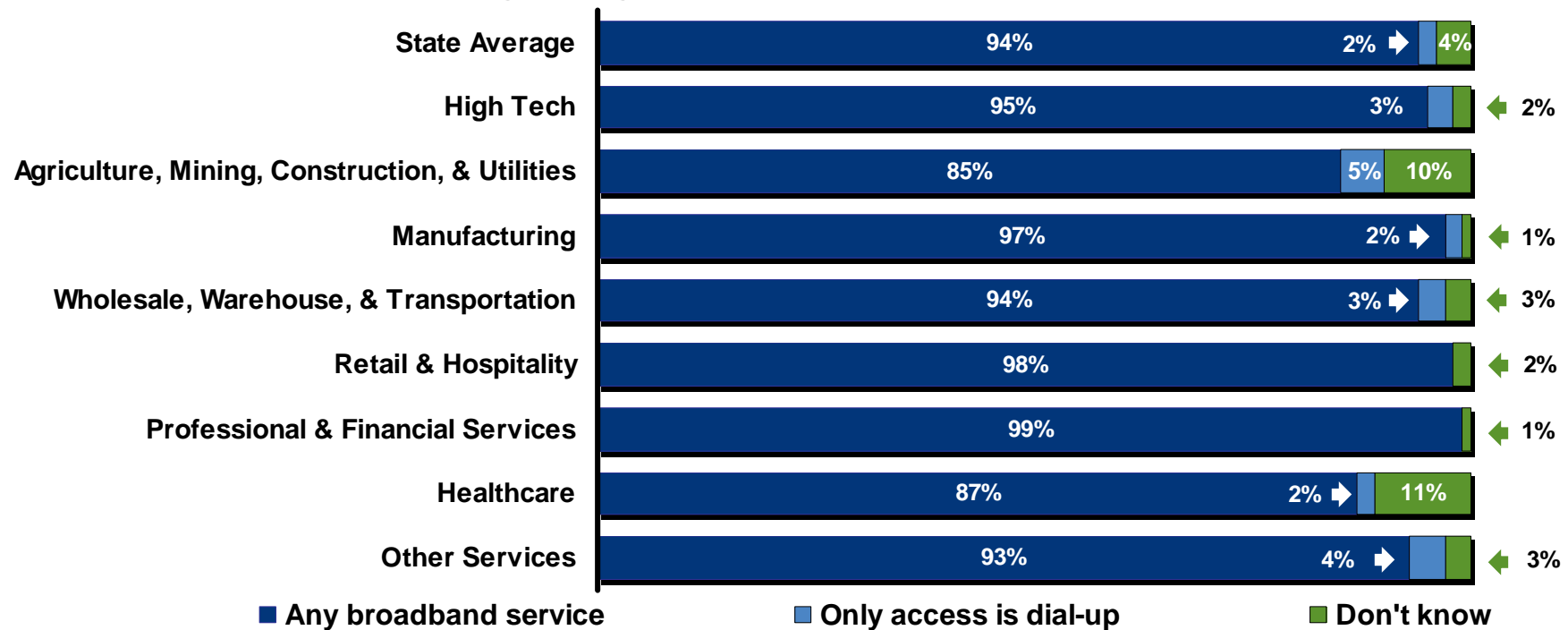
Q: Which of the following describes the type of Internet access your company has?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Broadband Adoption by Industry Sector

Among Michigan businesses with Internet service



**The Agriculture, Mining, Construction, & Utilities sector has the largest share of Internet-connected businesses that still rely on dial-up service.**

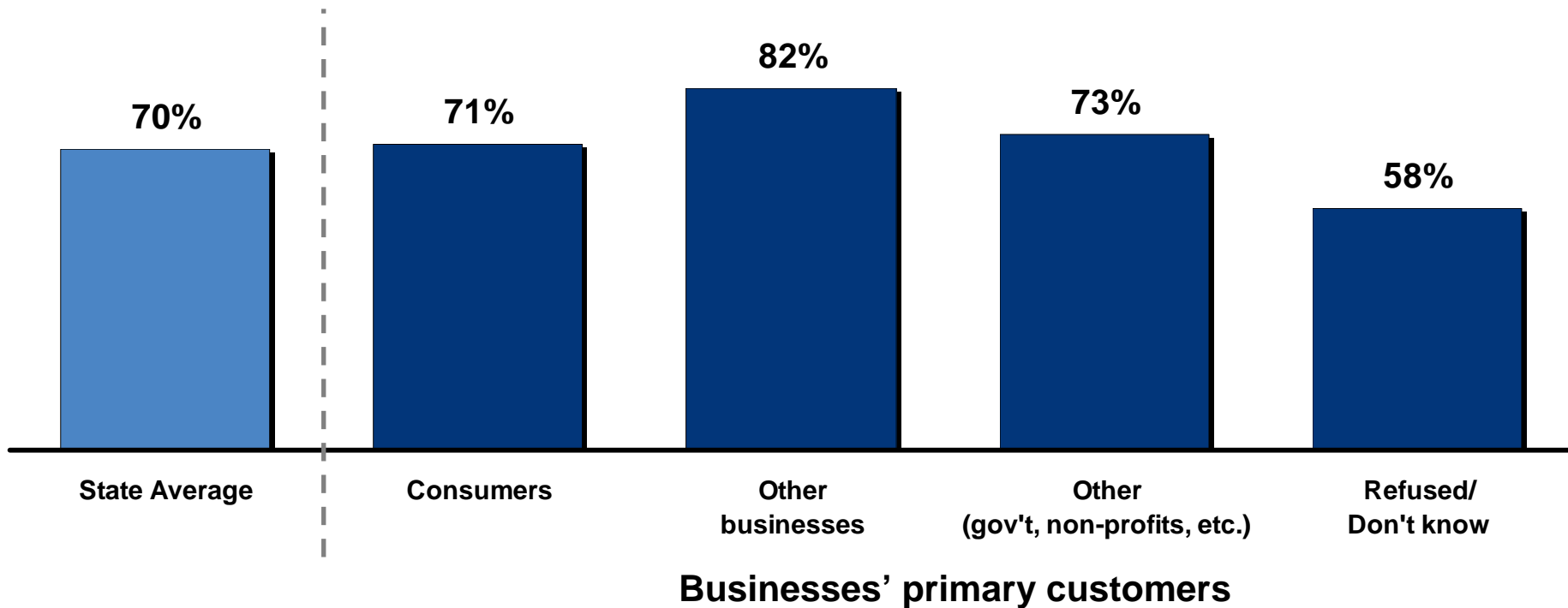
Q: Which of the following describes the type of Internet access your company has?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Broadband Adoption by Primary Customer

Percent of all Michigan businesses that have broadband service



**Michigan businesses that sell primarily to other businesses have significantly higher rates of broadband adoption than the state average.**

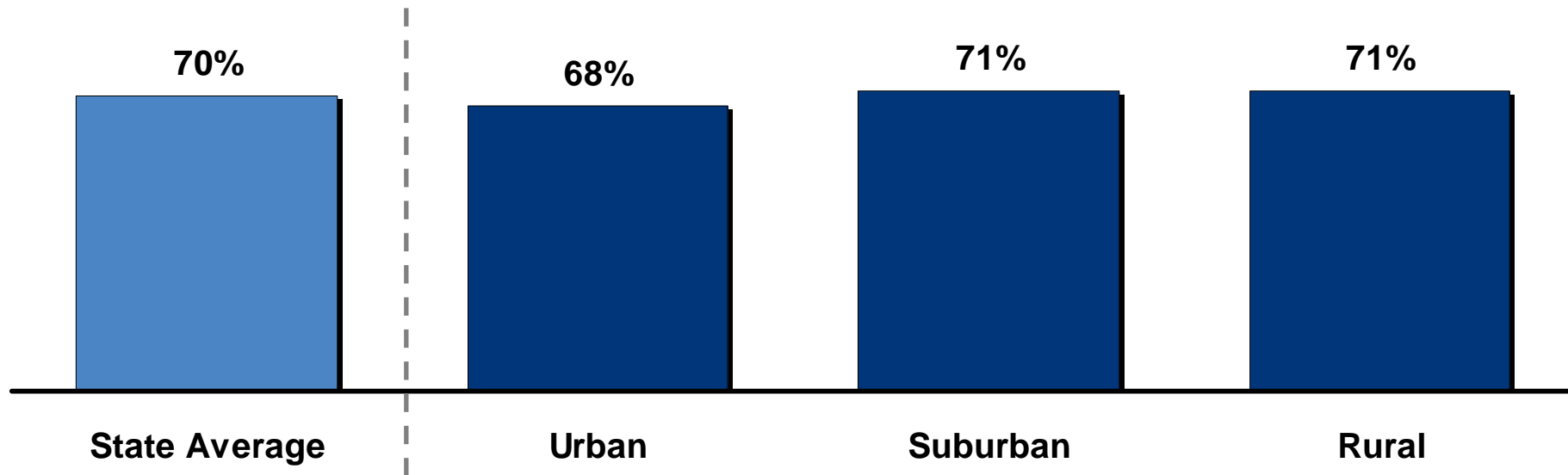
Q: Which of the following describes the type of Internet access your company has?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Broadband Adoption by Urban-Rural Classification

Percent of all Michigan businesses that have broadband service



Q: Which of the following describes the type of Internet access your company has?  
(n=801 MI businesses)

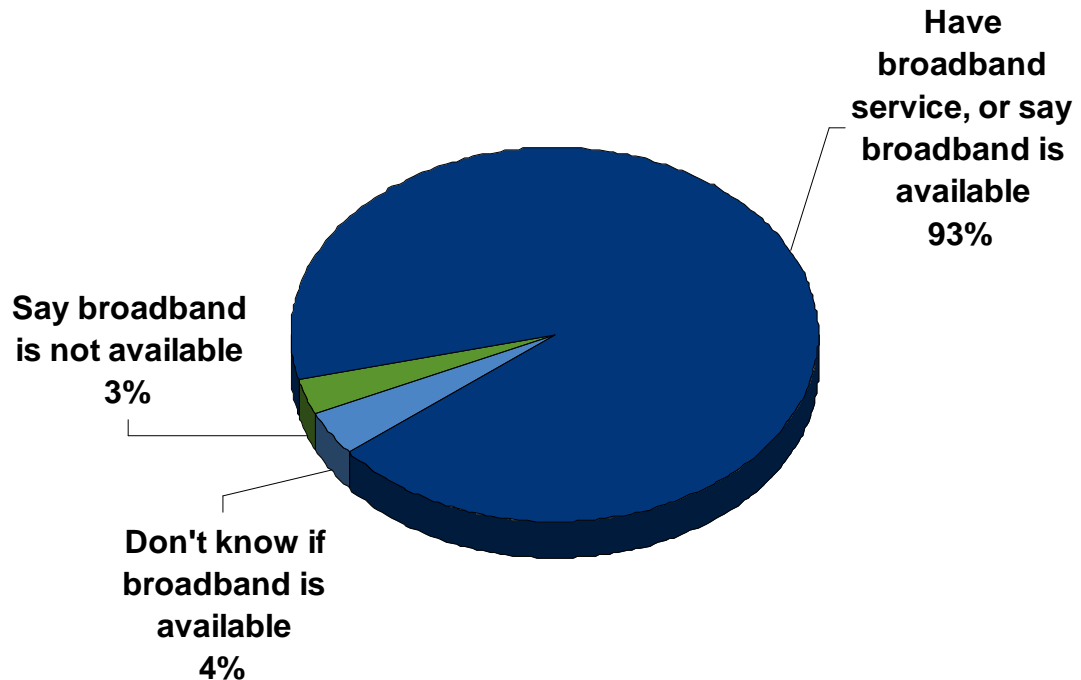
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Perceptions of Broadband Availability in Rural Michigan

## Awareness of broadband availability among rural Michigan businesses

Statewide, 3% of rural Michigan businesses report that broadband service is not available at their location, and an additional 4% do not know whether broadband service is available.

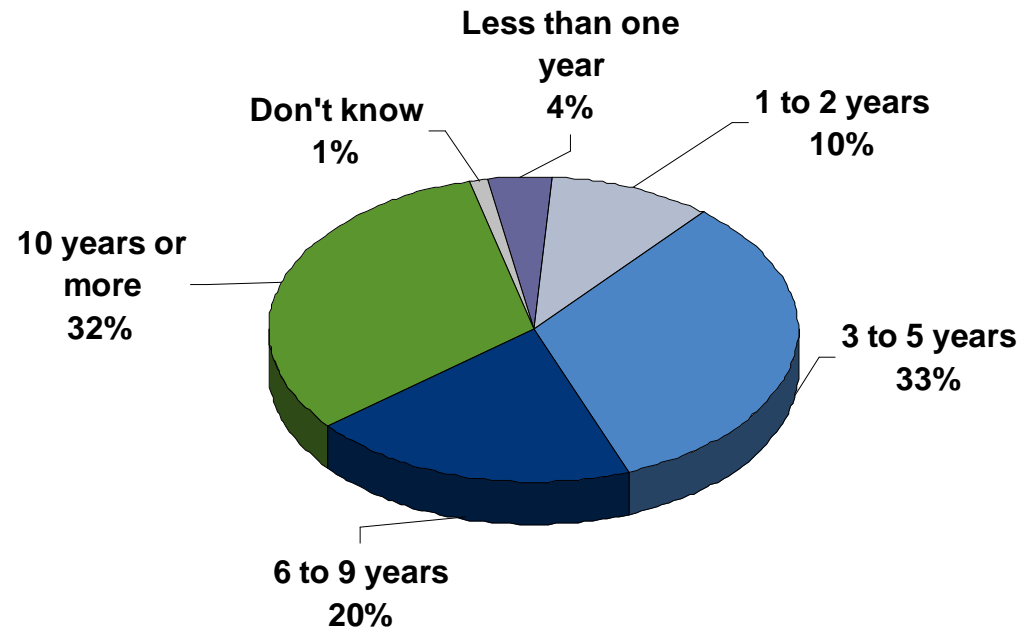


Q: To the best of your knowledge, is broadband or high speed Internet service available in the area where your organization is located?  
(n=206 rural MI businesses)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

# Years of Broadband Use

## Michigan businesses with broadband



**Approximately 164,000 Michigan businesses use broadband service, and the majority of these businesses have been subscribing for six years or more.**

Q: How many years has your organization been using broadband service?  
(n=627 MI businesses with a broadband connection)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

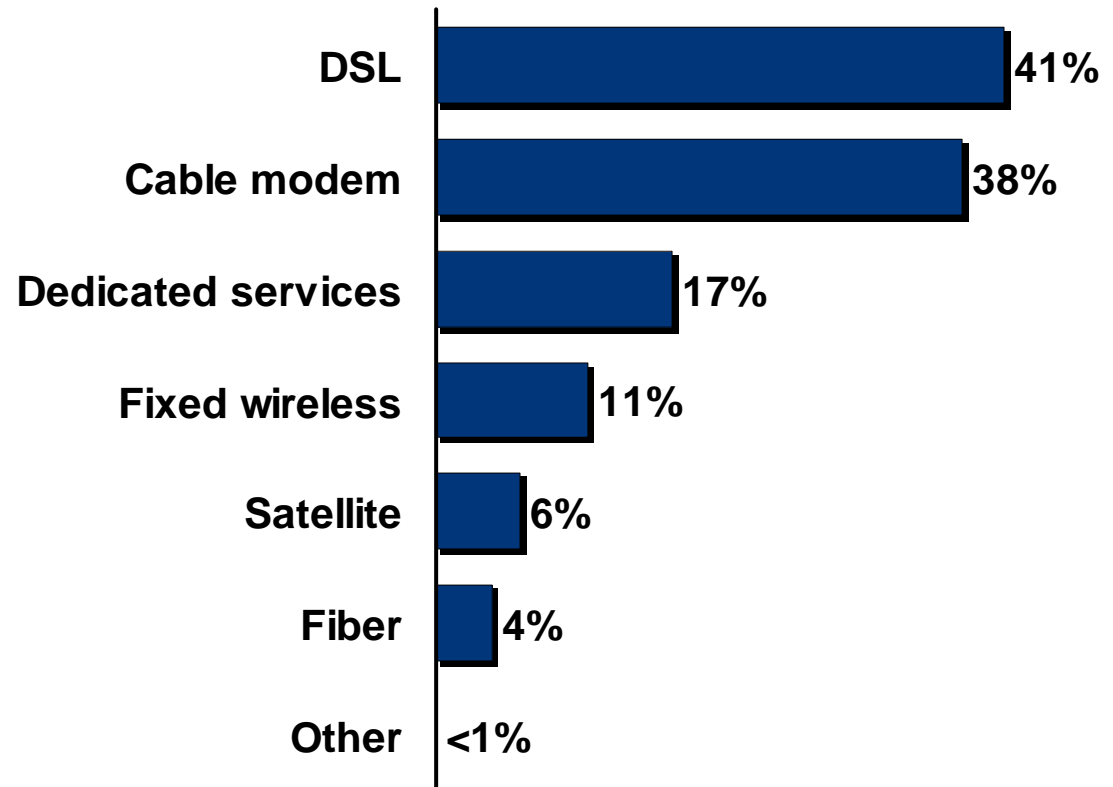


# Methods of Broadband Access

Percent of businesses that use broadband\*

**DSL service is the most popular broadband platform among Michigan businesses, followed by cable broadband and dedicated services.**

**Statewide, only 1% of businesses say that they rely exclusively on dial-up Internet service.**



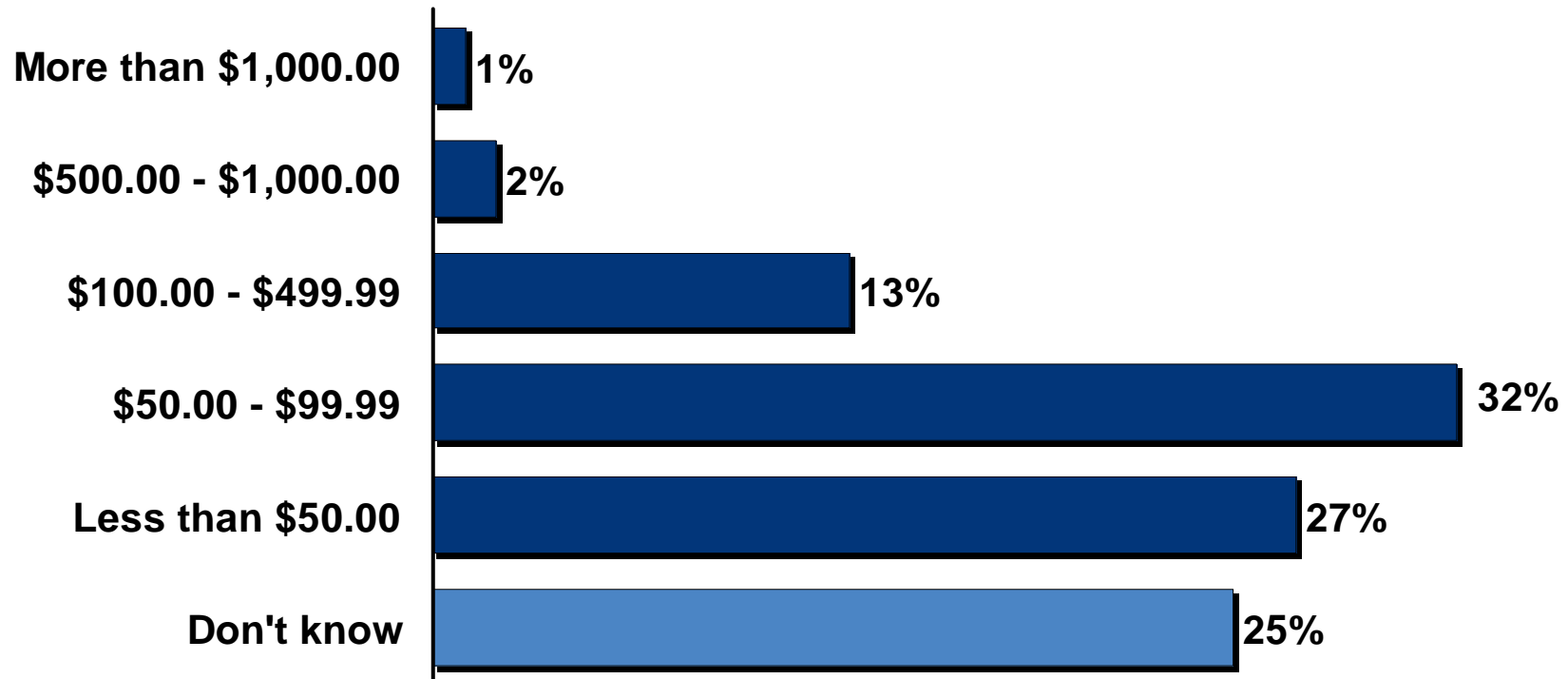
\*Percentages do not add up to 100% because businesses could give multiple responses.  
Q: Which of the following describes the type of Internet access your company has?  
(n=627 MI businesses with a broadband connection)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Median Monthly Broadband Access Fees

Monthly price that businesses pay for broadband service



**The median monthly fee for broadband service is \$67, while the average price is \$143 per month.**

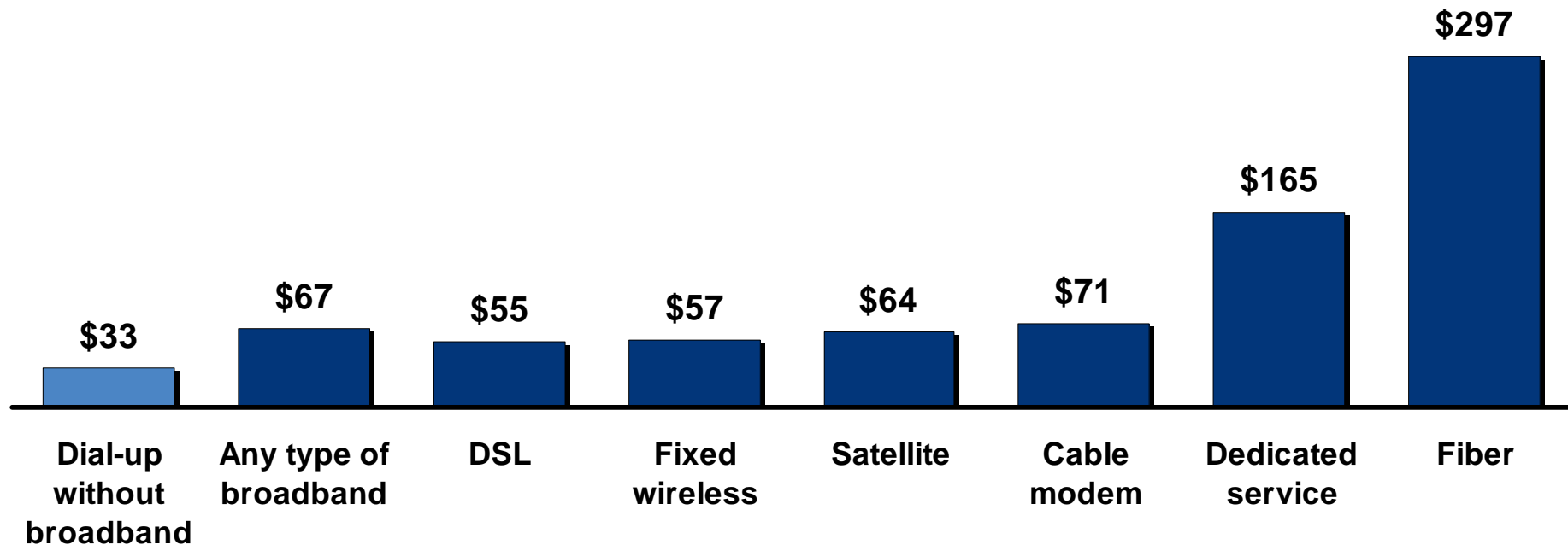
Q: How much per month does your organization pay for its Internet connection?  
(n=627 MI businesses with a broadband connection)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Median Monthly Costs by Type of Broadband Connection

The median monthly cost for broadband service is \$67 per month, with the lowest costs reported among businesses using DSL and the highest costs reported among businesses using fiber and dedicated services.



Q: How much per month does your organization pay for its Internet connection?  
(n=627 MI businesses with a broadband connection)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



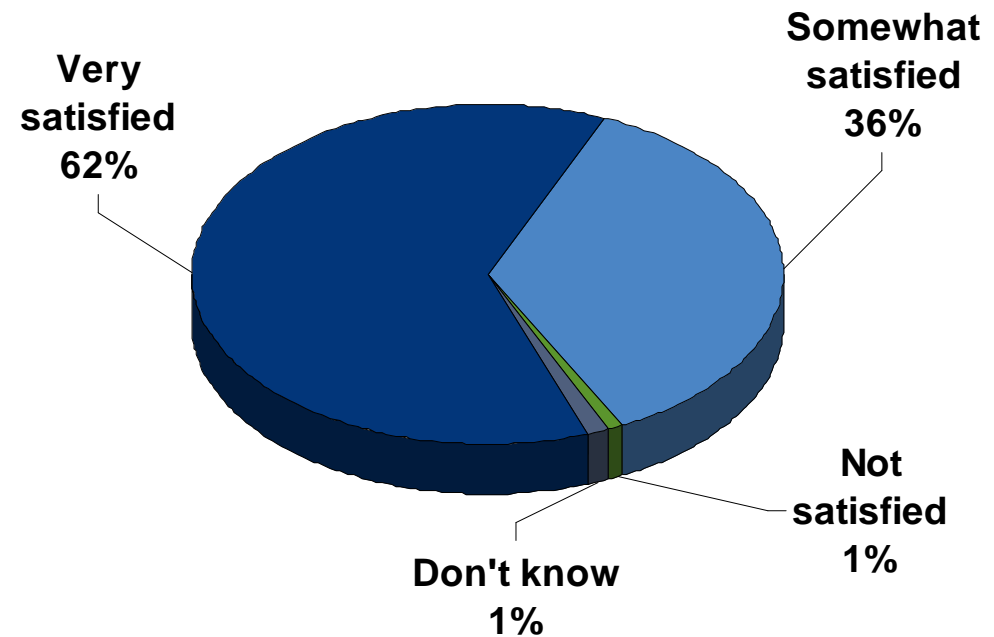
# Satisfaction With Broadband Service

Over three-fifths (62%) of Michigan businesses with broadband are “very satisfied” with their current service.

Another 36% of businesses are “somewhat satisfied.”

Only 1% of Michigan businesses that have broadband report being dissatisfied with their current broadband service.

Percent of Michigan businesses with broadband service



Q: How satisfied are you with your broadband service?  
(n=627 MI businesses with a broadband connection)

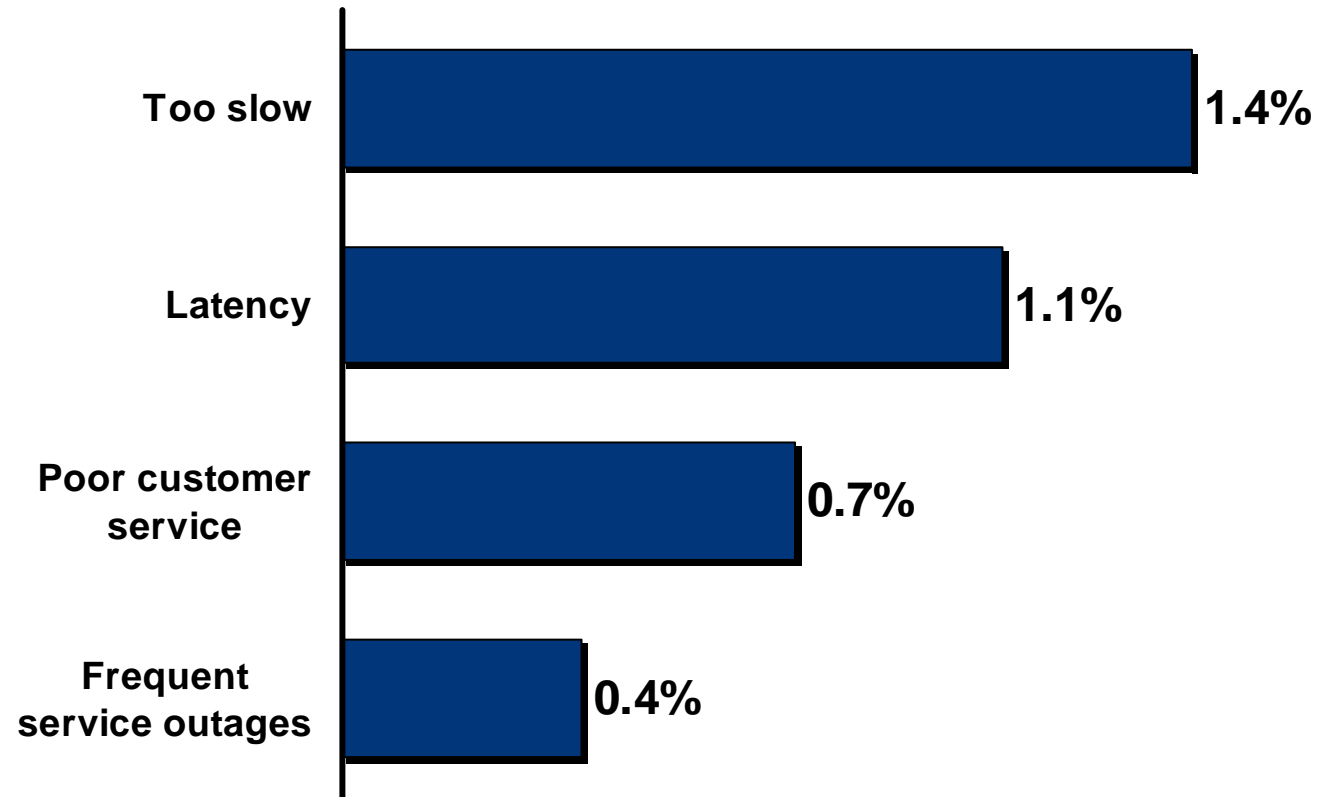
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Reasons for Dissatisfaction With Broadband Service

Among Michigan businesses with broadband service\*

Overall, 1% of Michigan businesses with broadband service report that they are dissatisfied with their current service.



\*Percentages do not add up to 100% because businesses could give multiple responses.  
Q: What is it about your broadband service that is not satisfactory?  
(n=627 MI businesses with a broadband connection)

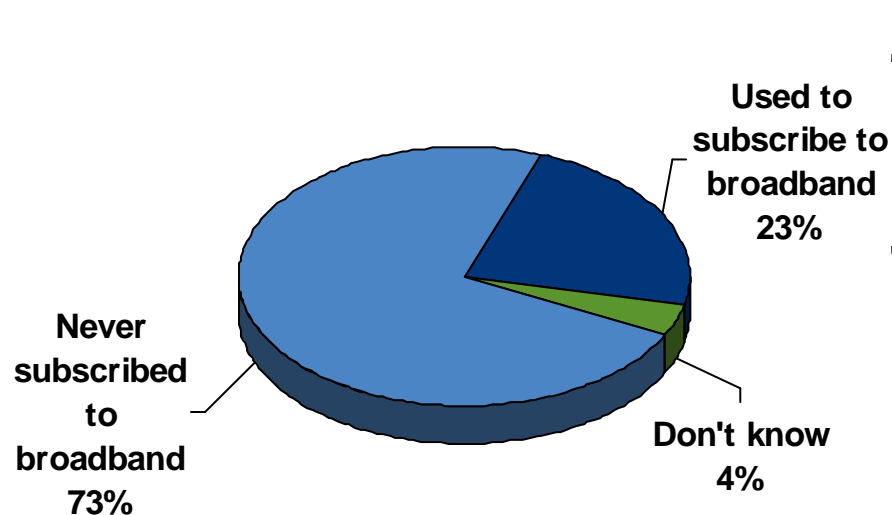
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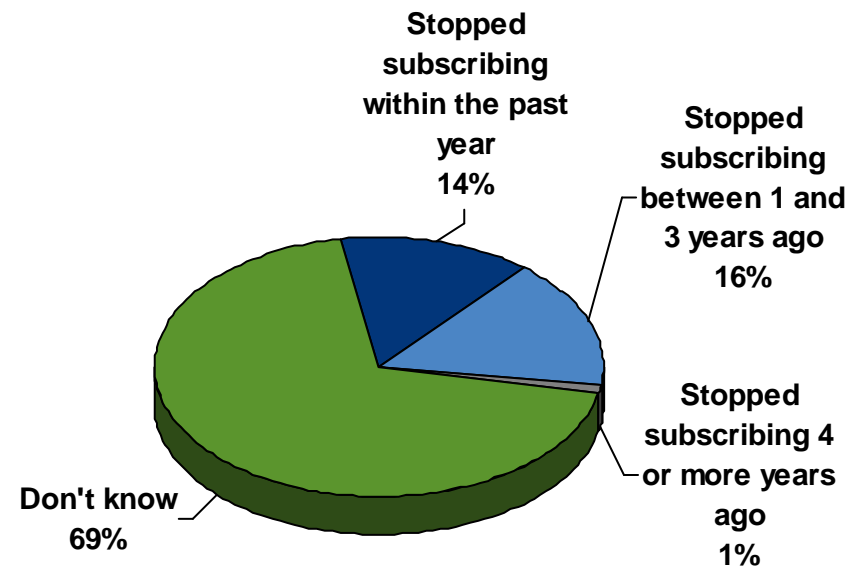
# Michigan Businesses That No Longer Subscribe to Broadband Service

Nearly one-quarter (23%) of Michigan businesses that do not currently subscribe to broadband service say they subscribed in the past. Of those that subscribed previously, 14% report dropping their broadband service in the past year.

Among Michigan businesses that do not subscribe to broadband



Among Michigan businesses that previously subscribed to broadband service



Q: Have you ever subscribed to broadband Internet service?  
 (n=174 MI businesses that do not subscribe to broadband service) and  
 Q: When did you stop subscribing to broadband service?  
 (n=42 MI businesses that do not subscribe to broadband, but have in the past)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# **Broadband Download Speeds Among Michigan Businesses**

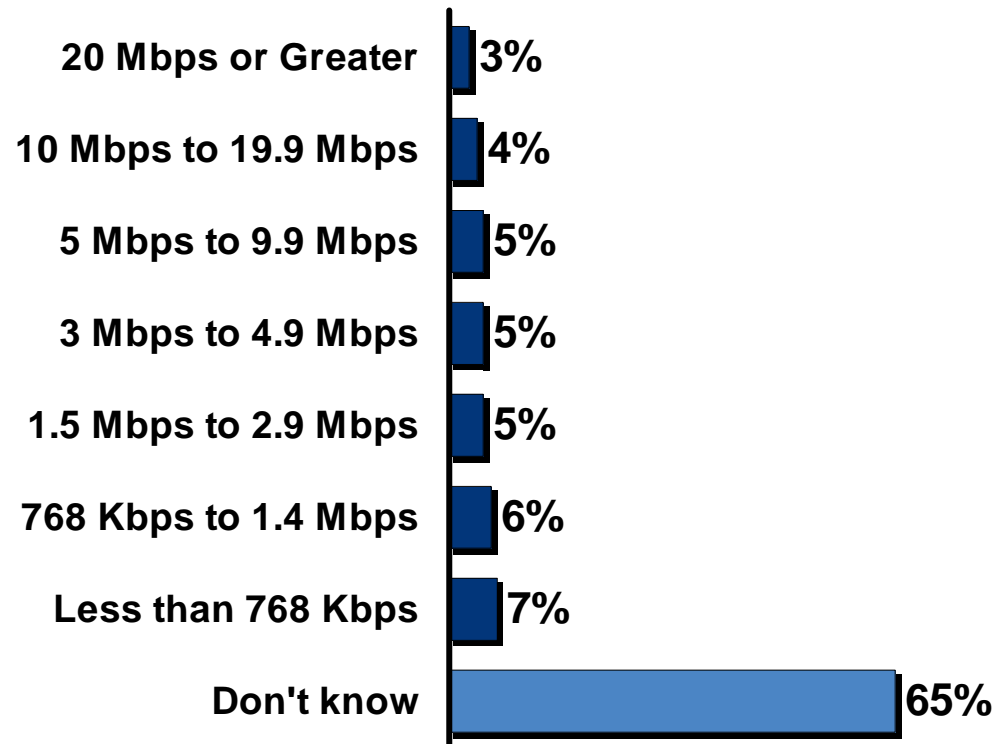


# Broadband Download Speeds

**Current reported download speeds**  
(among broadband-connected Michigan businesses)

Among broadband-connected Michigan businesses that know their advertised bandwidth, the average download speed is 6.3 Mbps.

Statewide, only 35% of broadband-connected Michigan businesses know their advertised download speed.



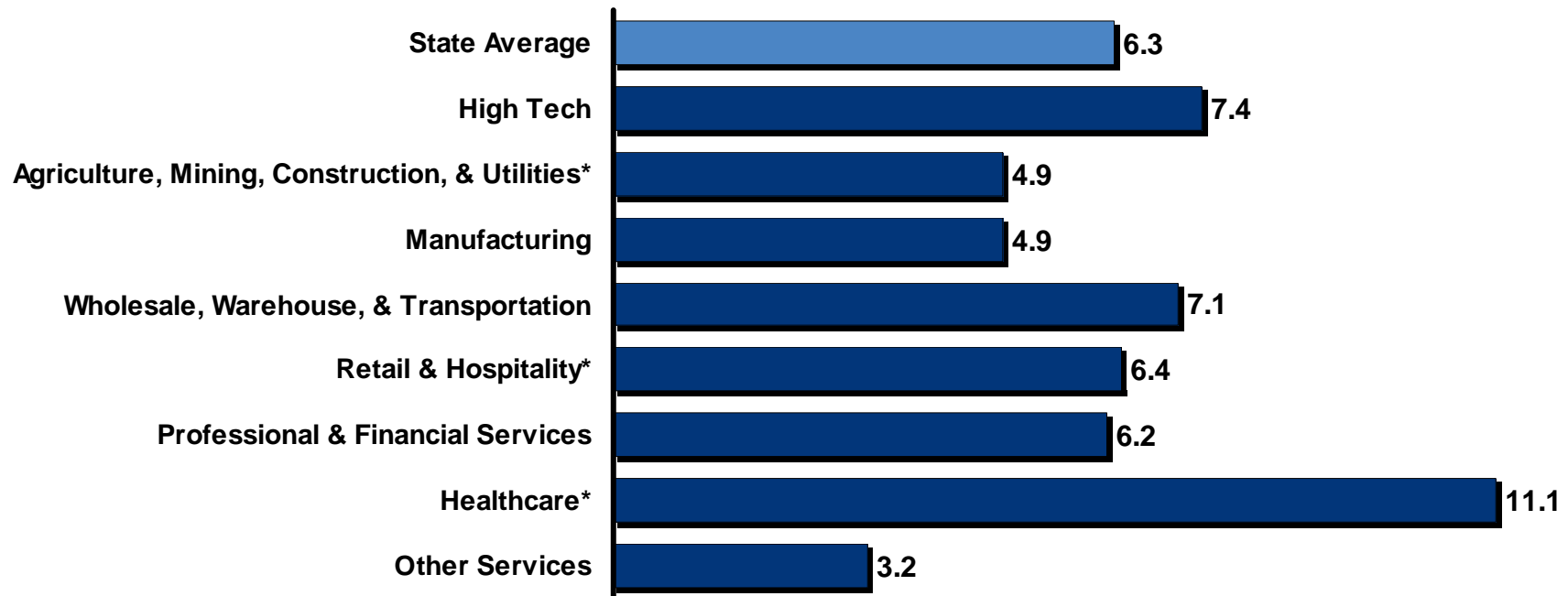
Q: To the best of your knowledge, what is the advertised bandwidth or download speed provided by your Internet service provider?  
(n=627 MI businesses with a broadband connection)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Average Broadband Download Speeds by Industry Sector

Average download speed (Mbps), by industry sector  
(among businesses that know their advertised bandwidth)



**Statewide, only 35% of broadband-connected Michigan businesses report knowing their advertised download speed.**

\*Sample size less than 30.

Q: To the best of your knowledge, what is the advertised bandwidth or download speed provided by your Internet service provider?

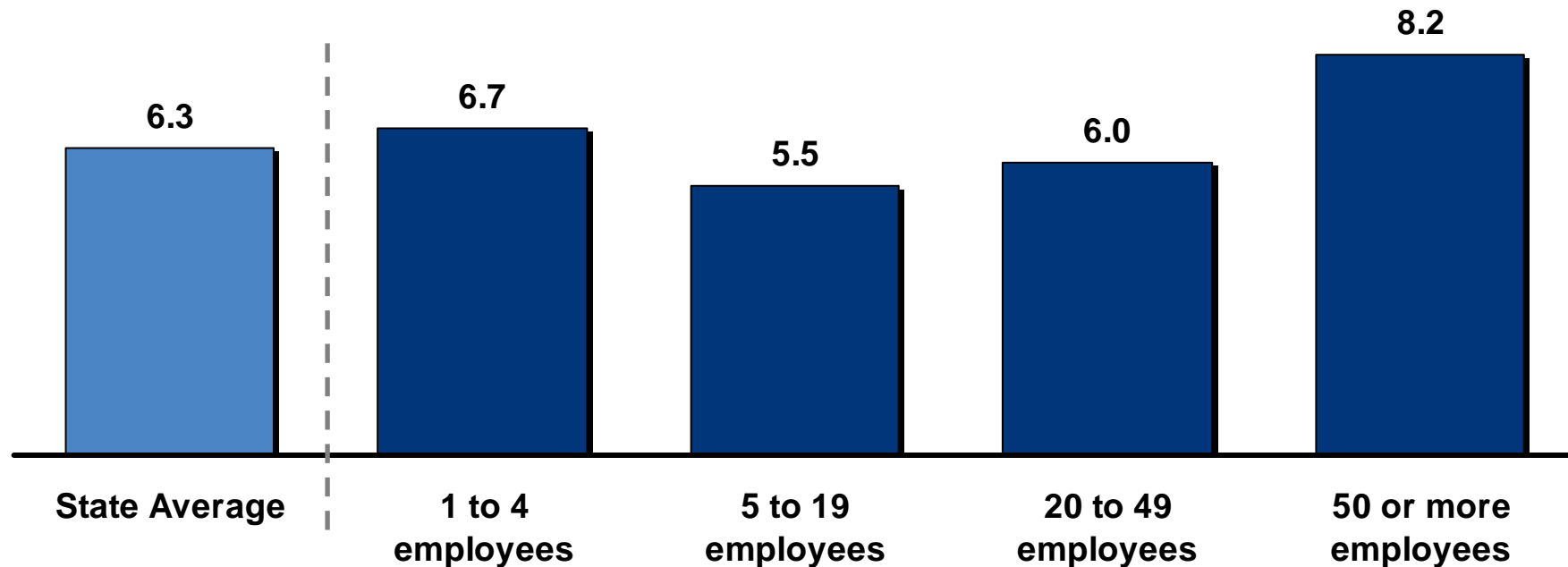
(n=280 broadband-connected MI businesses that know their advertised download speed)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Average Broadband Download Speeds by Business Size

Average download speed (Mbps), by business size  
(among businesses that know their advertised bandwidth)



**Broadband-connected businesses with 50 or more employees report the highest average download speed.**

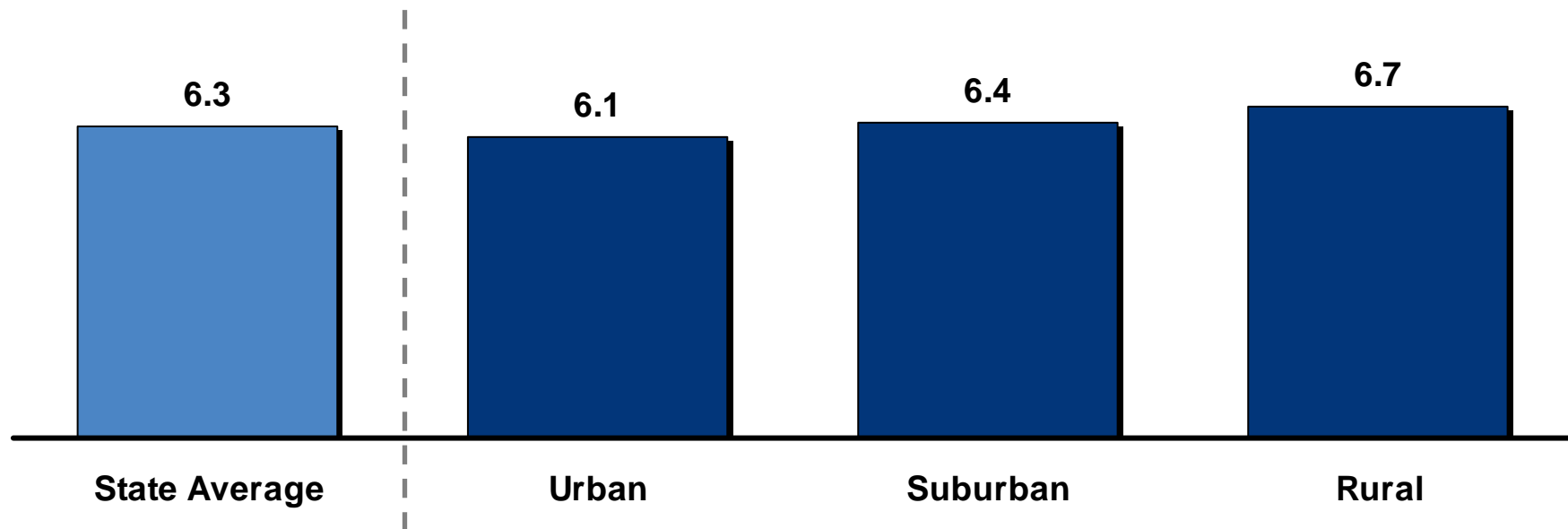
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Source: 2010 Connect Michigan  
Business Technology Assessment  
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# Average Broadband Download Speeds by Urban-Rural Classification

Average download speed (Mbps), by urban-rural classification  
(among businesses that know their advertised bandwidth)



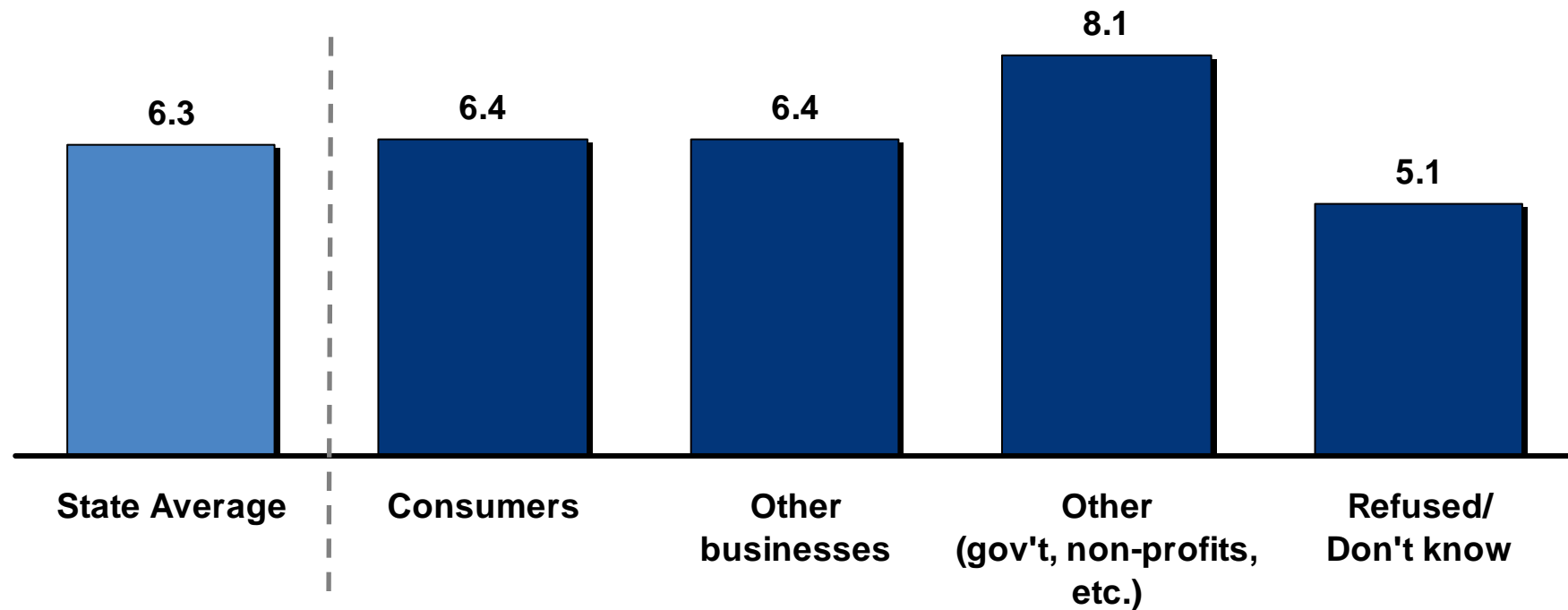
Q: To the best of your knowledge, what is the advertised bandwidth or download speed provided by your Internet service provider?  
(n=280 broadband-connected MI businesses that know their advertised download speed)

Source: 2010 Connect Michigan  
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[www.connectmi.org](http://www.connectmi.org)



# Average Broadband Download Speeds by Primary Customer

Average download speed (Mbps), by primary customer  
(among businesses that know their advertised bandwidth)



Q: To the best of your knowledge, what is the advertised bandwidth or download speed provided by your Internet service provider?  
(n=280 broadband-connected MI businesses that know their advertised download speed)

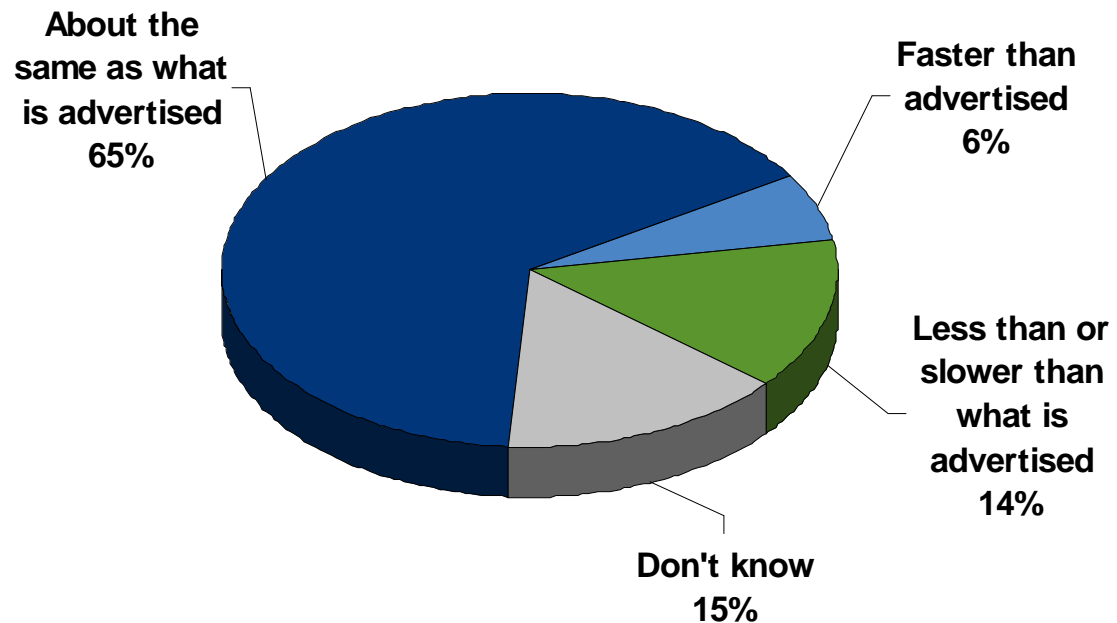
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Actual Broadband Speeds Compared to Advertised Speeds

How actual broadband speeds compare to advertised speeds  
(among broadband-connected Michigan businesses)

**More than seven out of ten broadband-connected businesses say their actual broadband speeds are about the same or faster than advertised.**



Q: To what extent would you say the actual speeds your business receives compare to the speeds advertised by the Internet provider you use? (n=627 MI businesses with a broadband connection)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

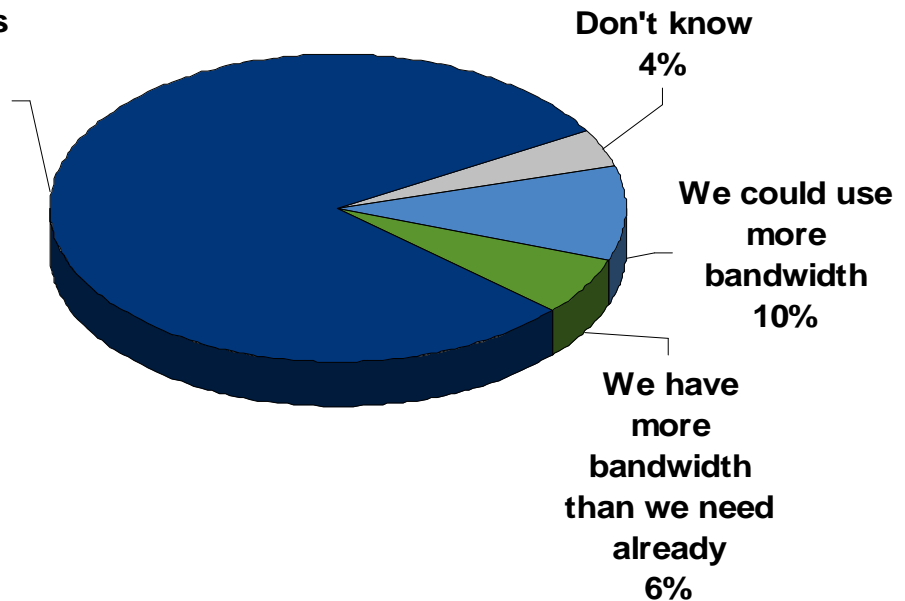
# Satisfaction With Bandwidth Speeds

**Percent of Michigan businesses with broadband service**

**More than three-fourths (80%) of Michigan businesses with broadband say that their current bandwidth is “about right” for their current needs. Another 6% of businesses report that they have more than they need.**

**However, 10% of Michigan businesses report that they could use more bandwidth.**

**Our current bandwidth is about right for our current needs 80%**



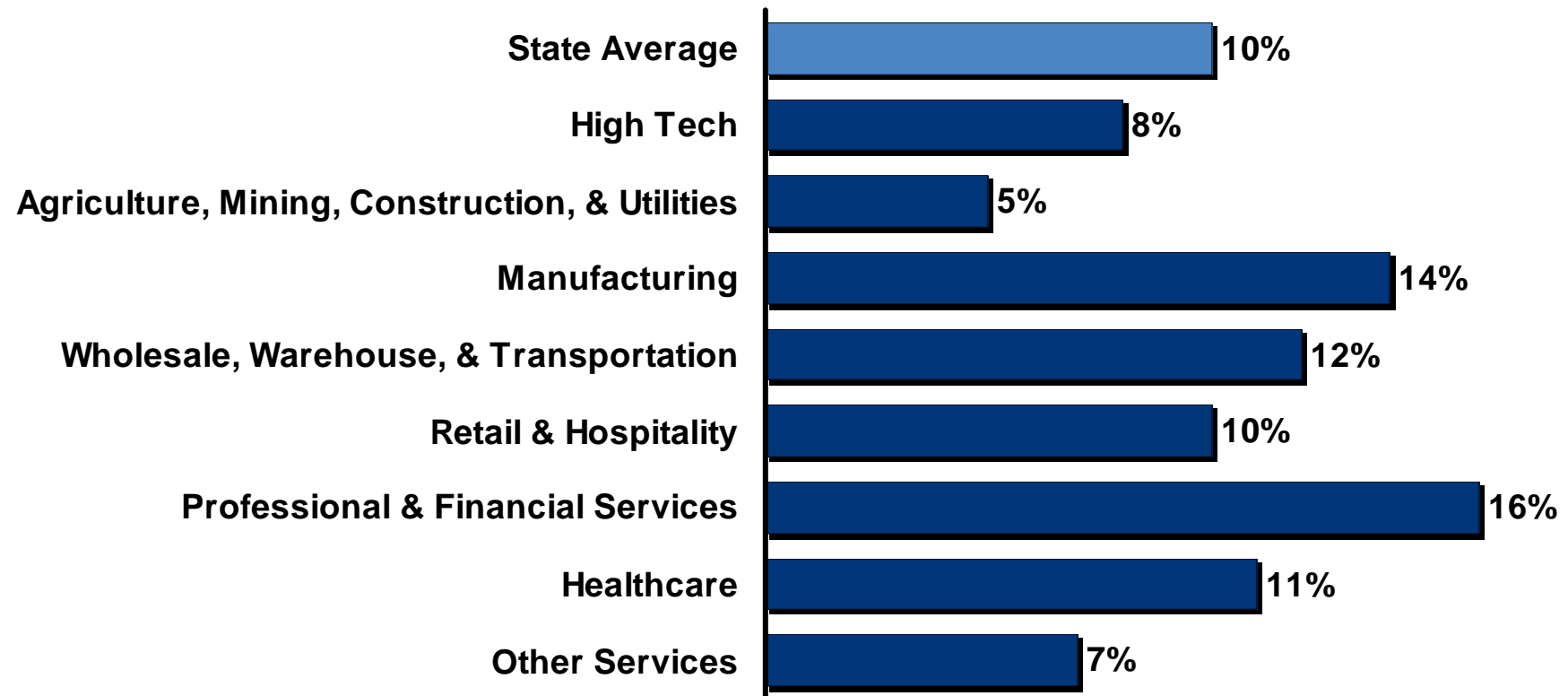
Q: How well does your current bandwidth meet your needs?  
(n=627 MI businesses with a broadband connection)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Businesses That Need More Bandwidth by Industry Sector

Percent of broadband-connected businesses that say they need more bandwidth



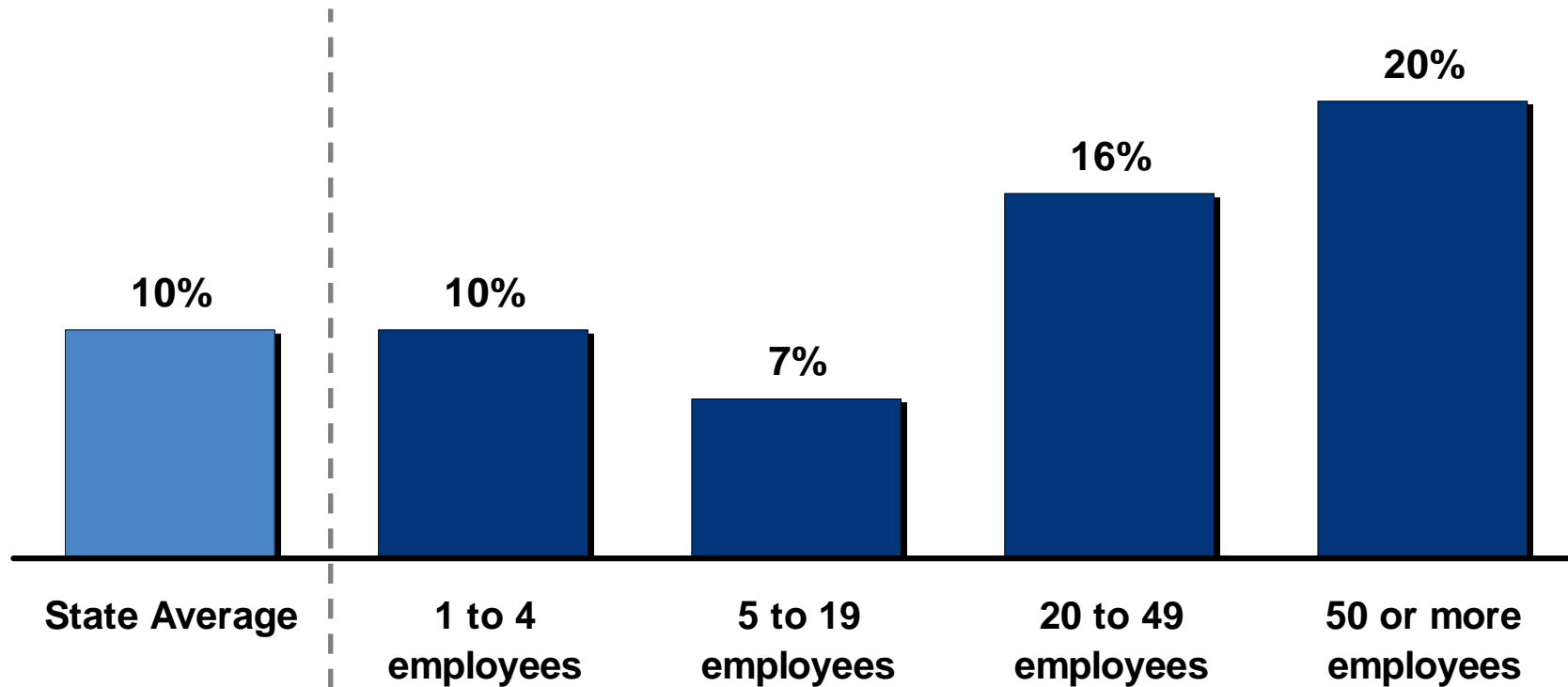
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# Businesses That Need More Bandwidth by Business Size

Percent of broadband-connected businesses that say they need more bandwidth



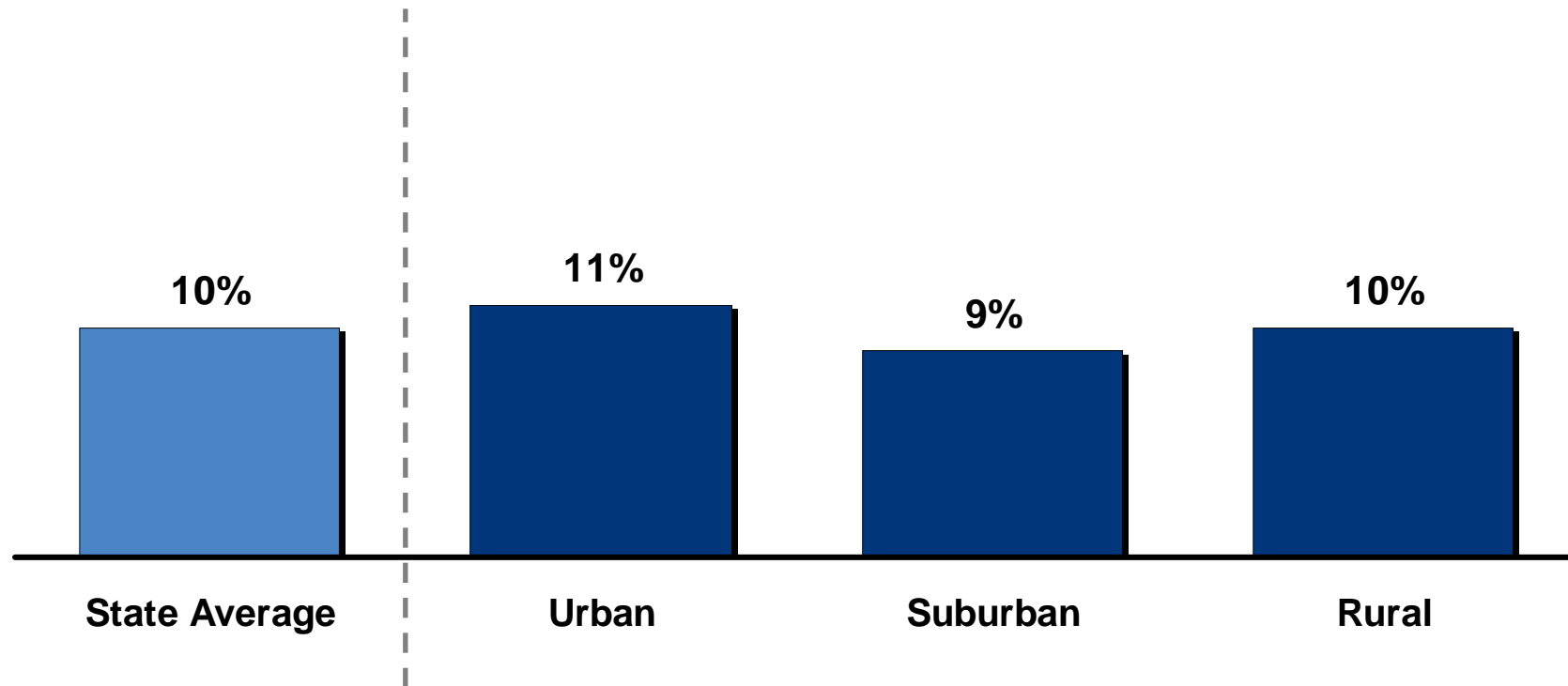
Q: How well does your current bandwidth meet your needs?  
(n=627 MI businesses with a broadband connection)

Source: 2010 Connect Michigan  
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[www.connectmi.org](http://www.connectmi.org)



# Businesses That Need More Bandwidth by Urban-Rural Classification

Percent of broadband-connected businesses that say they need more bandwidth



Q: How well does your current bandwidth meet your needs?  
(n=627 MI businesses with a broadband connection)

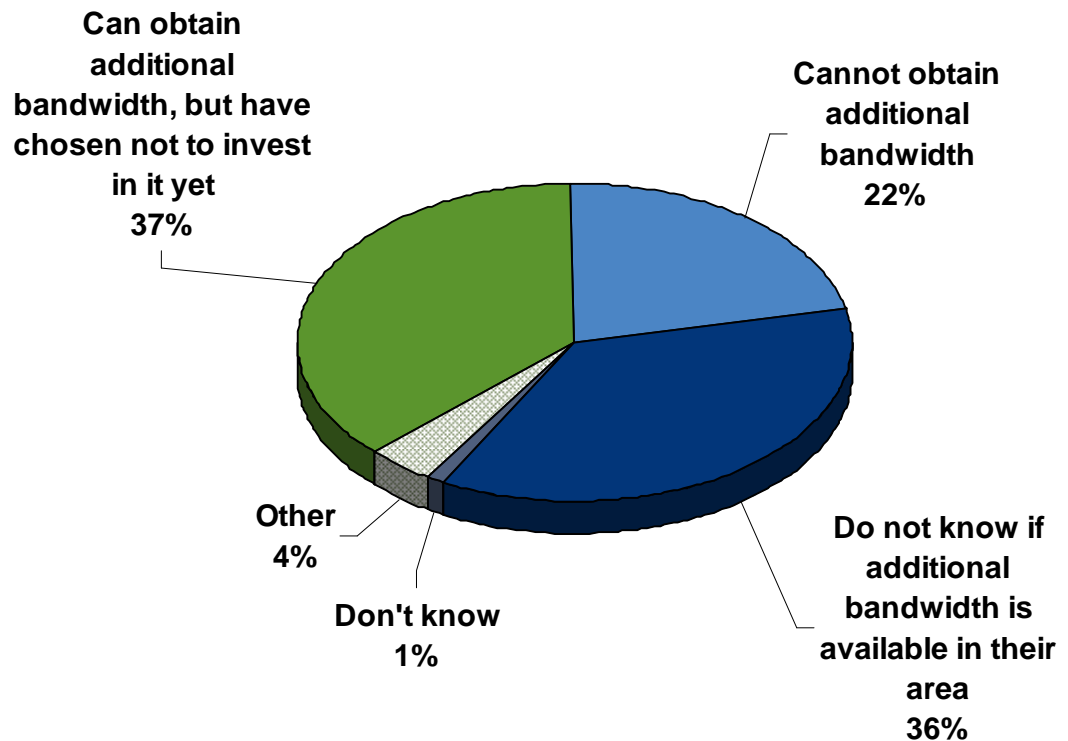
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Demand for Greater Bandwidth Among Michigan Businesses

Among businesses that say they need more bandwidth

Among Michigan businesses that say they need more bandwidth, more than seven out of ten have chosen not to invest in broadband yet or have not researched whether faster service is available.



Q: Which of the following apply to your company's need for additional bandwidth?  
(n=82 MI businesses that have broadband and say they could use more bandwidth)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Internet Adoption Among Michigan Businesses



# Internet Adoption Among Michigan Businesses

Percent of all Michigan businesses that use *either* dial-up *or* broadband Internet service



**Statewide, 74% of all Michigan businesses subscribe to Internet service (either dial-up or broadband). This translates into approximately 61,000 businesses that do not use the Internet.**

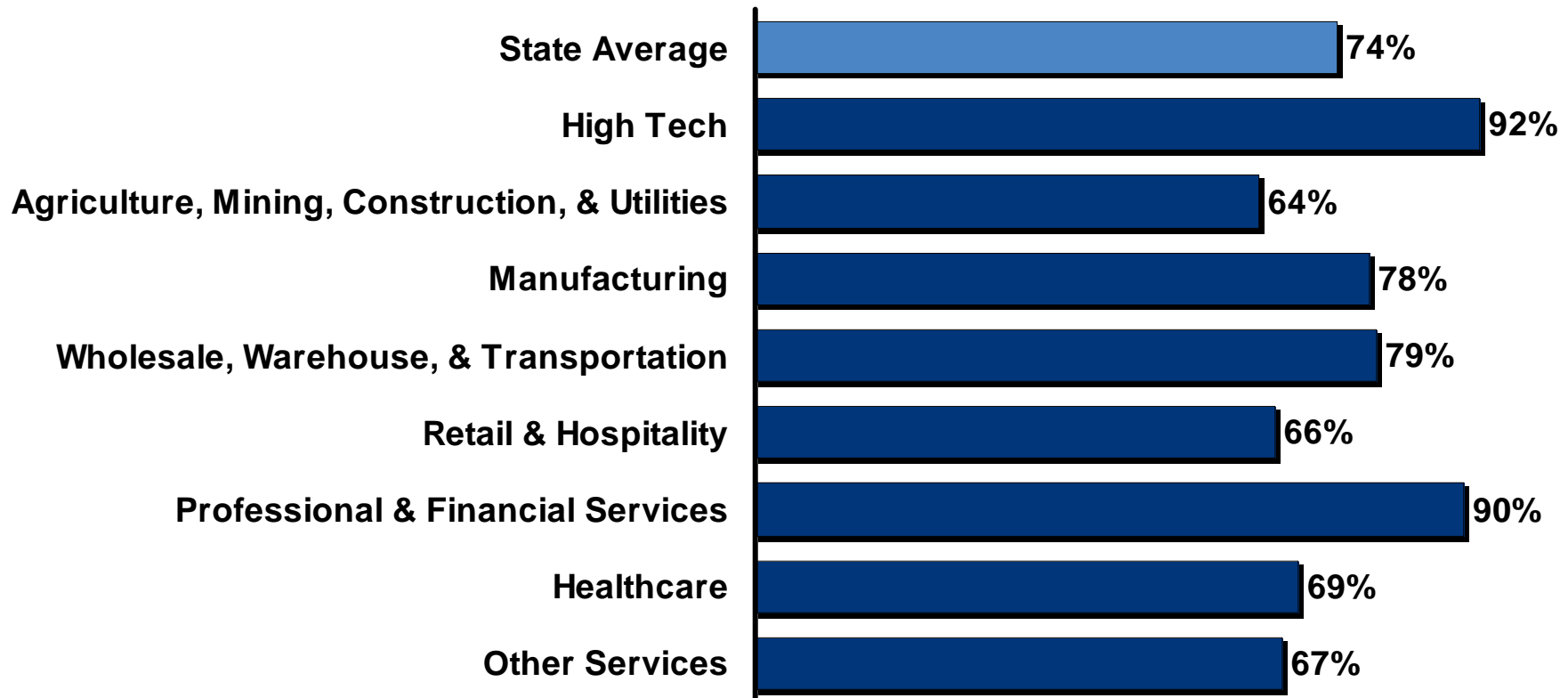
Q: Does your company use the Internet to handle any of your business functions?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Internet Adoption (Dial-Up or Broadband) by Industry Sector

Percent of Michigan businesses that use *either* dial-up or broadband Internet service



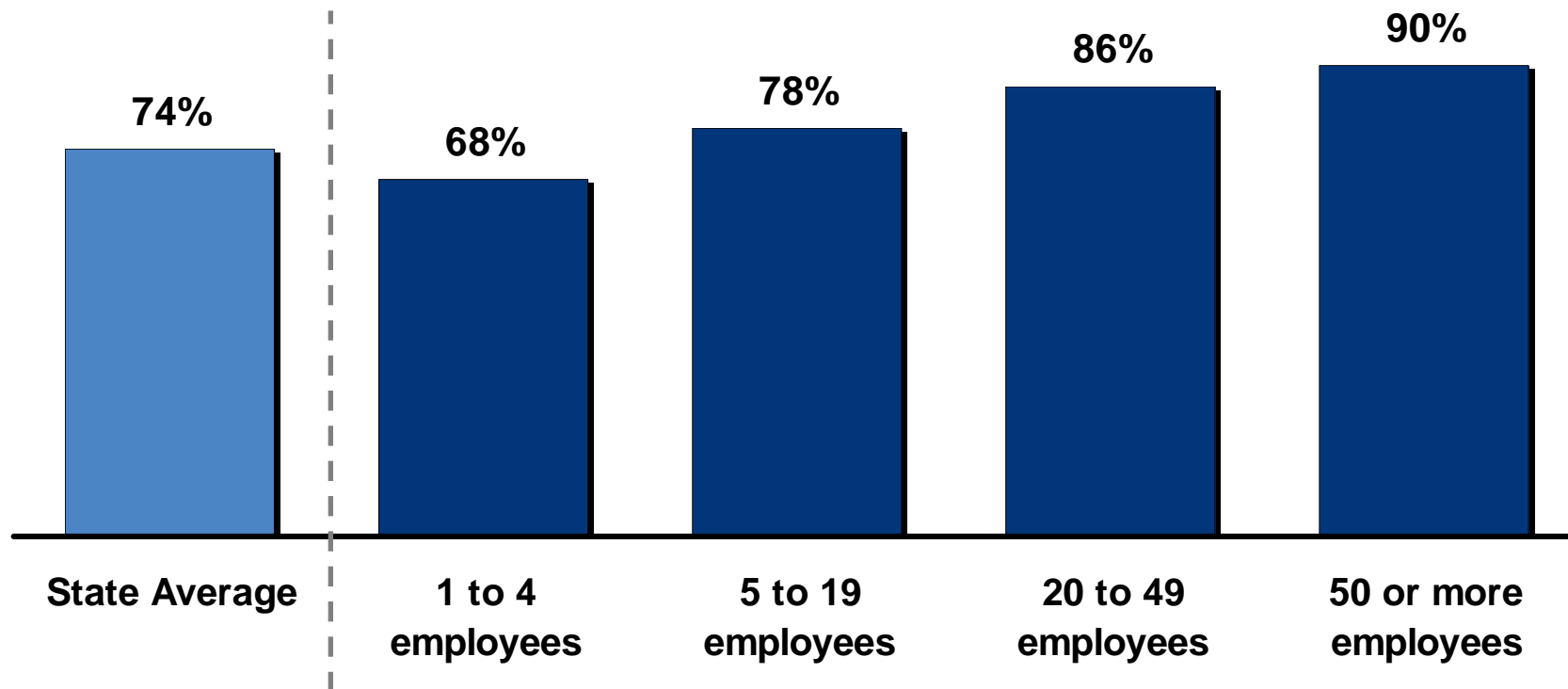
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# Internet Adoption (Dial-Up or Broadband) by Business Size

Percent of Michigan businesses that use *either* dial-up or broadband Internet service



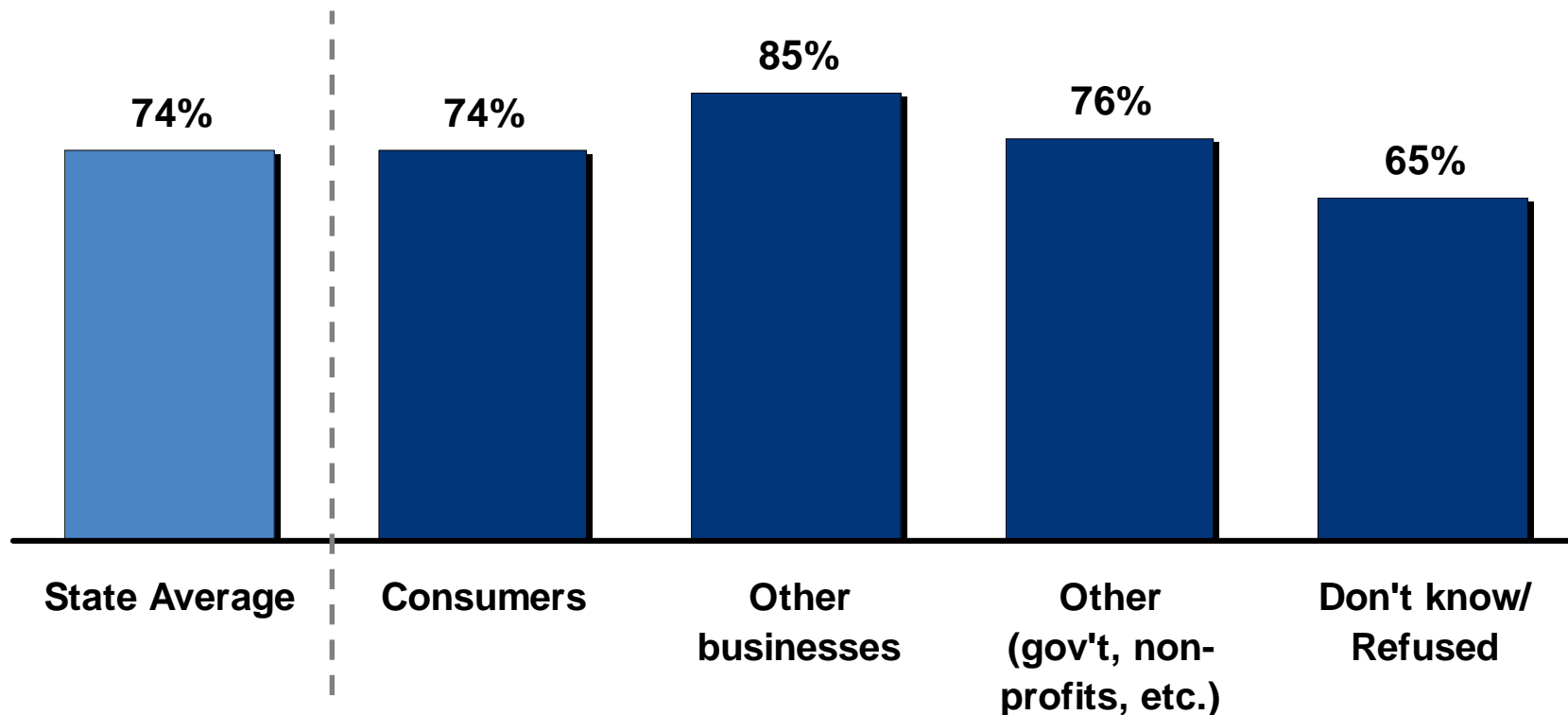
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# Internet Adoption (Dial-Up or Broadband) by Primary Customer

Percent of Michigan businesses that use *either* dial-up or broadband Internet service



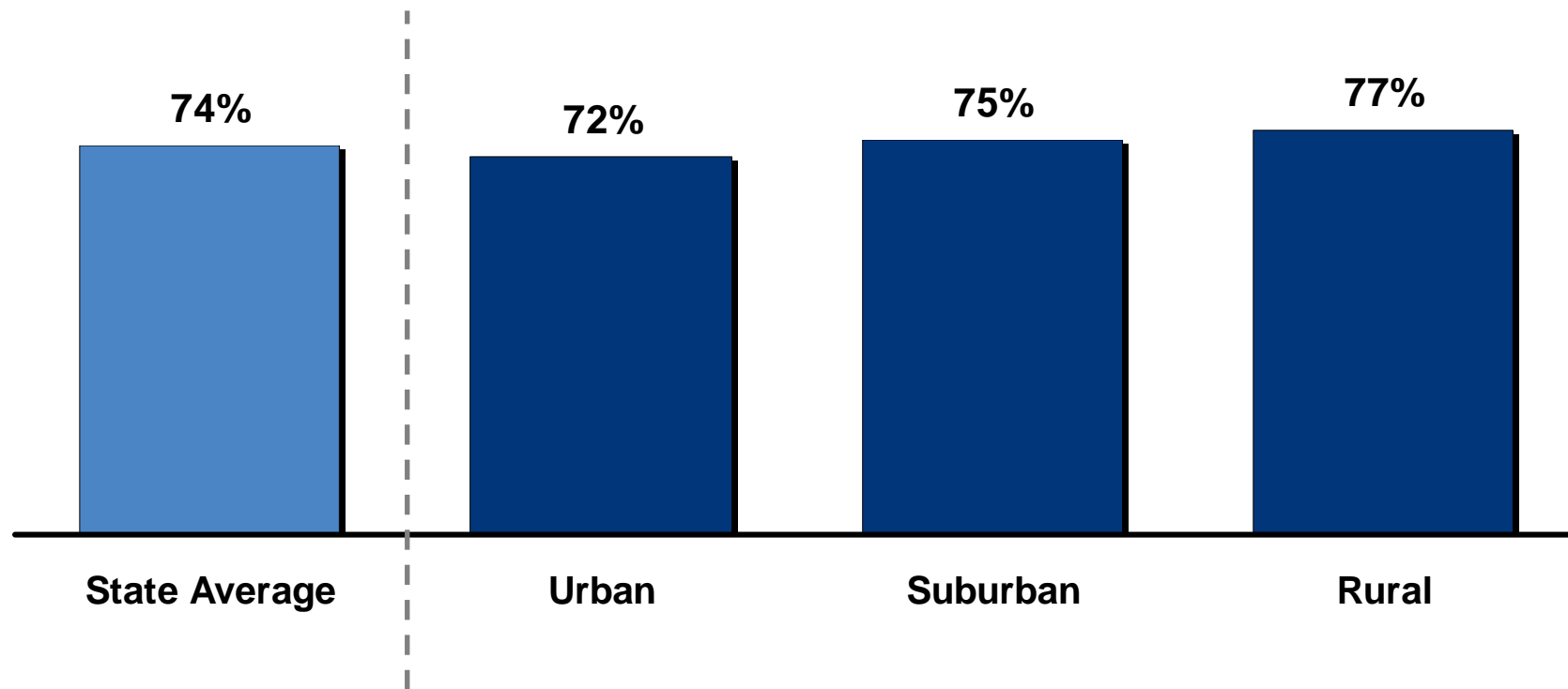
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# Internet Adoption (Dial-Up or Broadband) by Urban-Rural Classification

Percent of Michigan businesses that use *either* dial-up or broadband Internet service



Q: Does your company use the Internet to handle any of your business functions?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
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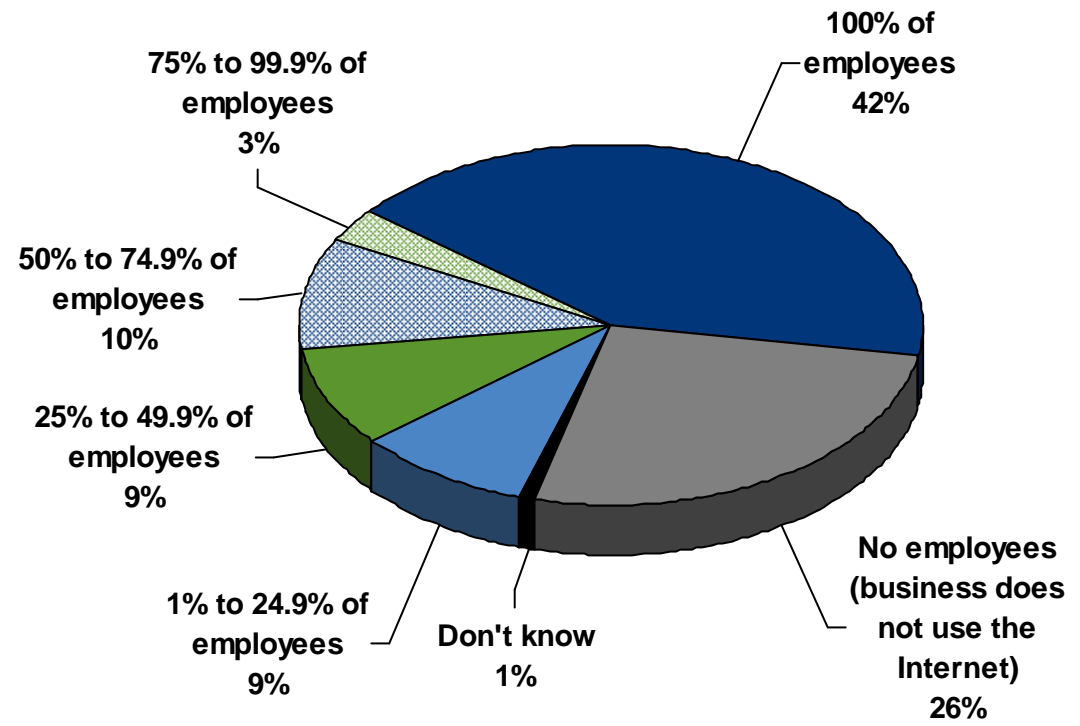


# Percent of Employees Who Use the Internet (Dial-Up or Broadband) for Work Functions

Among all Michigan businesses

At more than two-fifths of Michigan businesses, every employee uses the Internet for their work functions.

On average, 74% of employees at Internet-connected businesses rely on the Internet for their work.



Q: How many employees at this business location use the Internet for business purposes?  
(n=801 MI businesses)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



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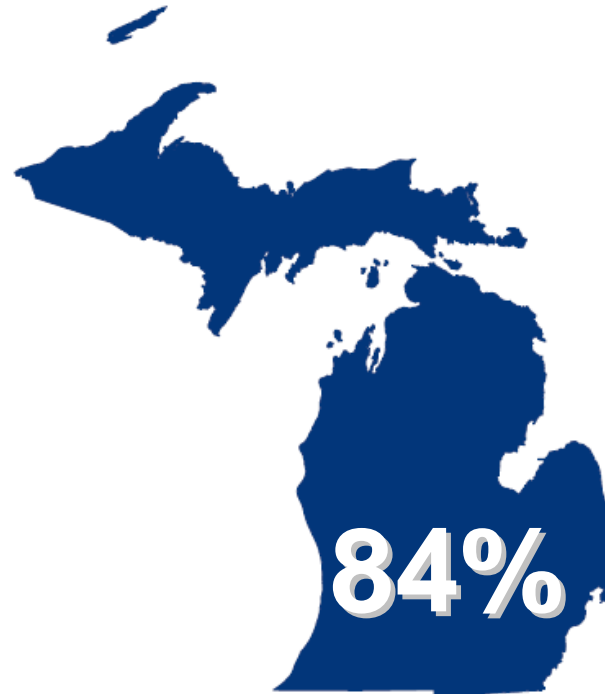


# Use of Computer Technology Among Michigan Businesses



# Use of Computer Technology

Percent of all Michigan businesses that use computer technology



**Statewide, 84% of all Michigan businesses use a computer.  
This translates into approximately 37,000 businesses that do not use a computer.**

Q: Does your company use any type of computer technology to handle some or all of its business functions (for example: sales, cash receipts, accounting, inventory control or management reporting)?  
(n=801 MI businesses)

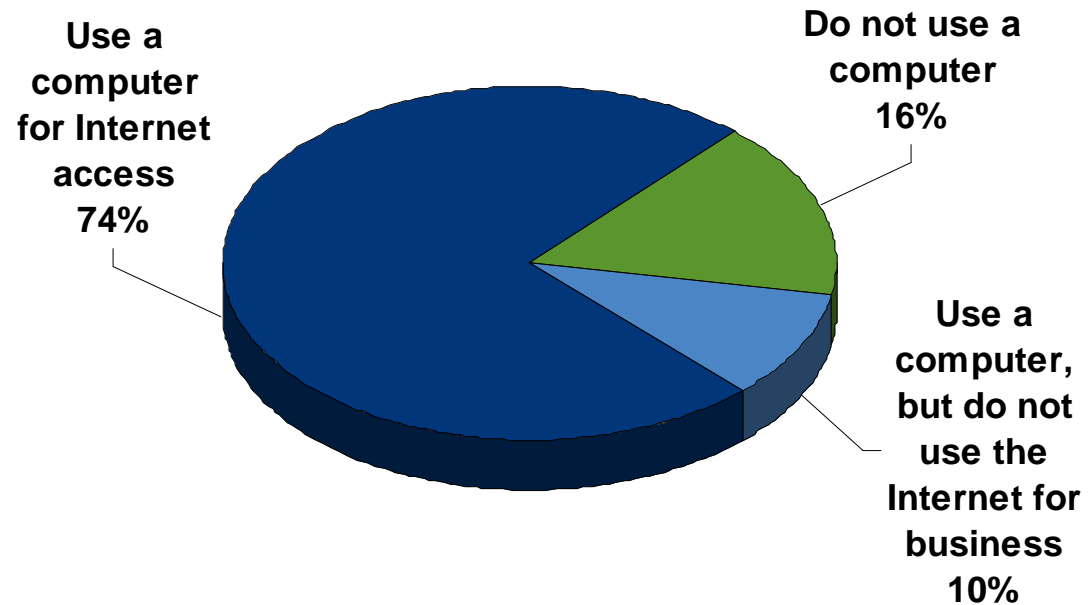
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Use of Computers and the Internet (Either Dial-Up or Broadband)

Percent of all Michigan businesses

**Nearly three-fourths of Michigan businesses (74%, or approximately 174,000 businesses) say that they use the Internet for their business functions.**



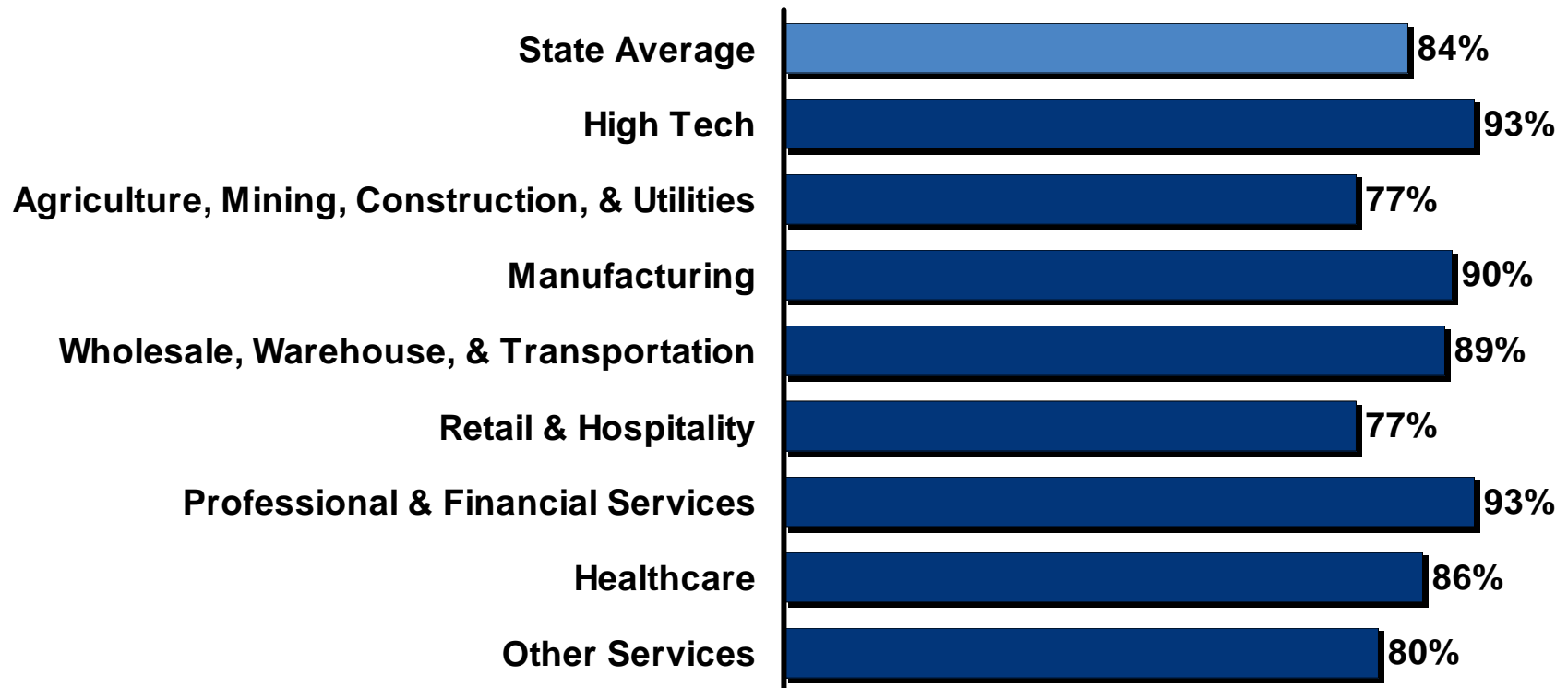
Q: Does your company use the Internet to handle any of your business functions?, and  
Q: Does your company use any type of computer technology to handle some or all of its business functions (for example: sales, cash receipts, accounting, inventory control or management reporting)?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Computer Use by Industry Sector

Percent of Michigan businesses that use a computer for their business functions



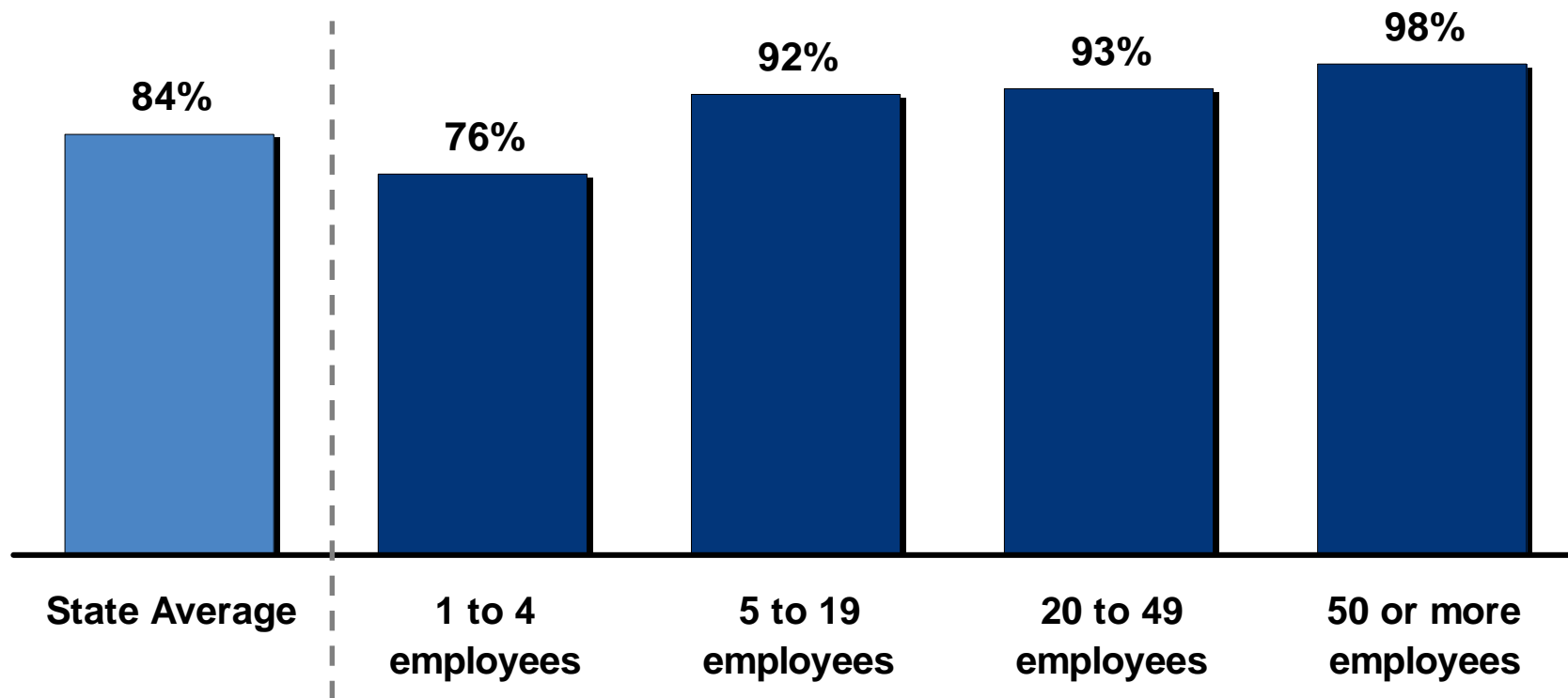
Q: Does your company use any type of computer technology to handle some or all of its business functions (for example: sales, cash receipts, accounting, inventory control or management reporting)?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Computer Use by Business Size

Percent of Michigan businesses that use a computer for their business functions



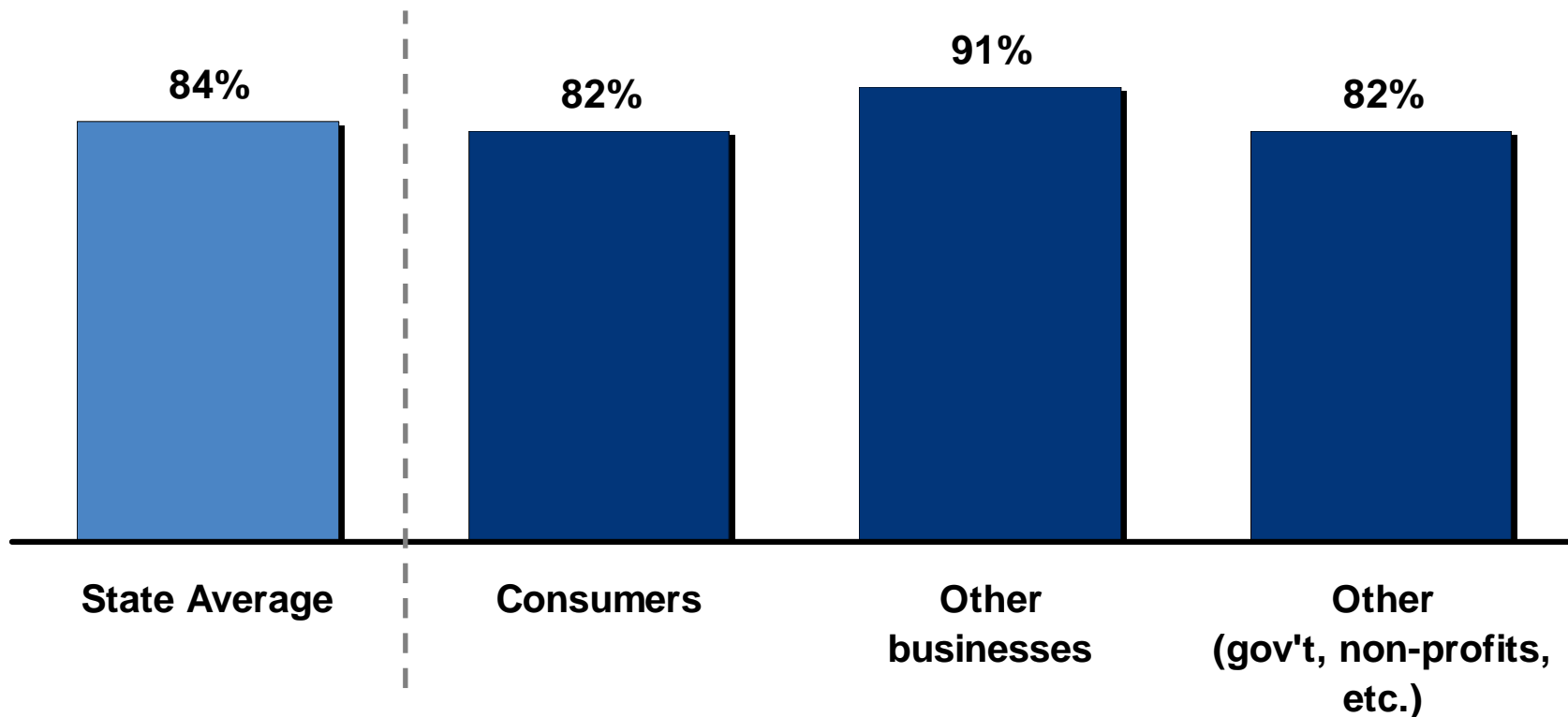
Q: Does your company use any type of computer technology to handle some or all of its business functions (for example: sales, cash receipts, accounting, inventory control or management reporting)?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Computer Use by Primary Customer

Percent of Michigan businesses that use a computer for their business functions



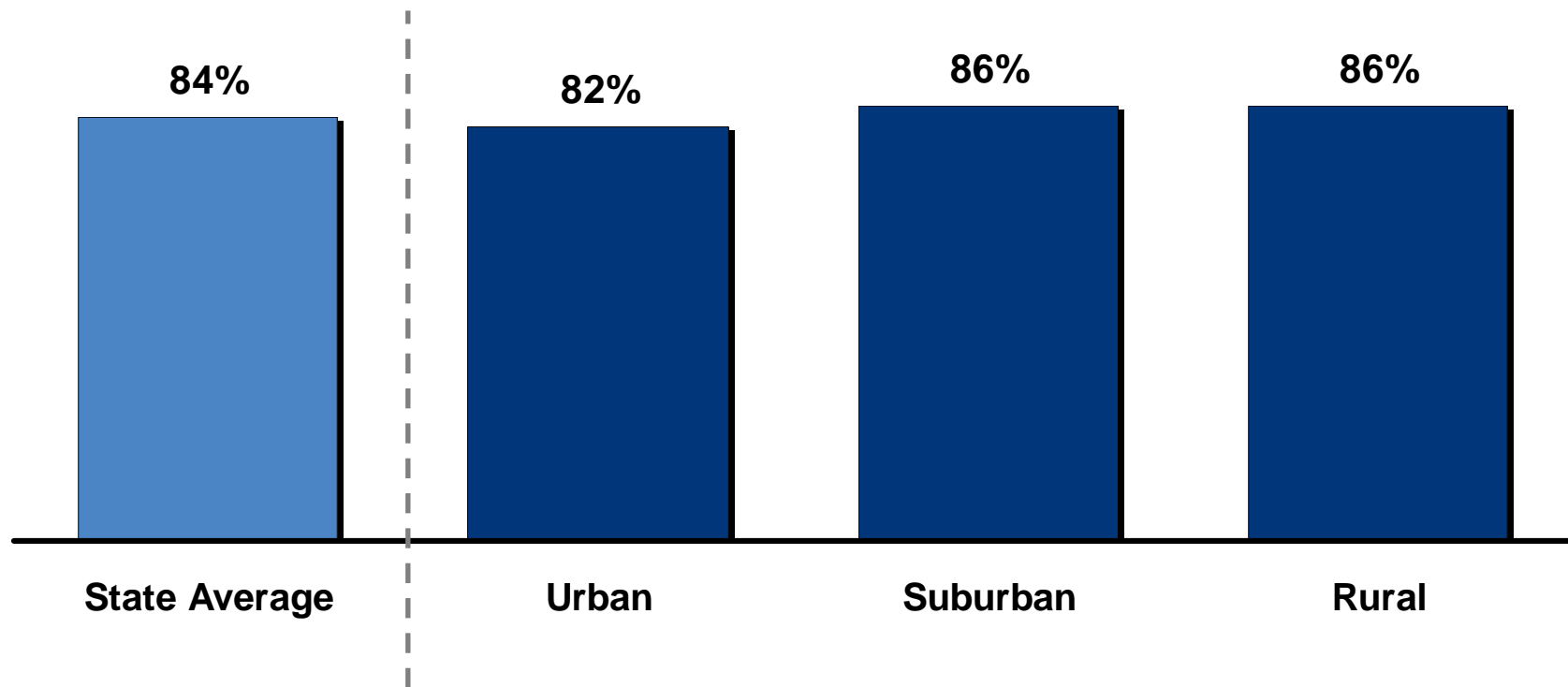
Q: Does your company use any type of computer technology to handle some or all of its business functions (for example: sales, cash receipts, accounting, inventory control or management reporting)?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Computer Use by Urban-Rural Classification

Percent of Michigan businesses that use a computer for their business functions



Q: Does your company use any type of computer technology to handle some or all of its business functions (for example: sales, cash receipts, accounting, inventory control or management reporting)?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



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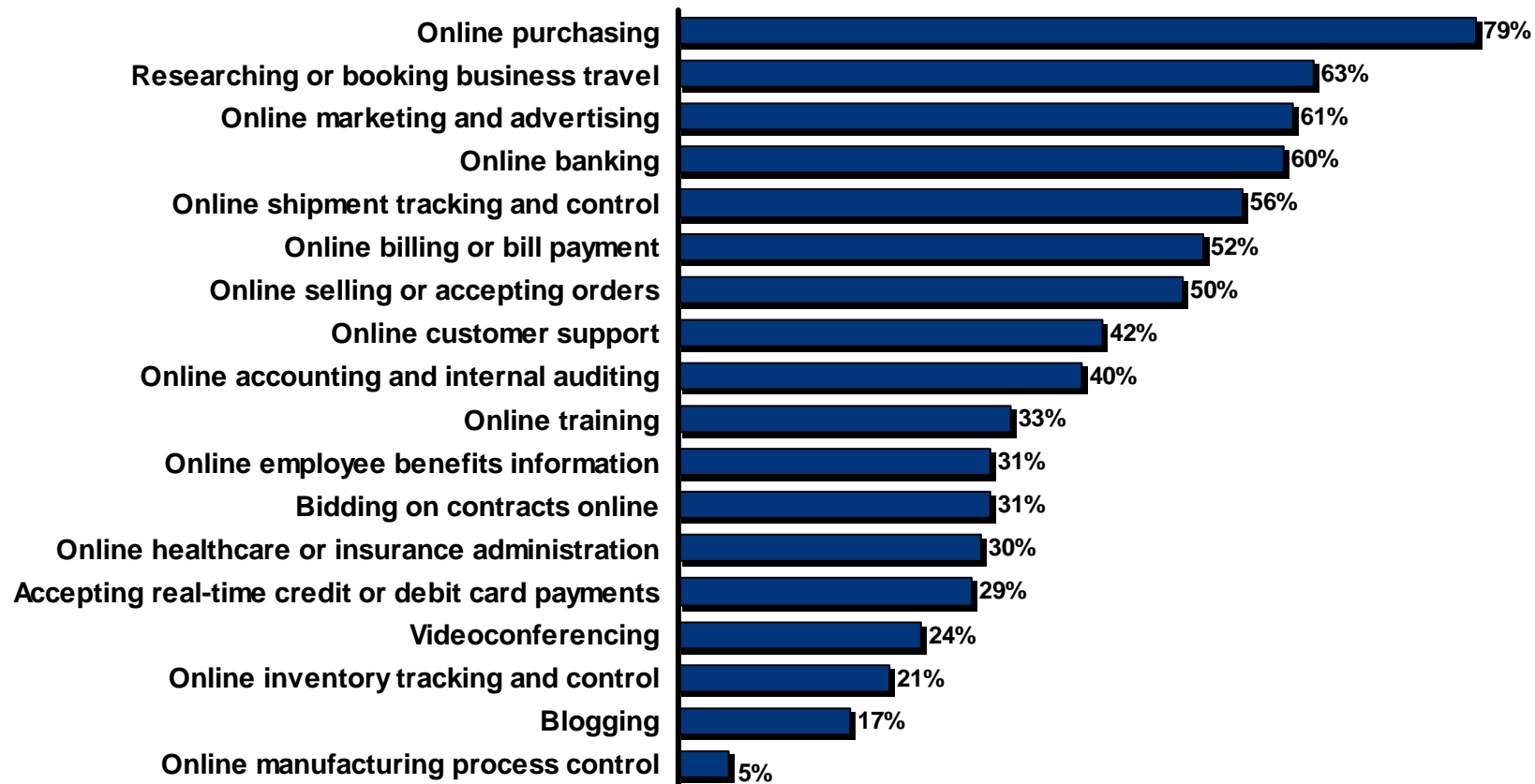


# Uses for the Internet



# Uses for the Internet Among Michigan Businesses

Among Internet-connected Michigan businesses (using dial-up or broadband)



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

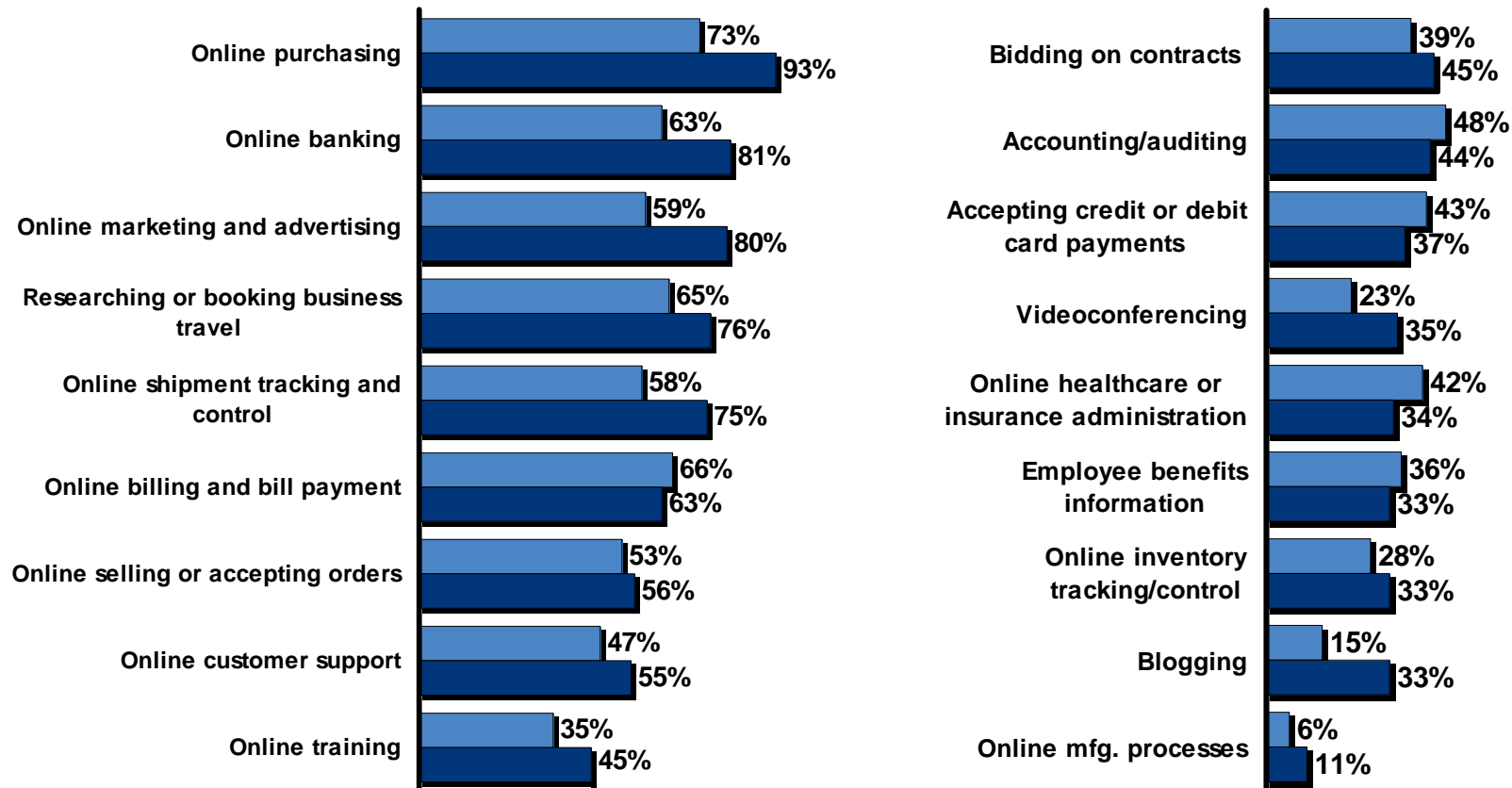
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Uses for the Internet by Broadband Download Speeds

■ Download speed is less than 3 Mbps

■ Download speed is 3 Mbps or greater



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=280 broadband-connected MI businesses that know their advertised download speed)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

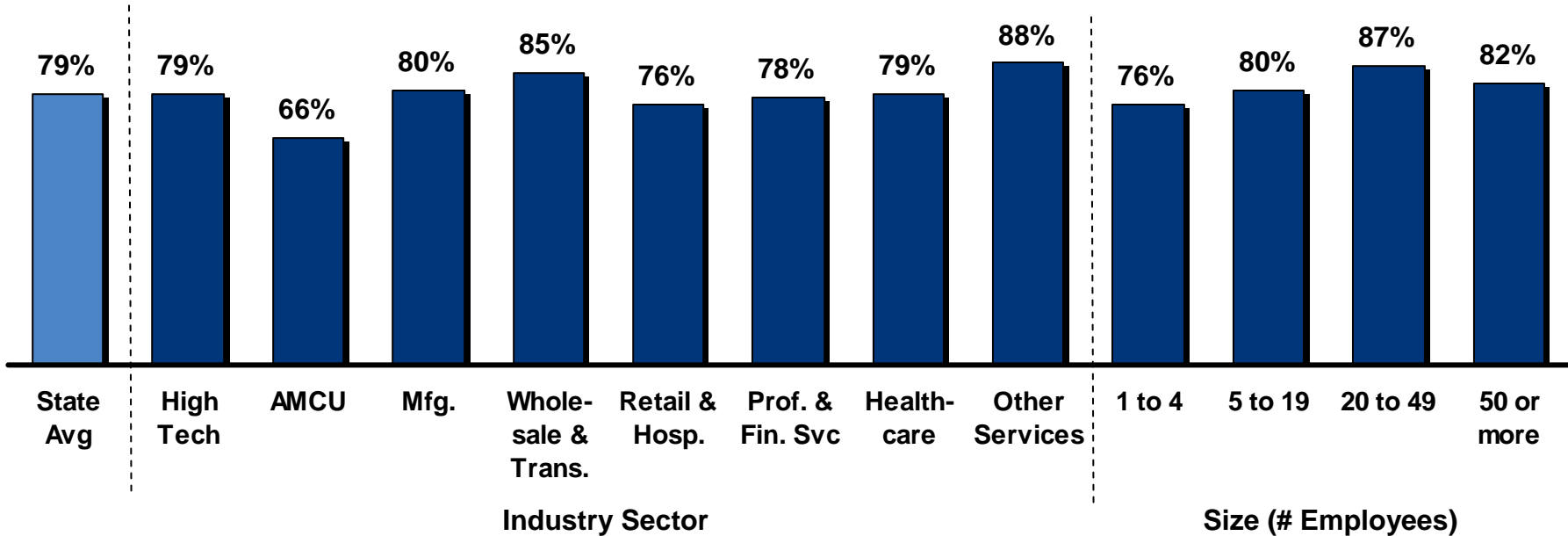


# Online Purchasing or Ordering

Nearly four out of five Internet-connected businesses make purchases online.

This activity is most likely to be used by businesses in the Wholesale/Transportation and Other Services sectors.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org

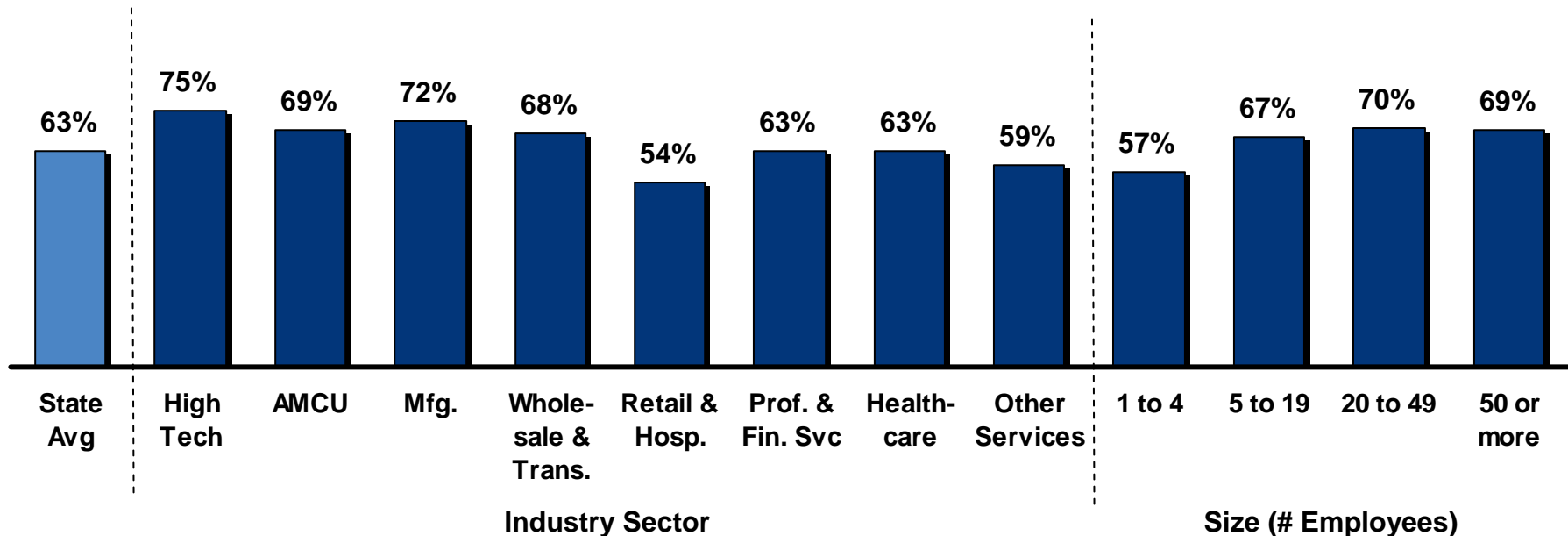


# Researching or Booking Travel Online

Nearly two out of three Internet-connected businesses research or book business travel online.

This application is most likely to be used by the High Tech sector and by firms with five or more employees.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

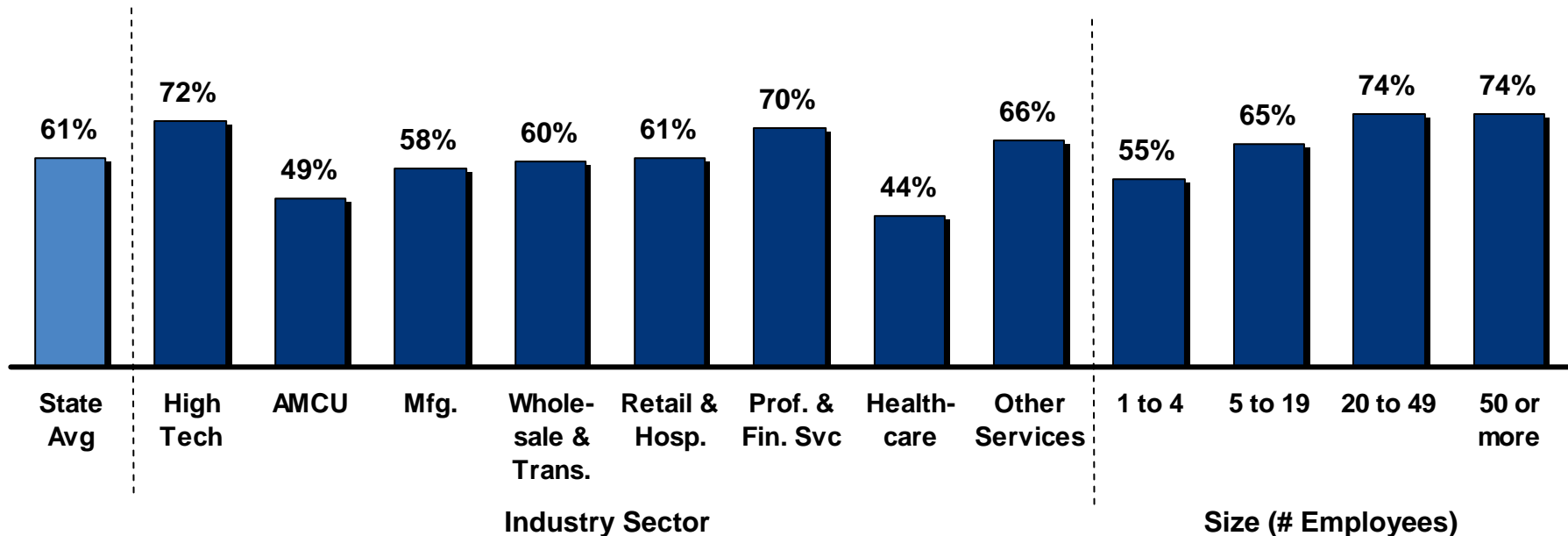


# Online Marketing and Advertising of Products and Services

Businesses in the High Tech and Professional/Financial Services sectors are much more likely to use this application.

Larger companies use this application more often than smaller ones.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org

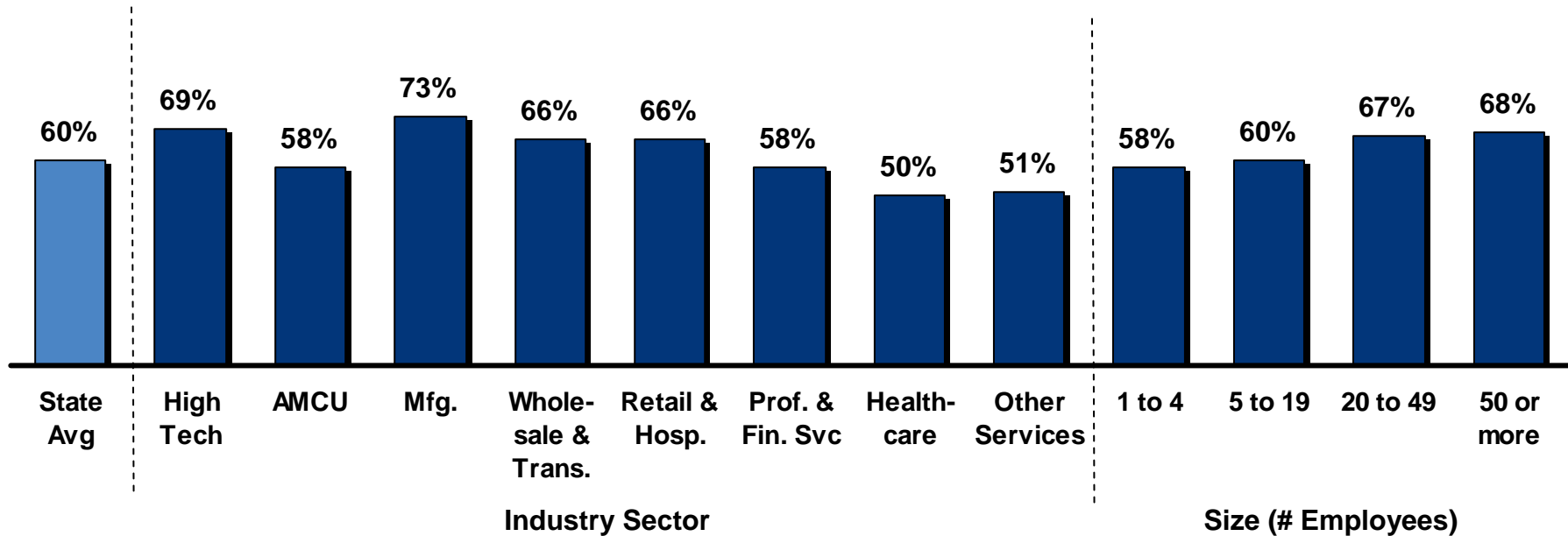


# Online Banking

Six out of ten Internet-connected businesses in Michigan report banking online.

This application is used most often by firms in the Manufacturing sector.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org

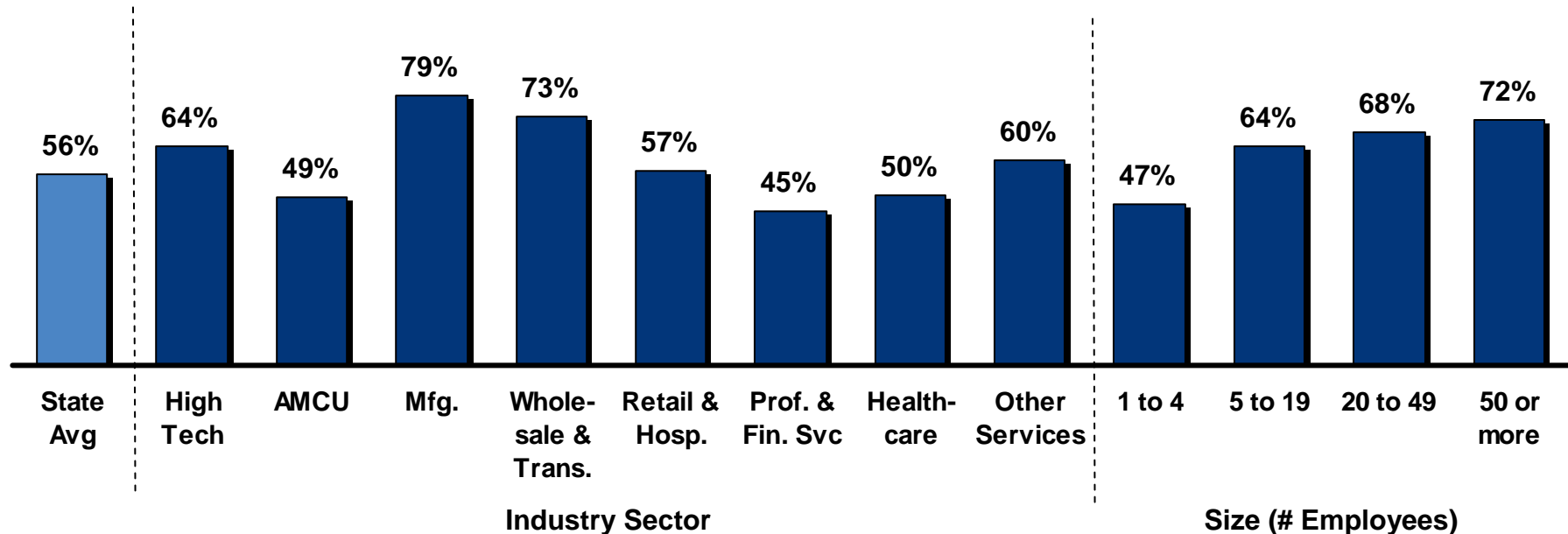


# Online Shipment Tracking and Control

More than one-half of the Internet-connected businesses track and control their shipments online.

This application is most prevalent among businesses in the Manufacturing and Wholesale/Transportation sectors.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

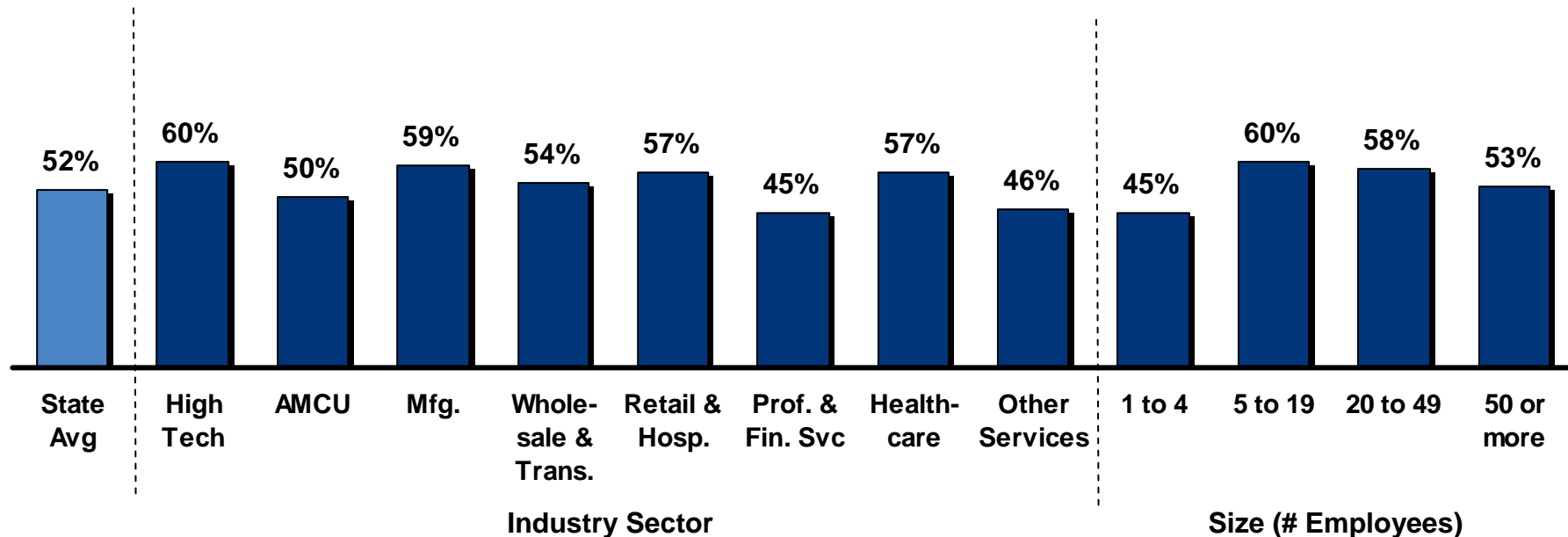


# Online Billing or Bill Payment

Online billing or bill payment is most common in the High Tech sector, followed closely by the Manufacturing sector.

This application is most prevalent in mid-size businesses.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

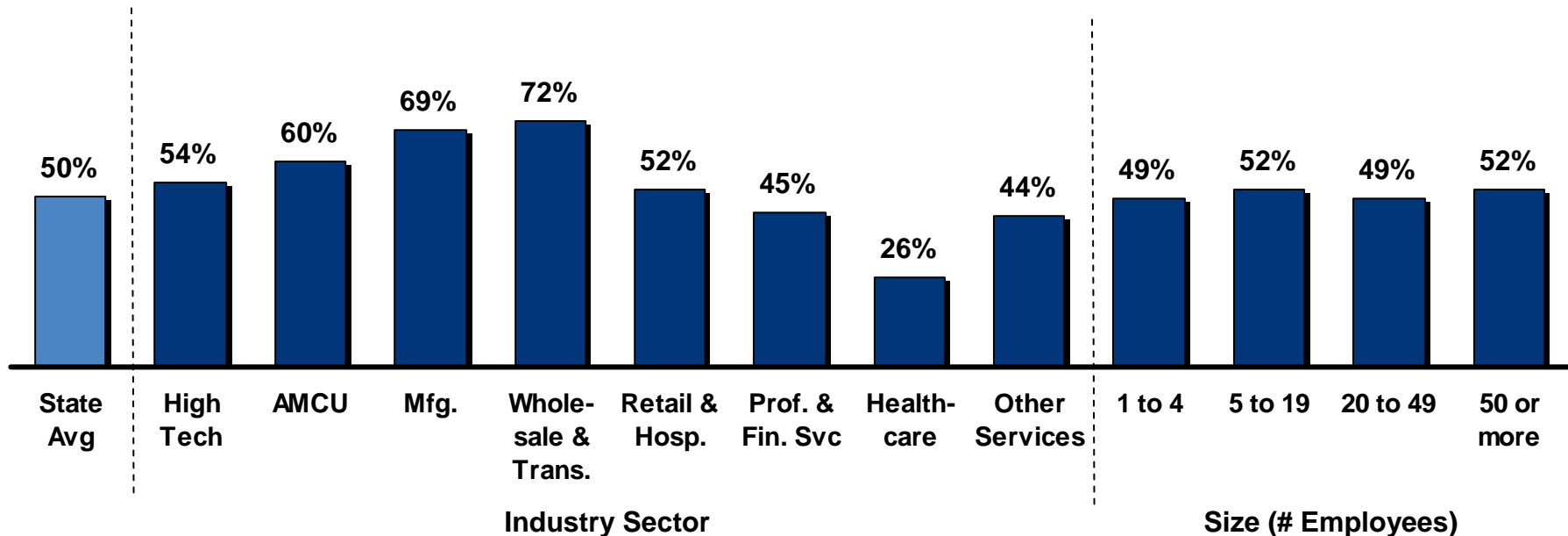
Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org



# Online Selling or Accepting Orders for Products or Services Online

Online selling occurs more in the Manufacturing and Wholesale and Transportation sectors than in any other industry sector.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

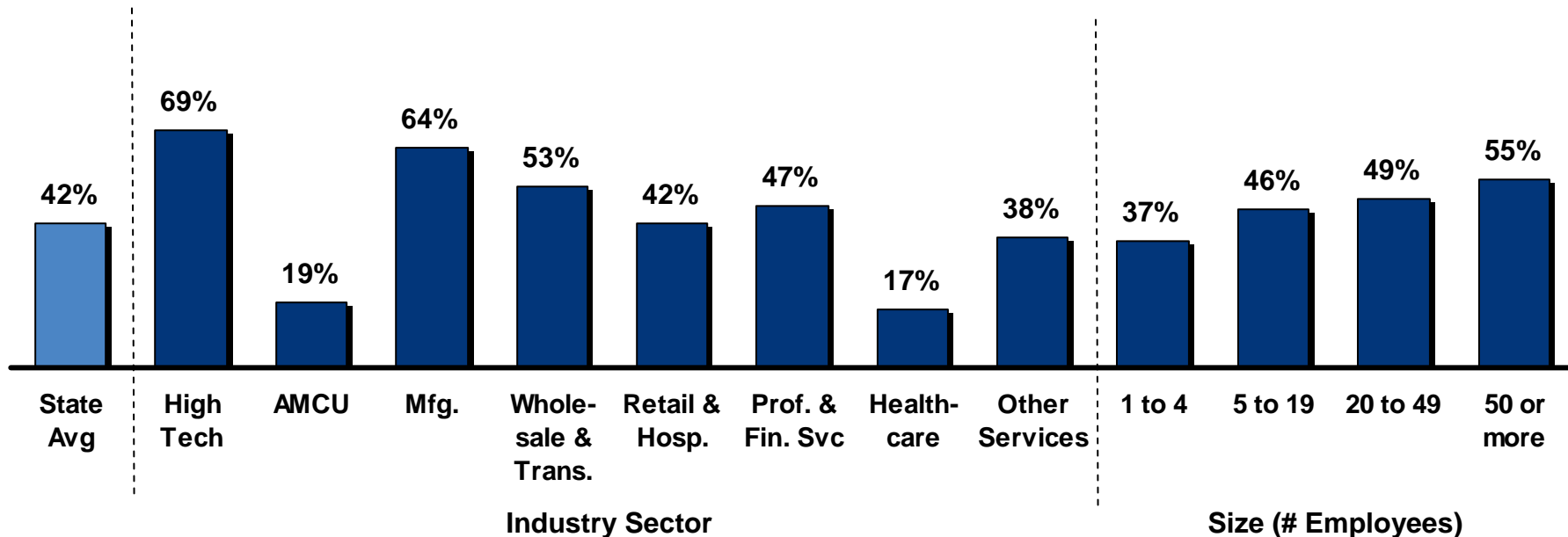
Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Online Customer Support for Products or Services

The Healthcare sector is the least likely to provide customer service online, while businesses in the High Tech sector are the most likely to do so.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

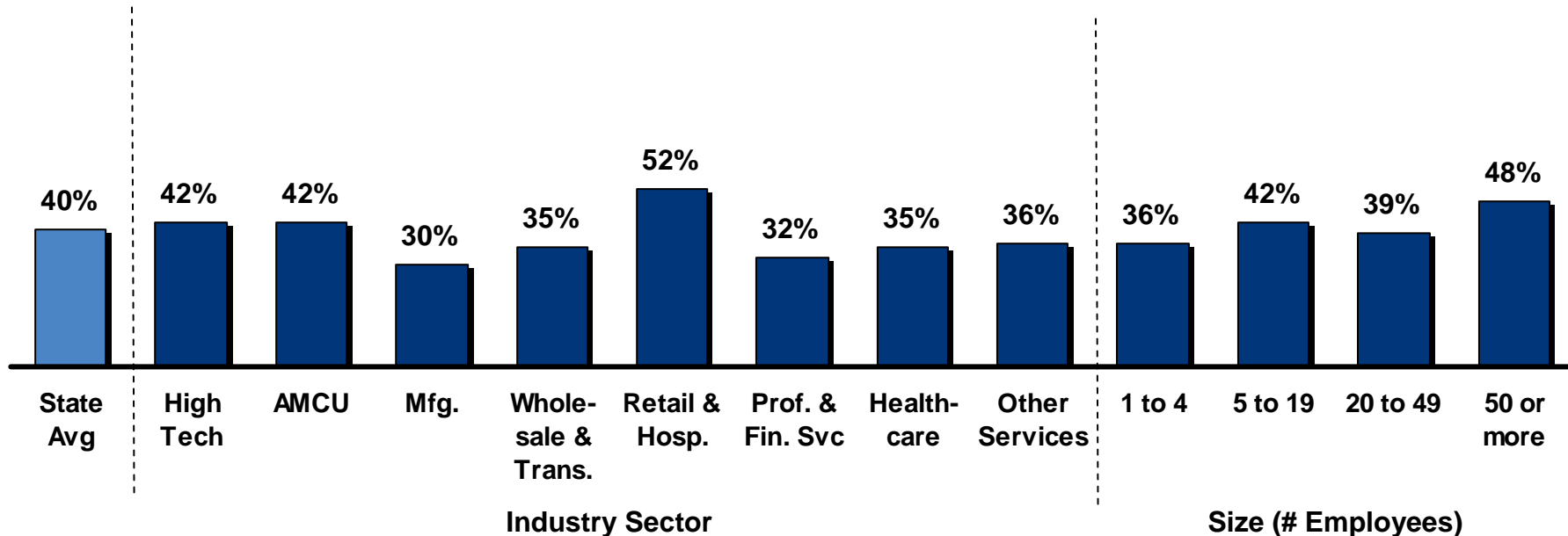


# Online Accounting and Internal Auditing

Four out of ten Internet-connected Michigan businesses report using online accounting and internal auditing.

This application is most prevalent in the Retail and Hospitality sector.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org

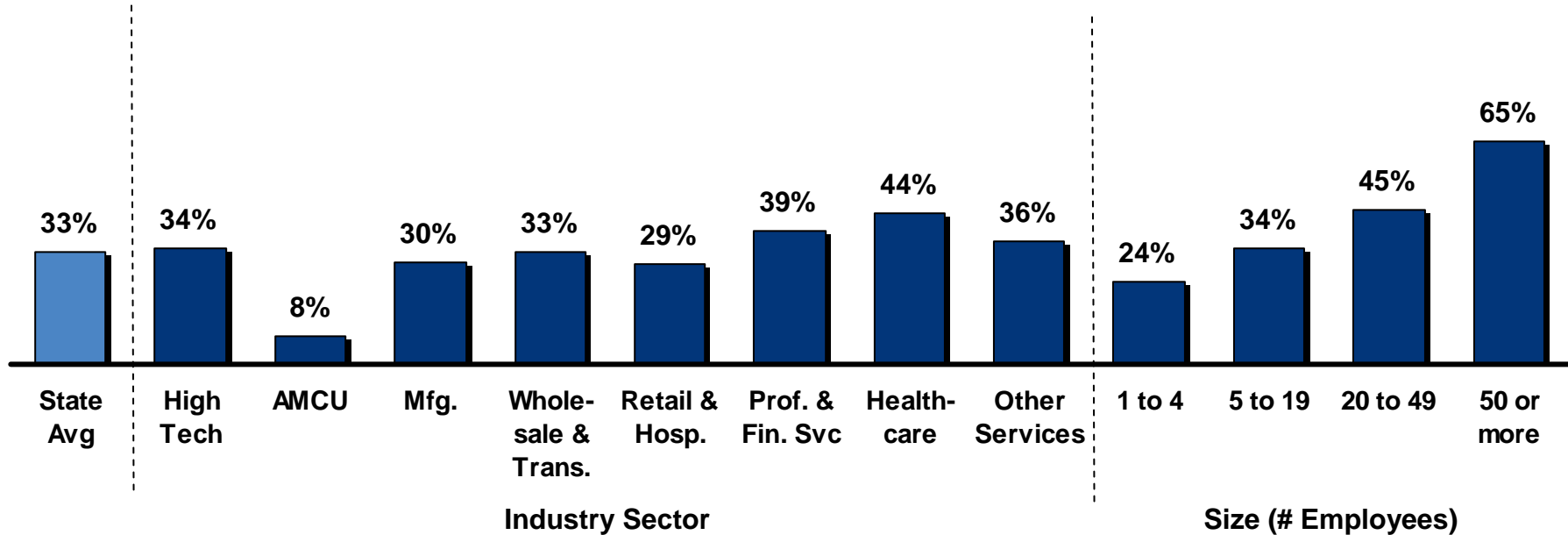


# Online Training

Online training is directly related to business size, with large companies more than twice as likely to use this application than businesses with fewer than five employees.

This application is used mostly by the Healthcare sector.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org

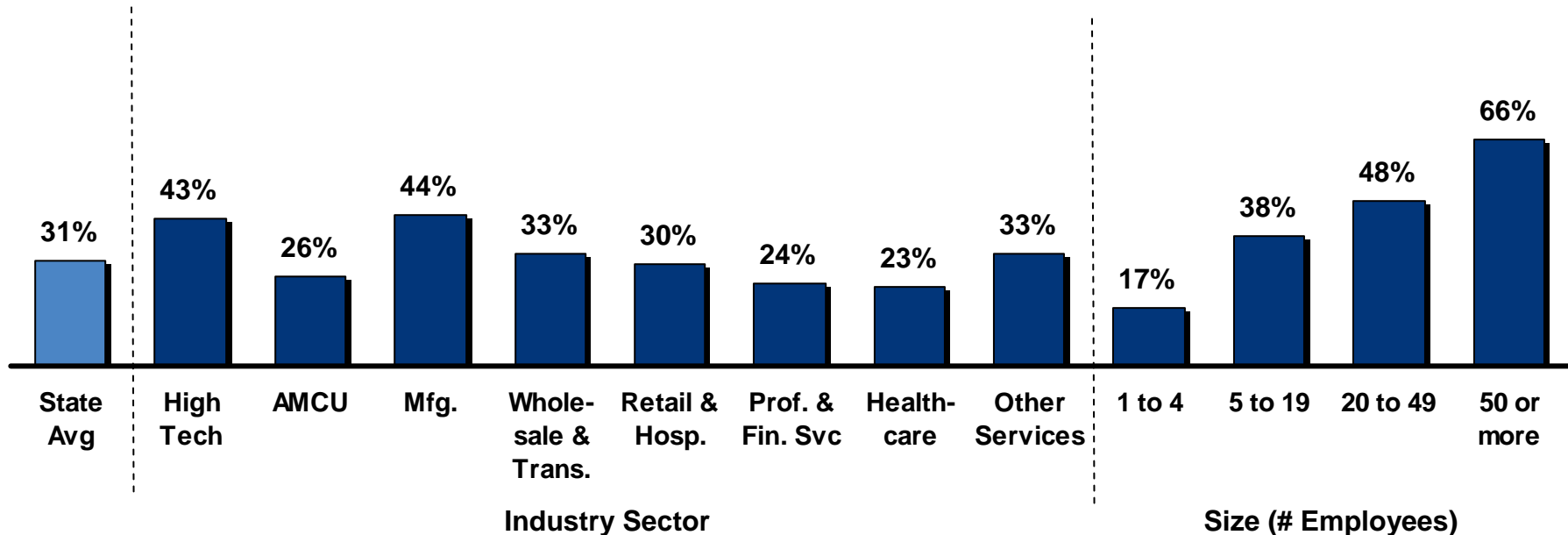


# Online Employee Benefits Information

More than three out of ten Internet-connected businesses provide their employees with benefit information using the Internet.

Use of this application increases directly with business size.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

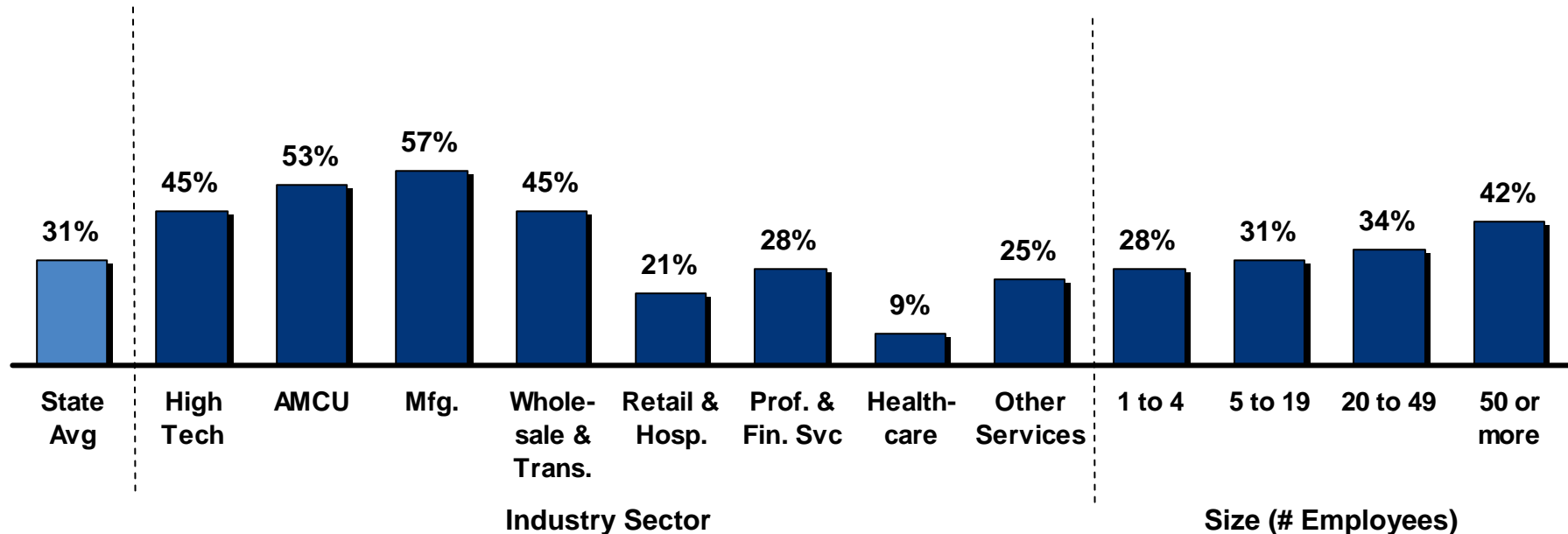


# Bidding on Contracts Online

More than one-quarter of all Internet-connected businesses report that they bid on contracts online, with businesses in the Manufacturing sector bidding online the most.

Large businesses are more likely to bid on contracts online than smaller businesses.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

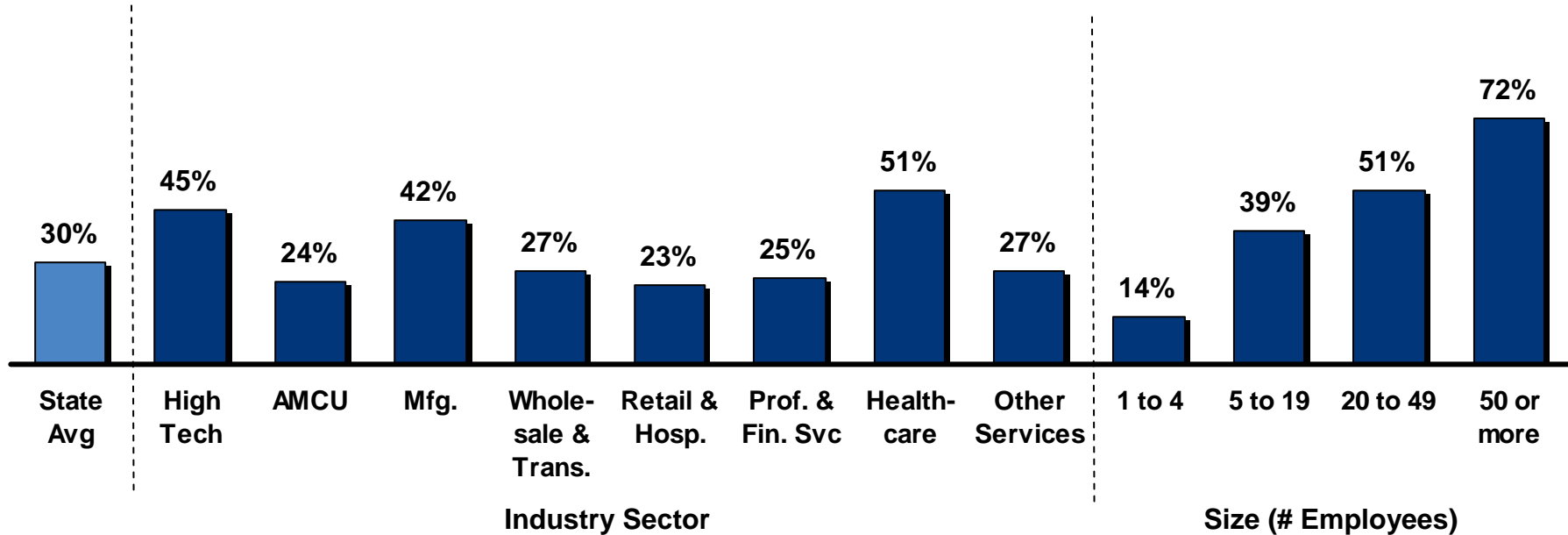
Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org



# Online Administration With Healthcare Insurance Companies, Such as Inquiries About Eligibility and Claims Status

This application is most likely to be used by Healthcare establishments and among larger companies.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

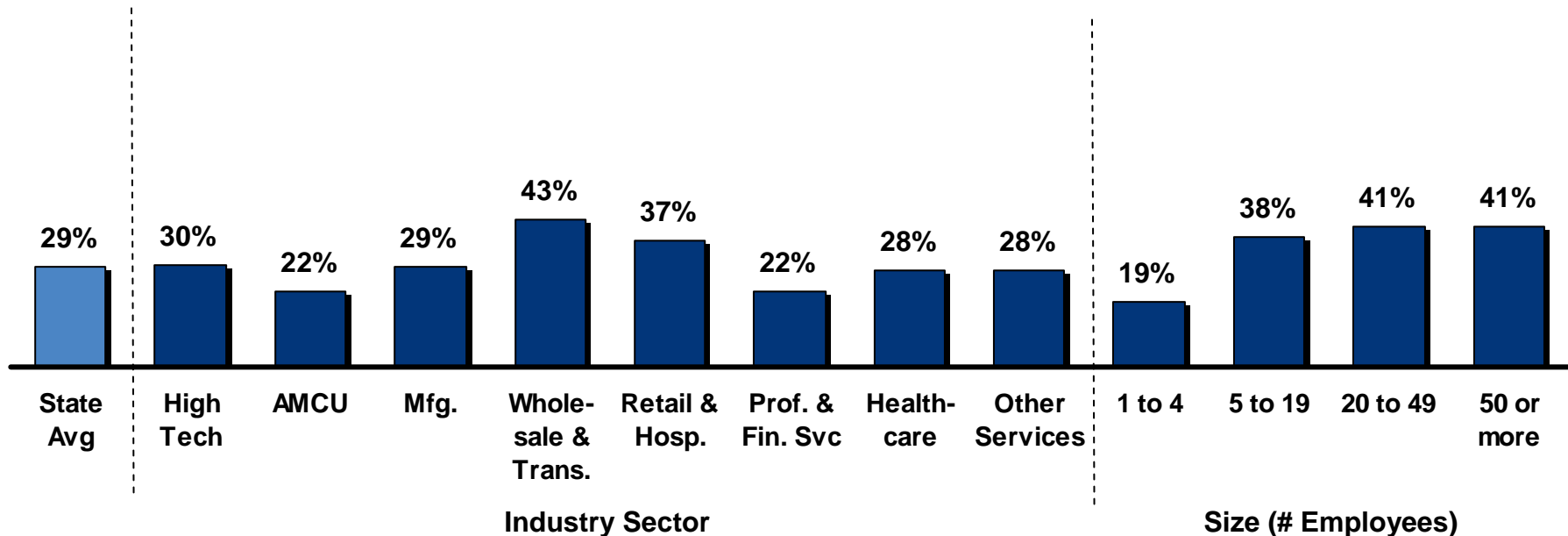


# Accepting Real-Time Payments Such as Credit Card and Debit Payments Online

Businesses in the Wholesale/Transportation sector are the most likely to accept real-time payments online.

Small businesses are the least likely to accept real-time credit or debit payments online.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org

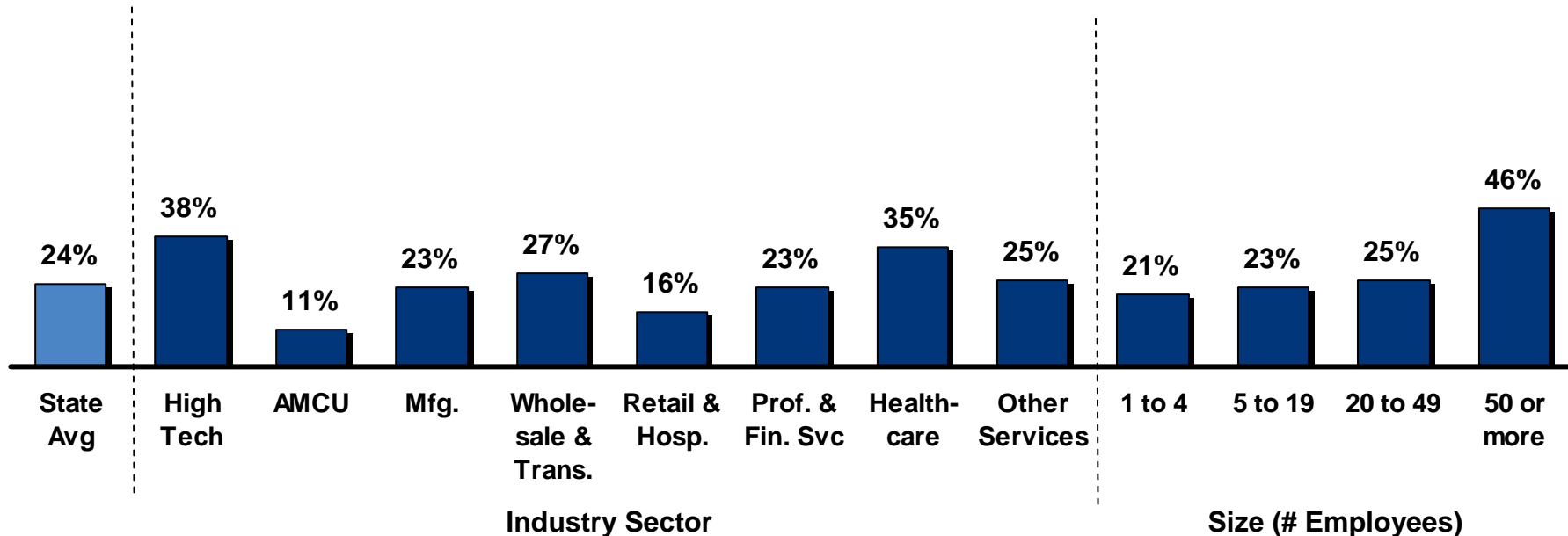


# Videoconferencing

Videoconferencing is used by nearly one-quarter of all Michigan businesses that use the Internet, most often by businesses in the High Tech sector.

The percentage of businesses that use videoconferencing increases significantly in companies with fifty or more employees.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

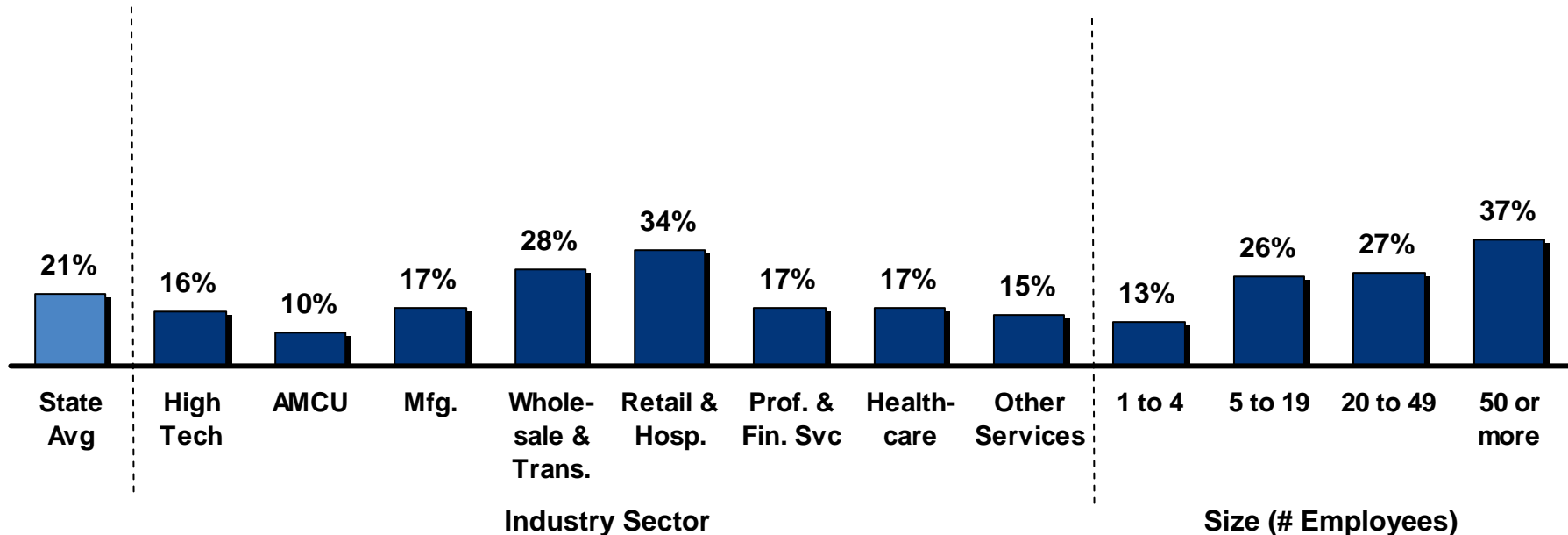


# Online Inventory Tracking and Control

Businesses in the Retail/Hospitality sector are most likely to report tracking and controlling inventory online.

Predictably, this is most likely to be used by larger businesses.

Current adoption among Internet-connected businesses by sector and size



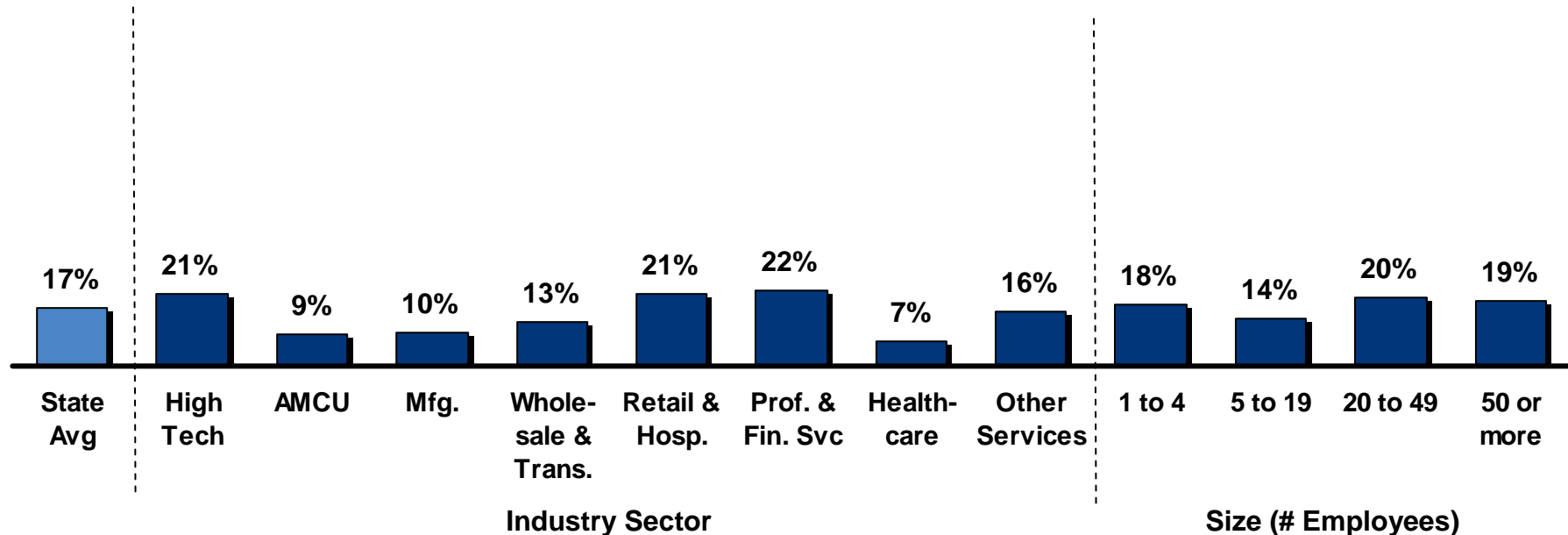
Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org

# Blogging

Companies in the Professional/Financial Services, Retail/Hospitality, and High Tech sectors are the most likely to maintain a blog to stay in contact with current and potential customers.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

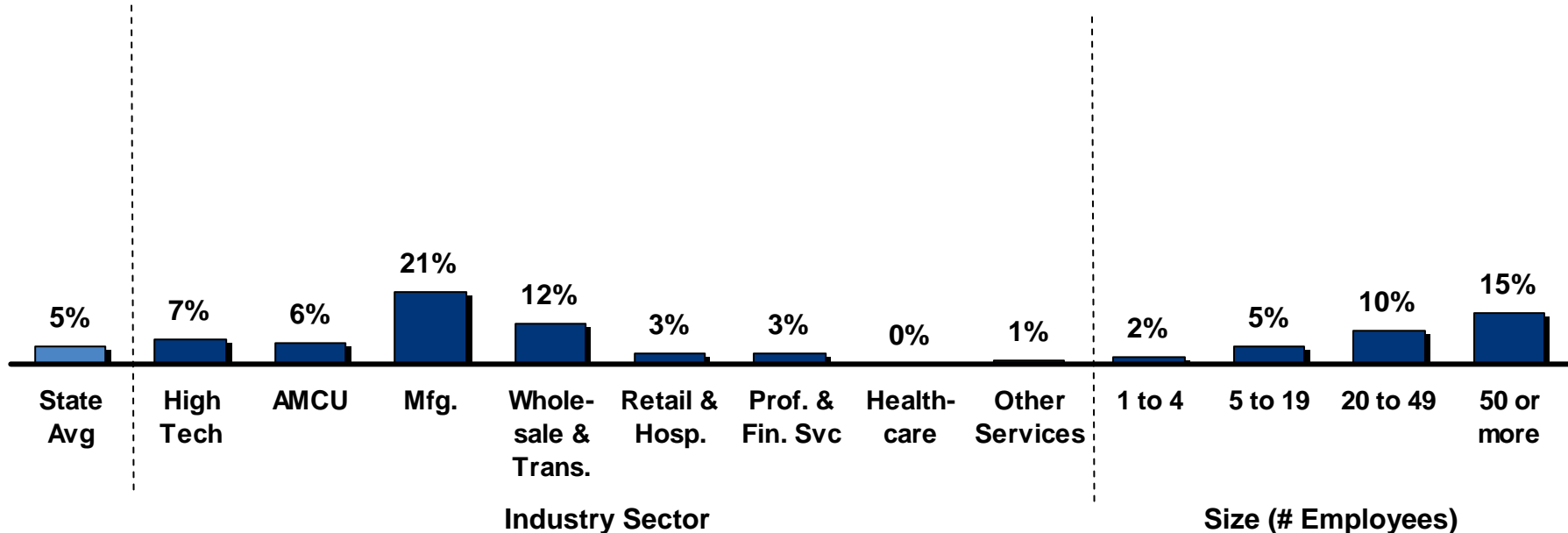


# Online Manufacturing Process Control

Only 5% of all Internet-connected Michigan businesses report using online manufacturing process control.

The practice is most likely to be used by businesses in the Manufacturing sector and by businesses with fifty or more employees.

Current adoption among Internet-connected businesses by sector and size



Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org



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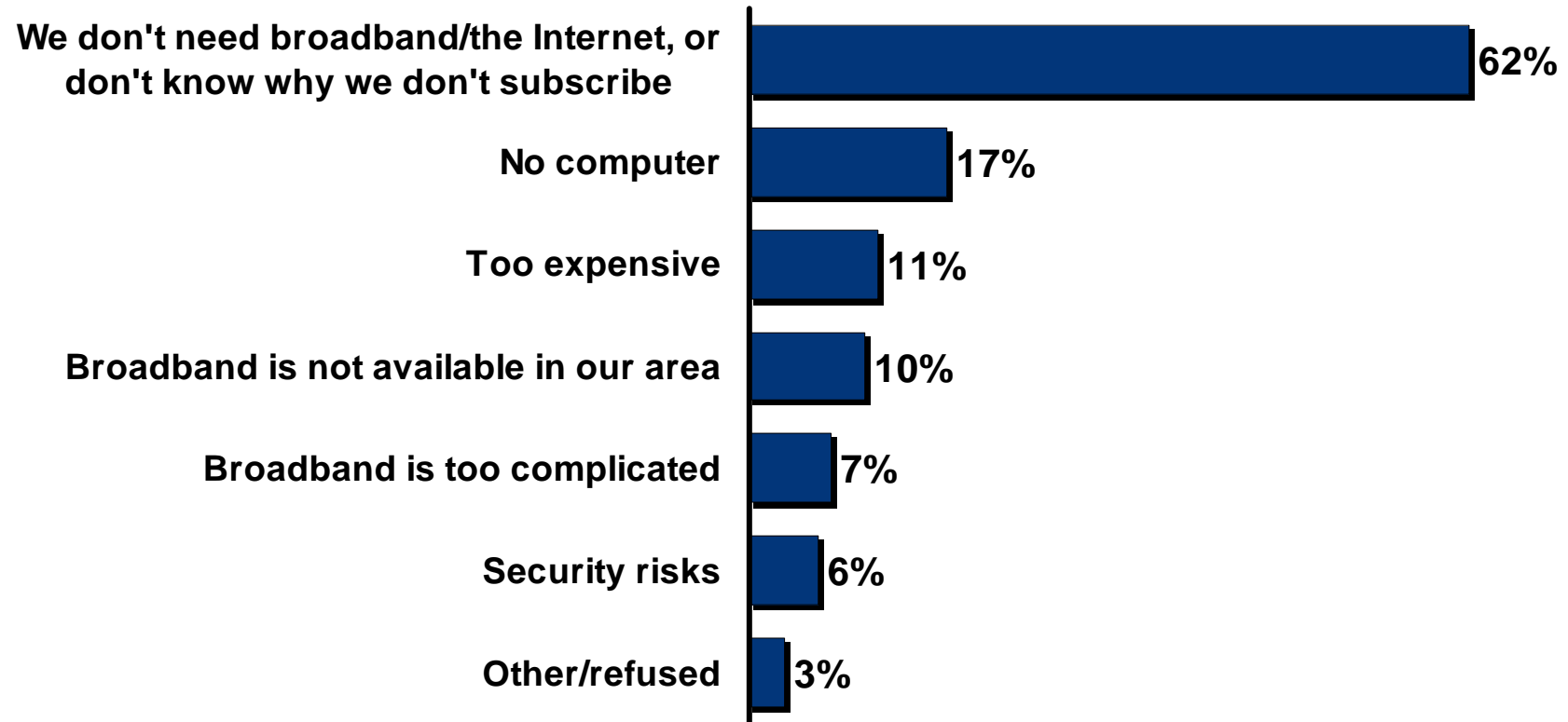


# Barriers to Technology Adoption



# Barriers to Broadband Adoption

Among Michigan businesses with no broadband service\*



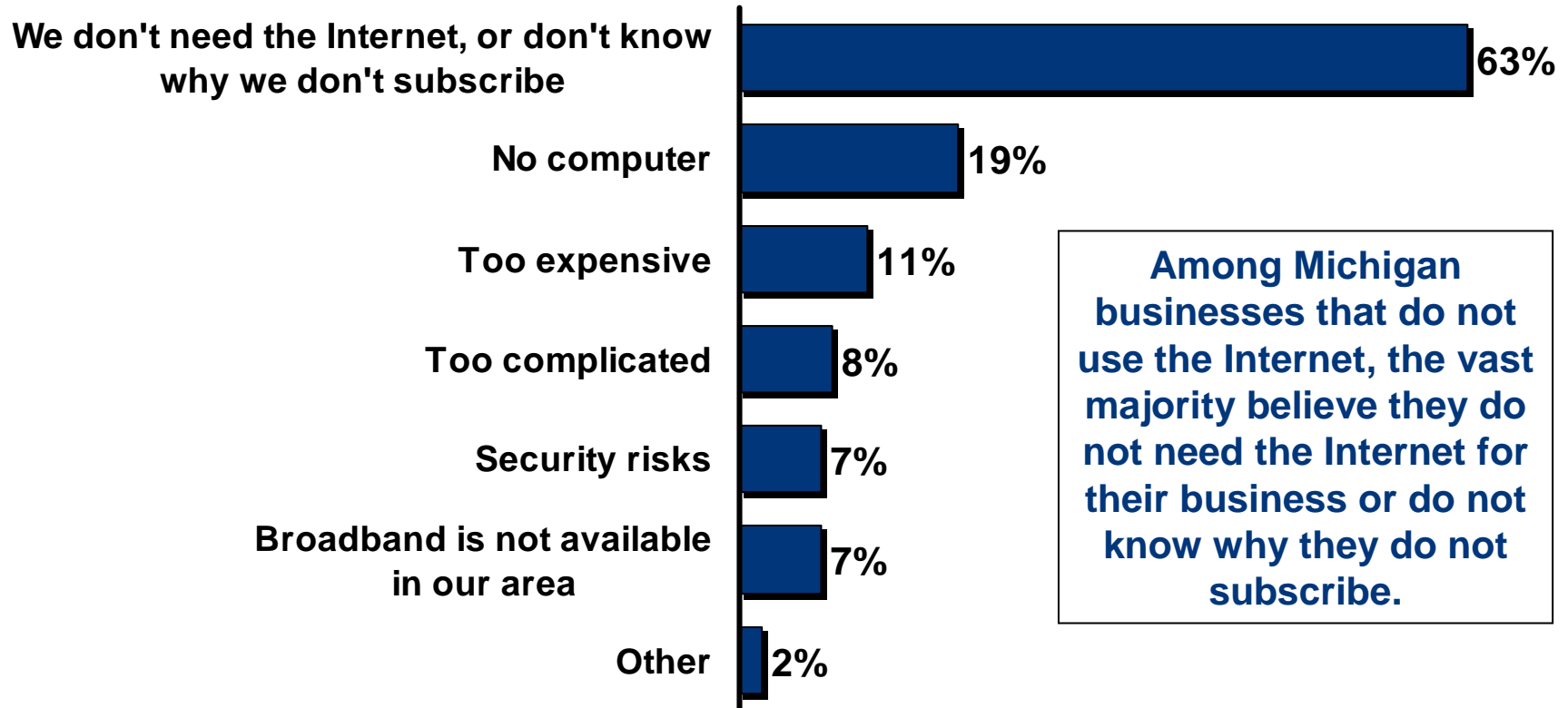
\*Percentages do not add up to 100% because businesses could give multiple responses.  
Q: Why doesn't your organization subscribe to broadband service?  
(n=174 MI businesses with no broadband service)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Barriers to Internet Adoption

Among Michigan businesses that do not subscribe to any Internet service\*



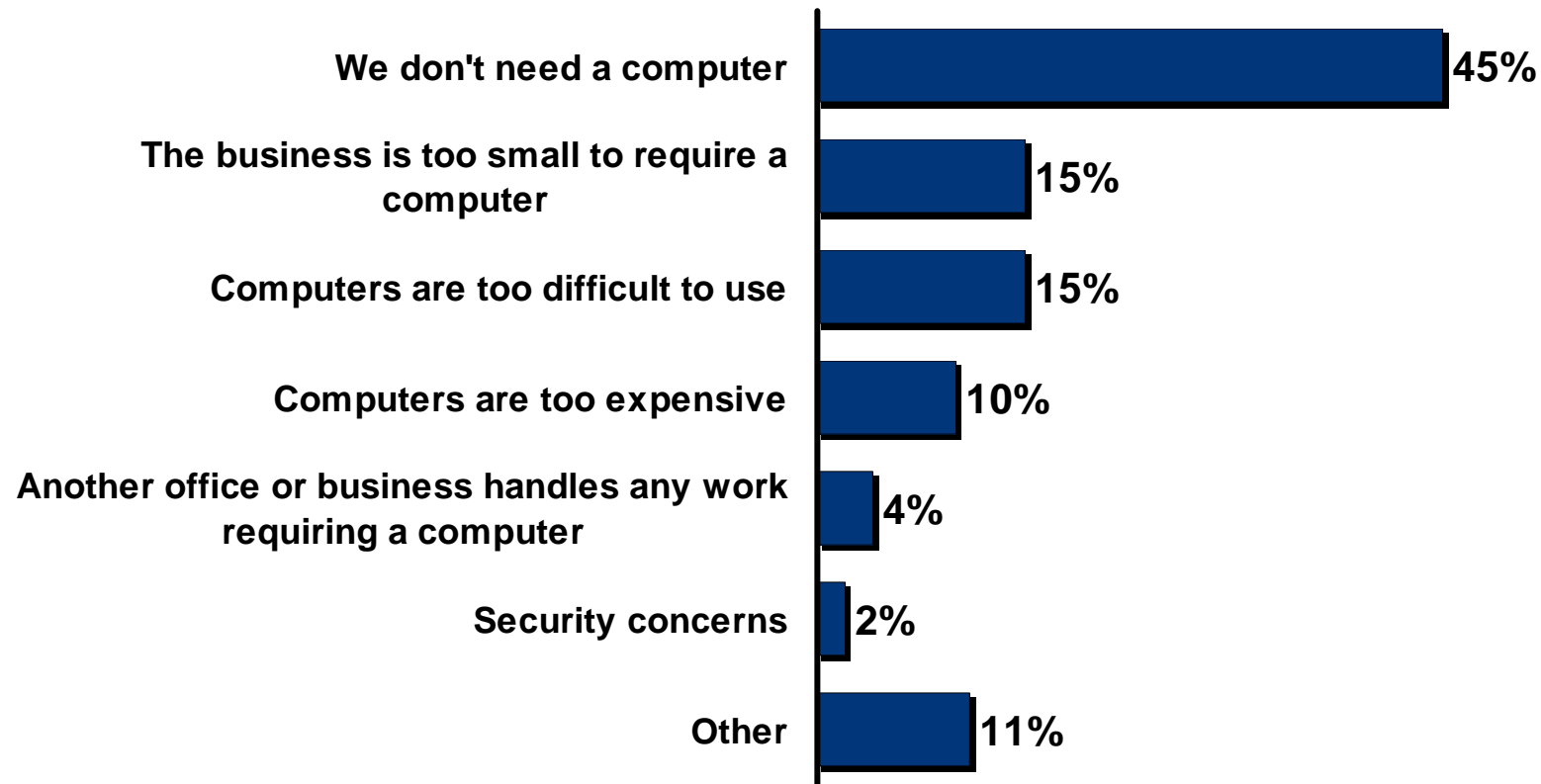
\*Percentages do not add up to 100% because businesses could give multiple responses.  
Q: Why doesn't your organization use the Internet?  
(n=146 MI businesses with no Internet service)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Barriers to Computer Use

Among Michigan businesses that do not use a computer\*



\*Percentages do not add up to 100% because businesses could give multiple responses.  
Q: Why doesn't your organization use computer technology for its business functions?  
(n=70 MI businesses that do not use computer technology)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Technology Adoption and Annual Revenues

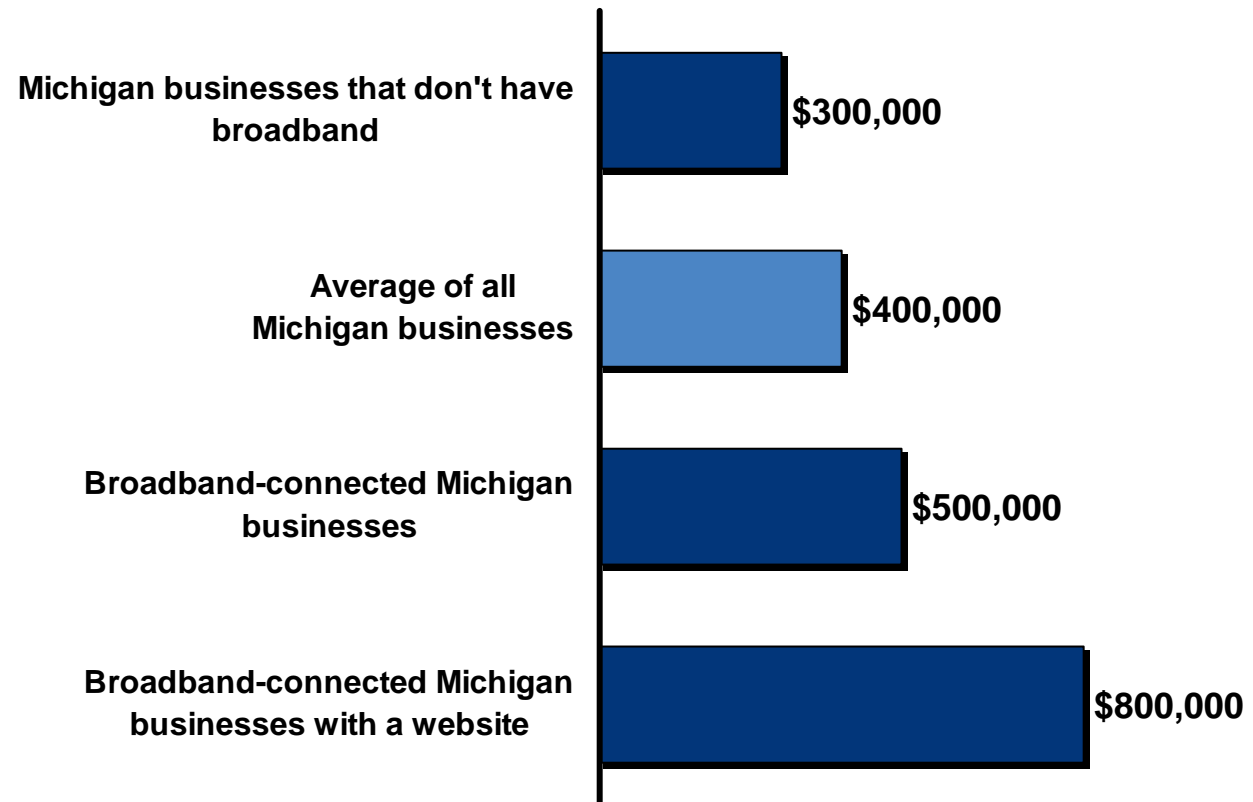


# Technology Adoption and Business Revenues

Median annual revenues (self-reported)

**Broadband-connected Michigan businesses report having median annual revenues that are \$100,000 higher than the state average.**

**Broadband-connected businesses that maintain a website have median annual incomes that are twice as large as the state average.**



Q: What is your firm's approximate average annual revenue?  
(n=801 MI businesses)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

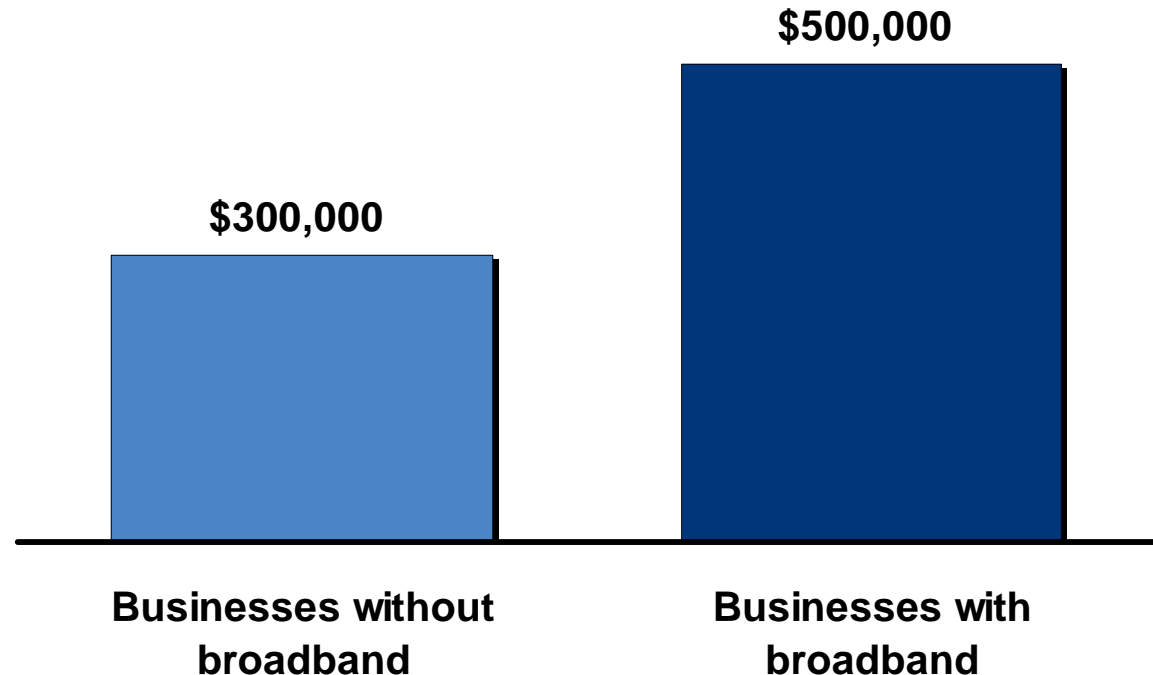


# Technology Adoption and Annual Revenues

(Businesses With Broadband vs. Those Without)

Median annual revenues (self-reported)

Broadband-connected businesses report having median annual revenues \$200,000 more than businesses without broadband.



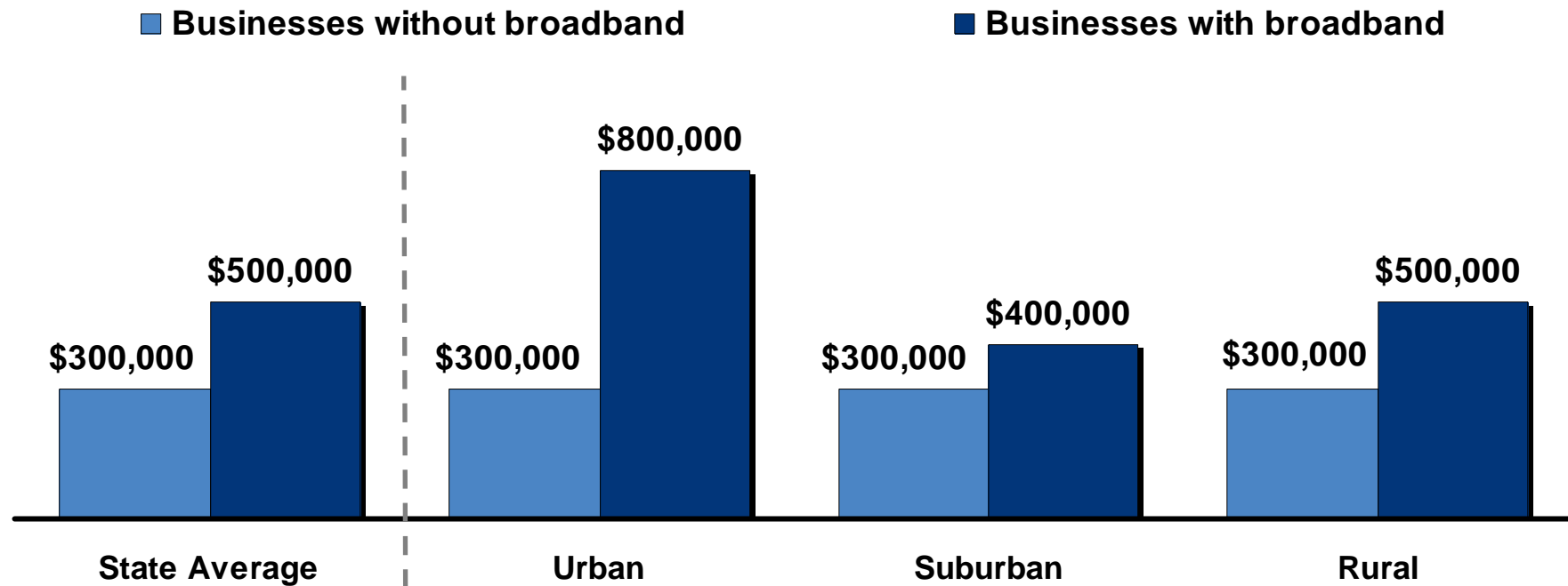
Q: What is your firm's approximate average annual revenue?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Technology Adoption and Annual Revenues (by Urban-Rural Classification)

Median annual revenues (self-reported)



**In rural Michigan, the median annual revenue among businesses with broadband is \$200,000 higher than rural businesses without broadband.**

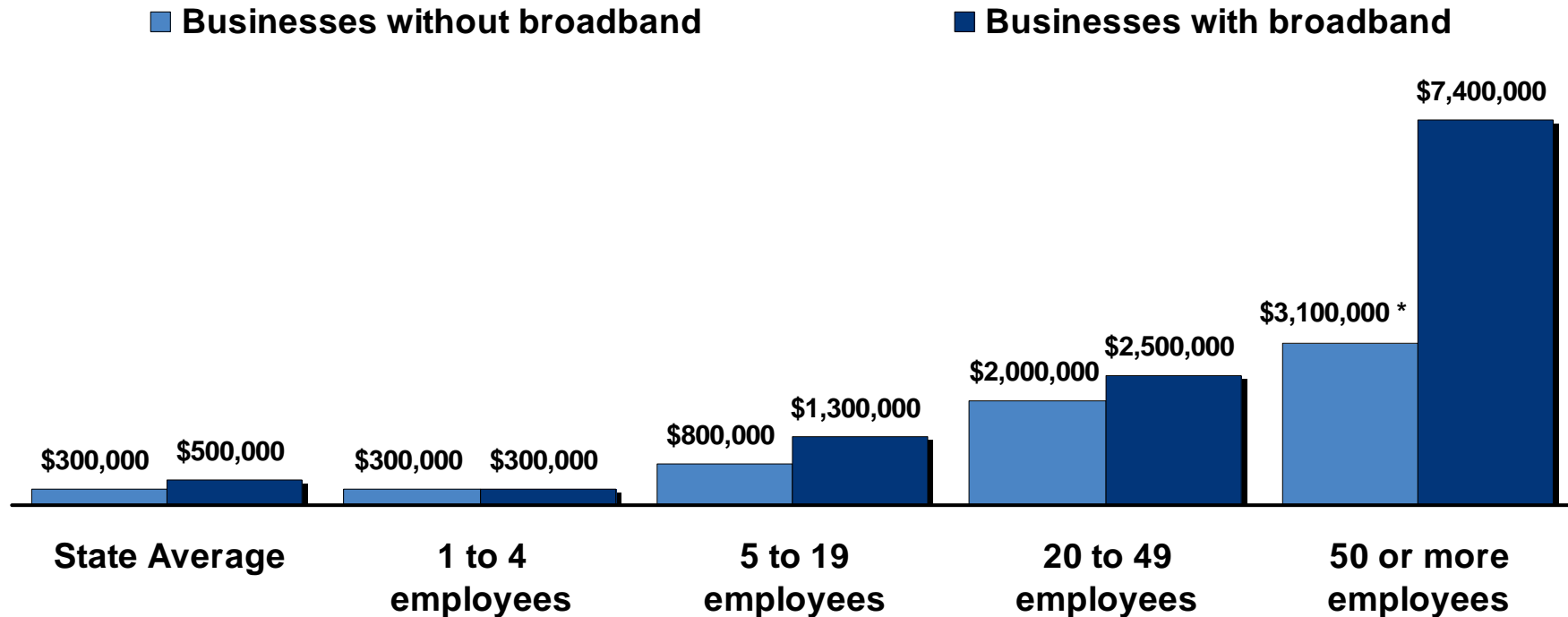
Q: What is your firm's approximate average annual revenue?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Technology Adoption and Annual Revenues (by Business Size)

Median annual revenues (self-reported)



**Broadband-connected businesses of every size have revenues that are greater than or equal to the average median revenues earned by businesses without broadband.**

\*Sample size less than 30.  
Q: What is your firm's approximate average annual revenue?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

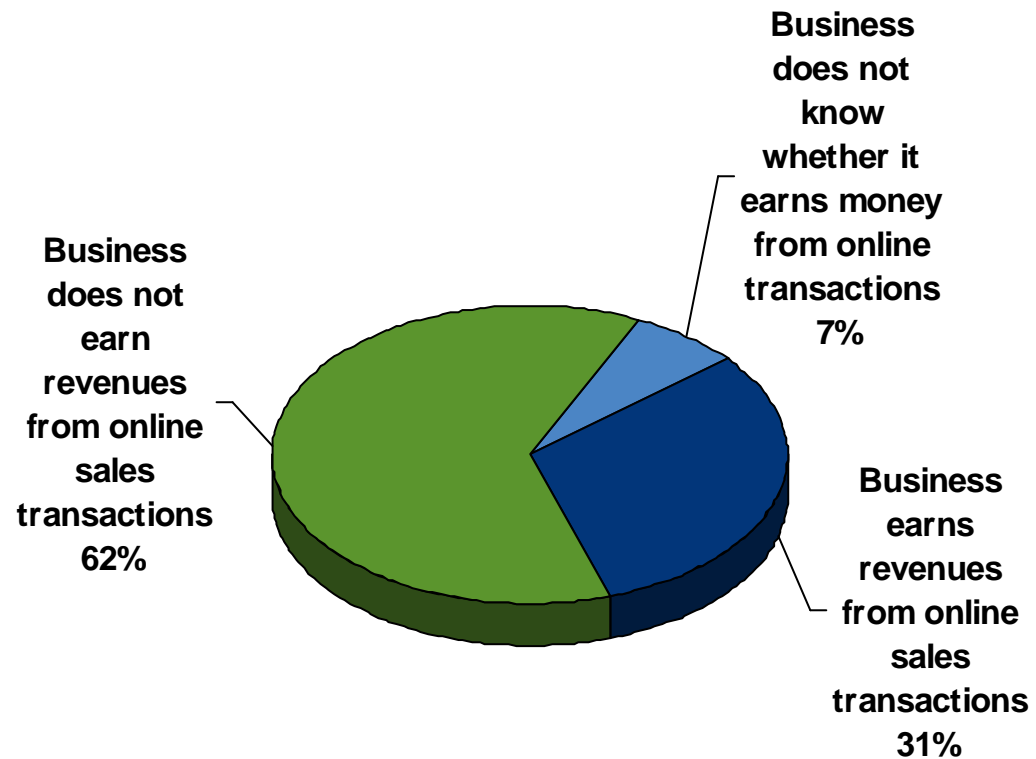


# Michigan Businesses That Earn Revenues From Online Sales Transactions

Among Internet-connected Michigan businesses

More than three out of ten Michigan businesses that use the Internet report earning sales revenues from online transactions. This translates into 23% of all Michigan businesses.

However, over three out of five Internet-connected businesses (62%) report that despite using the Internet for business functions, they do not earn any revenues from online transactions.



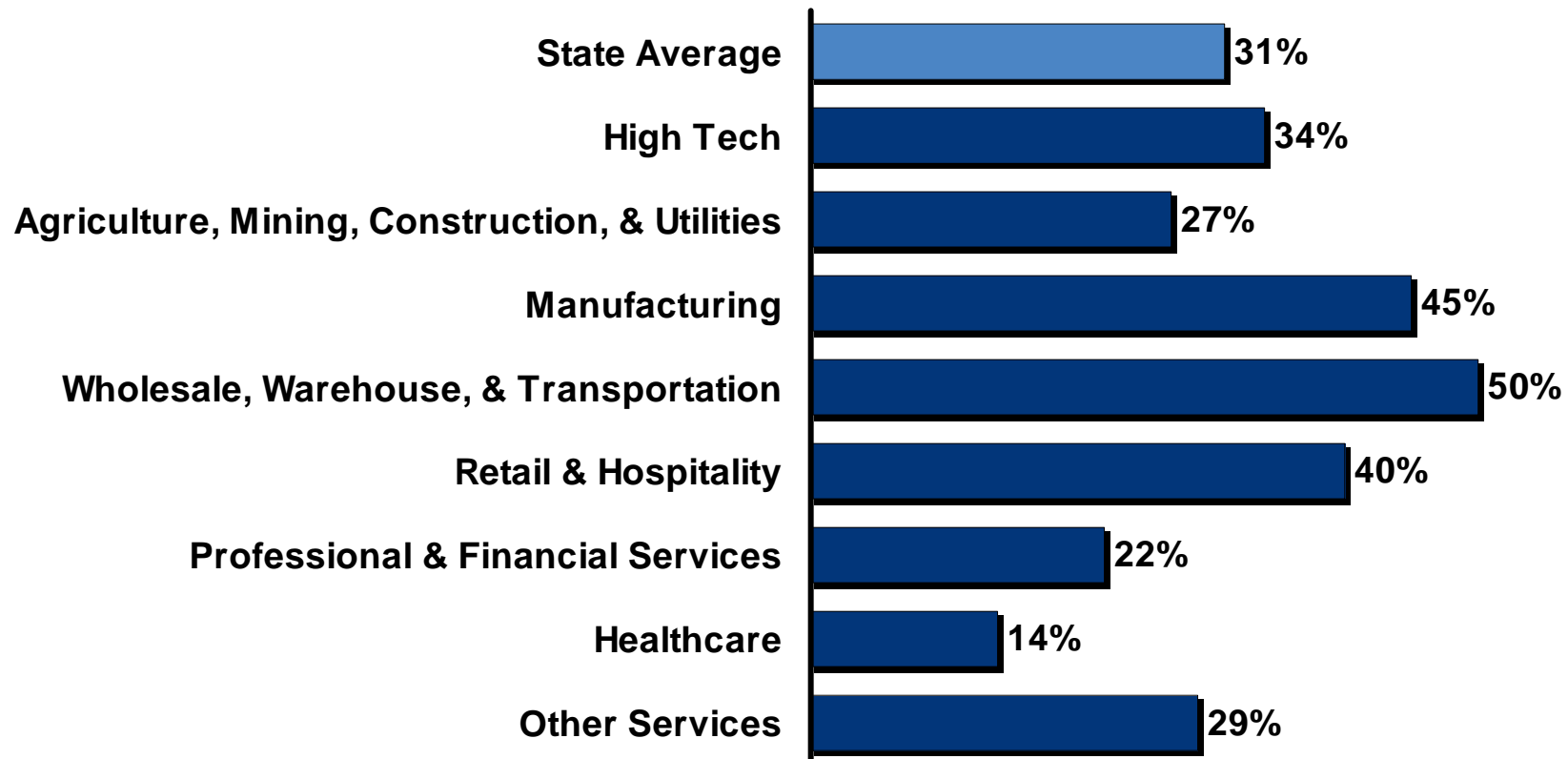
Q: What percentage of your company's total sales revenue takes place online?  
(n=655 MI businesses that uses the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Online Sales by Industry Sector

Internet-connected businesses that earn revenues from online sales



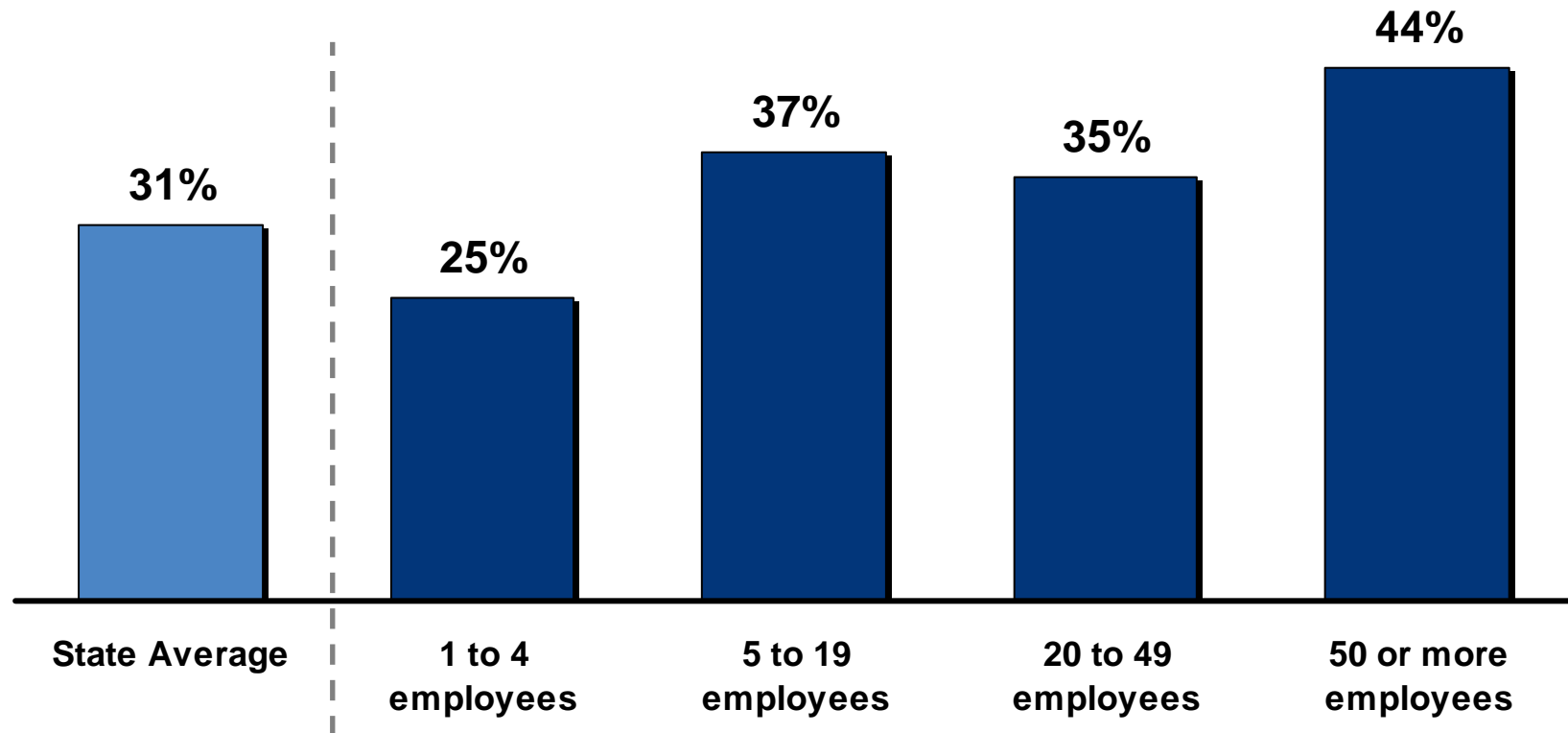
Q: What percentage of your company's total sales revenue takes place online?  
(n=655 MI businesses that uses the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Online Sales by Business Size

Internet-connected businesses that earn revenues from online sales



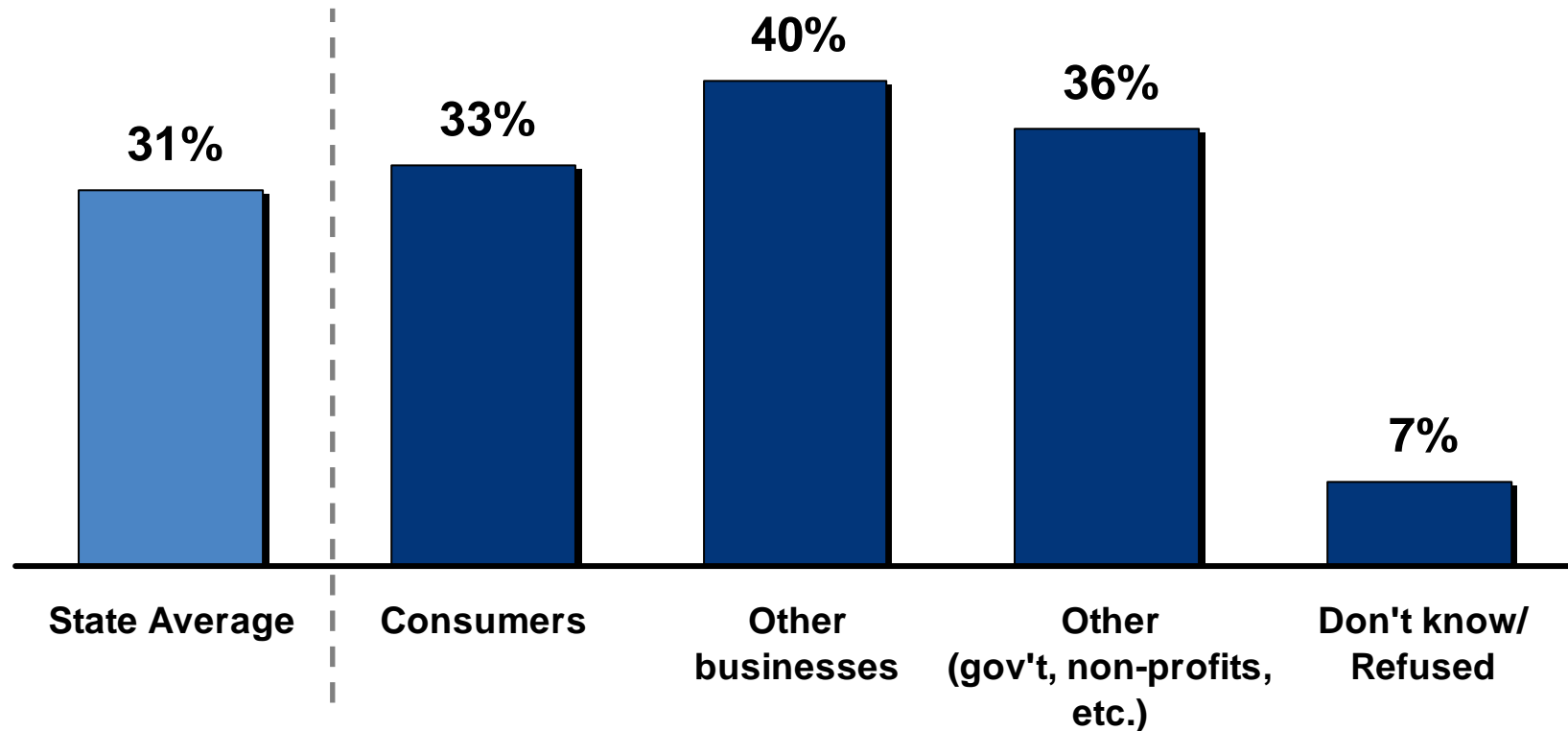
Q: What percentage of your company's total sales revenue takes place online?  
(n=655 MI businesses that uses the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Online Sales by Primary Customer

Internet-connected businesses that earn revenues from online sales



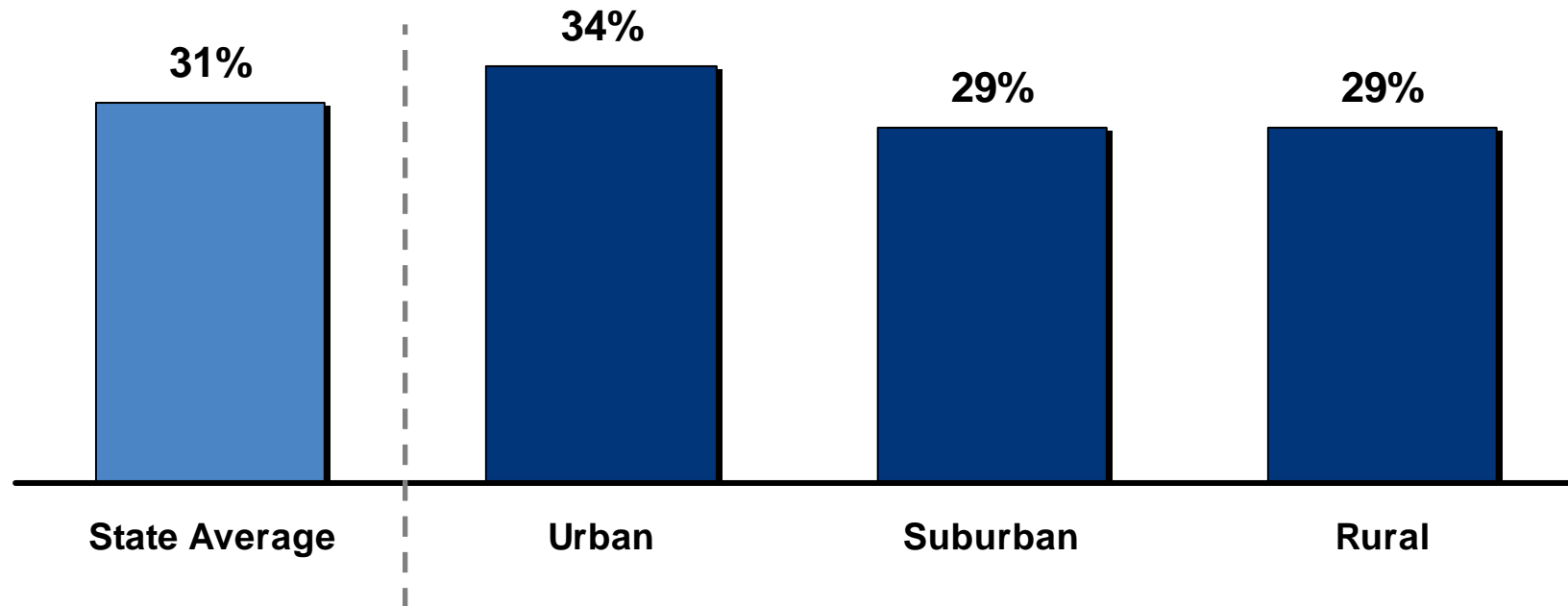
Q: What percentage of your company's total sales revenue takes place online?  
(n=655 MI businesses that uses the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Online Sales by Urban-Rural Classification

Internet-connected businesses that earn revenues from online sales



Q: What percentage of your company's total sales revenue takes place online?  
(n=655 MI businesses that uses the Internet)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Technology Adoption and Total Revenues

Median annual revenues (\$000) among businesses that use each application



Q: What is your firm's approximate average annual revenue?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



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# Presence of a Website



# Michigan Businesses With a Website

Percent of Michigan businesses that have a website



**One-half of all Michigan businesses (approximately 118,000 Michigan businesses) have a website.**

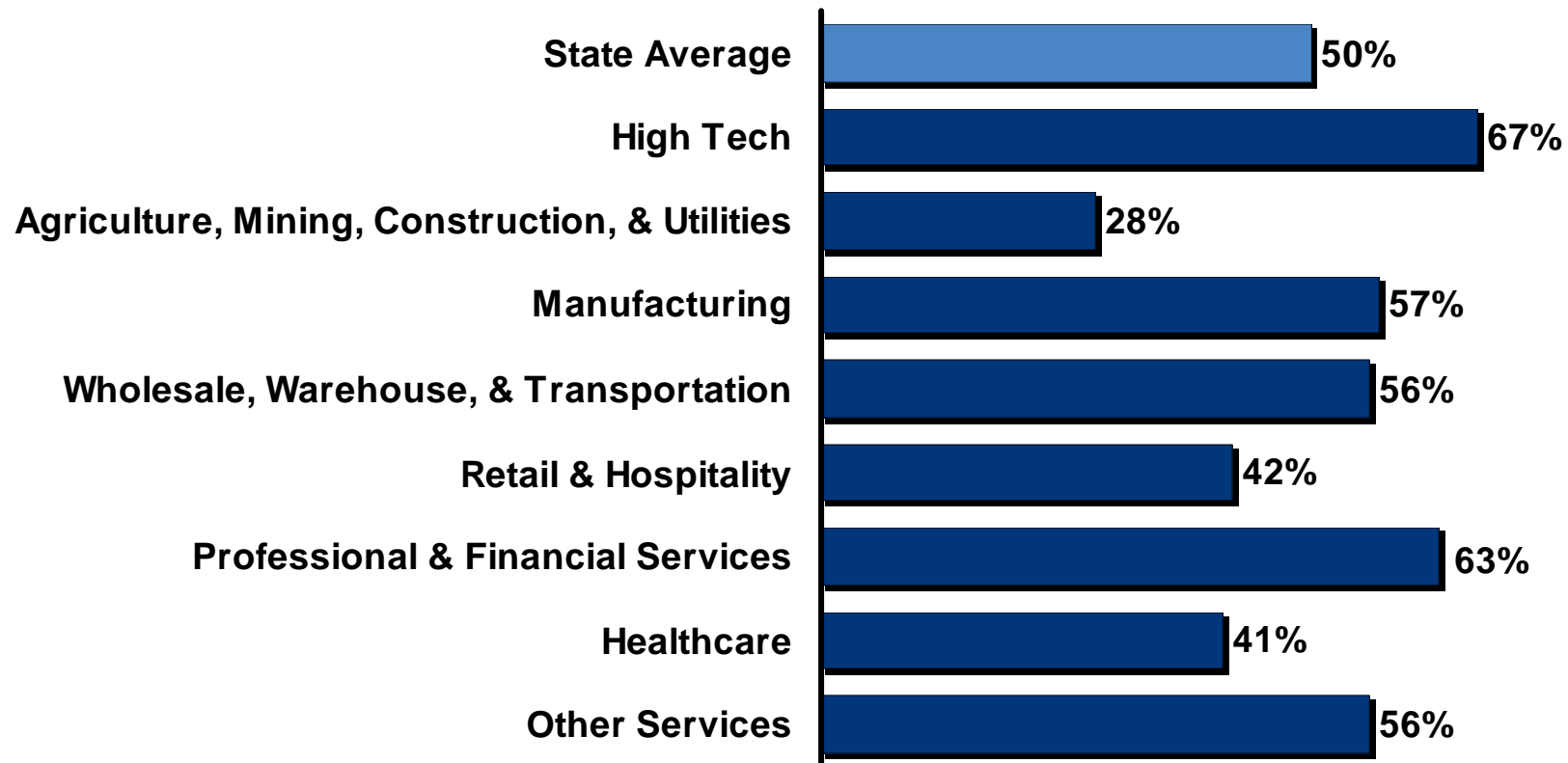
Q: Does your company have a website?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Website Presence by Industry Sector

Percent of Michigan businesses that have a website



Q: Does your company have a website?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

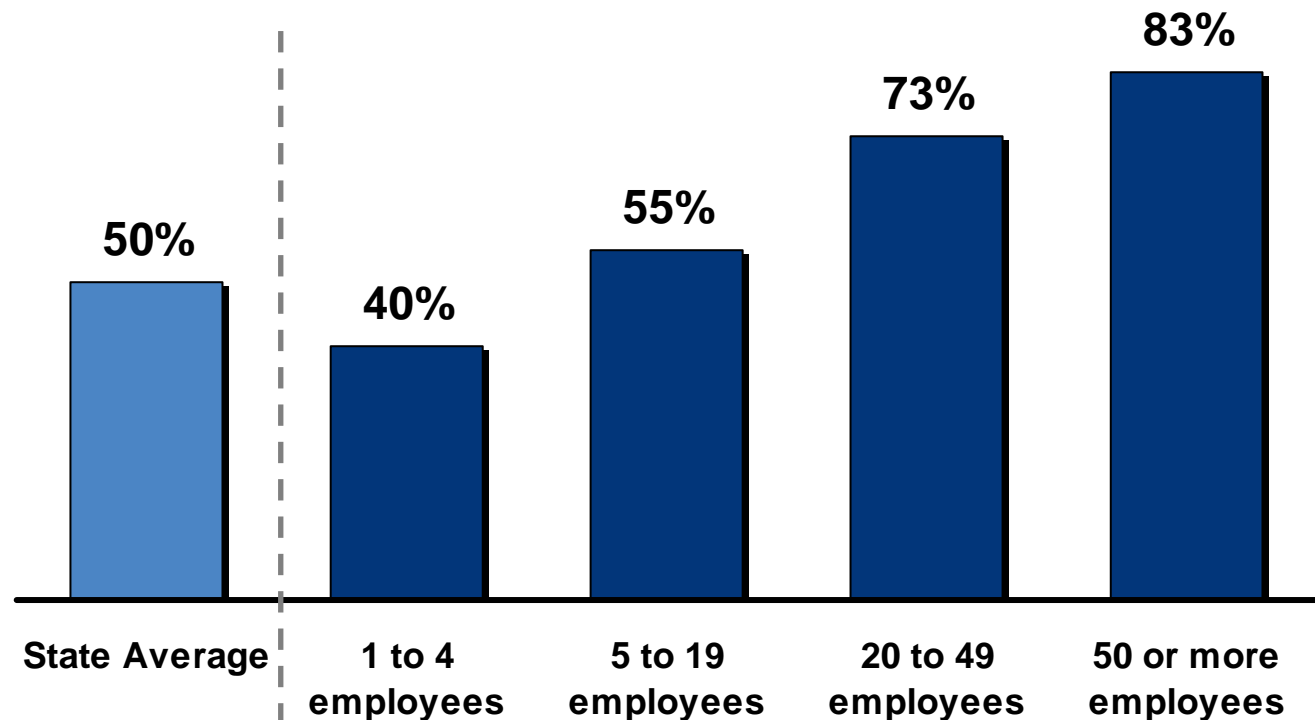


# Website Presence by Business Size

Percent of Michigan businesses that have a website

The likelihood of having a website increases significantly as the size of the business increases.

The majority of businesses that employ at least five people have a website, compared to only about two-fifth of businesses with fewer than five employees.



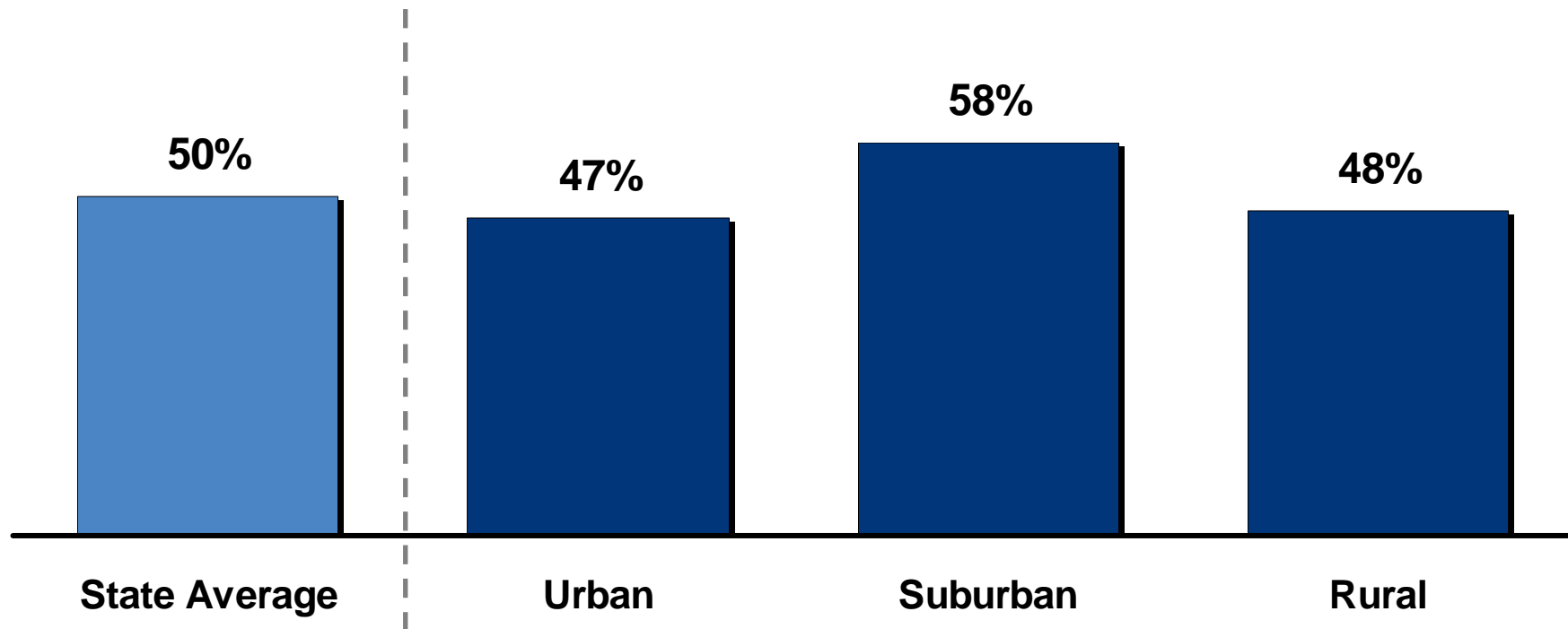
Q: Does your company have a website?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Website Presence by Urban-Rural Classification

Percent of Michigan businesses that have a website



Q: Does your company have a website?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



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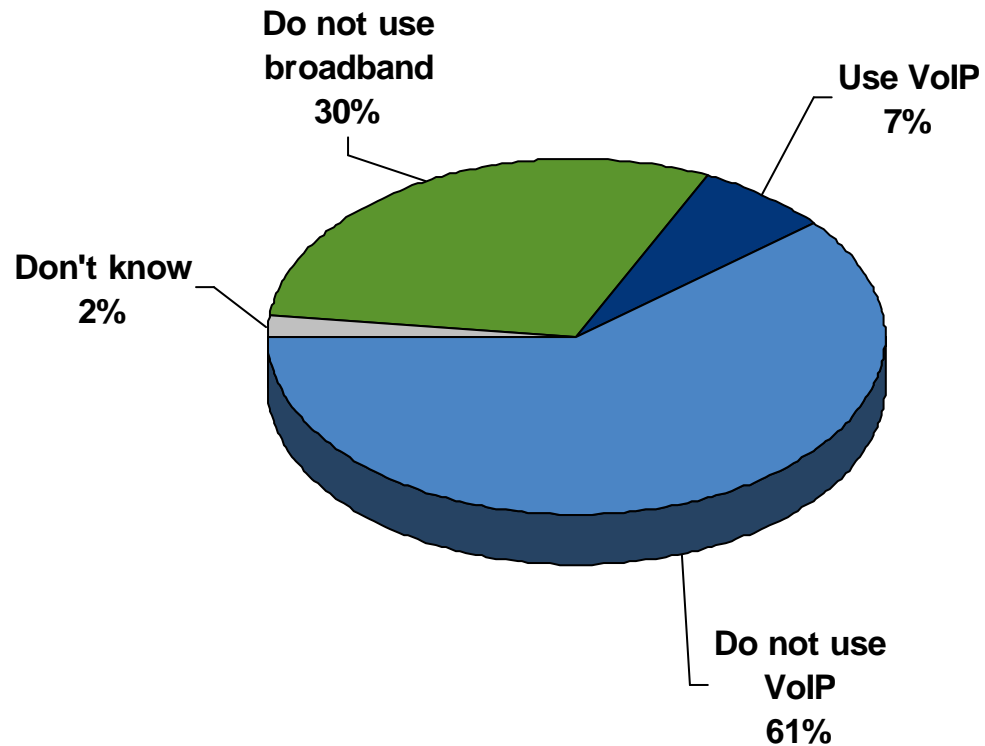
# VoIP Usage



# Businesses that Use Voice over Internet Protocol (VoIP)

Percent of all Michigan businesses

Only 7% of Michigan businesses report using Voice over Internet Protocol (VoIP). This represents 10% of all broadband-connected businesses in Michigan (a prerequisite for VoIP service).



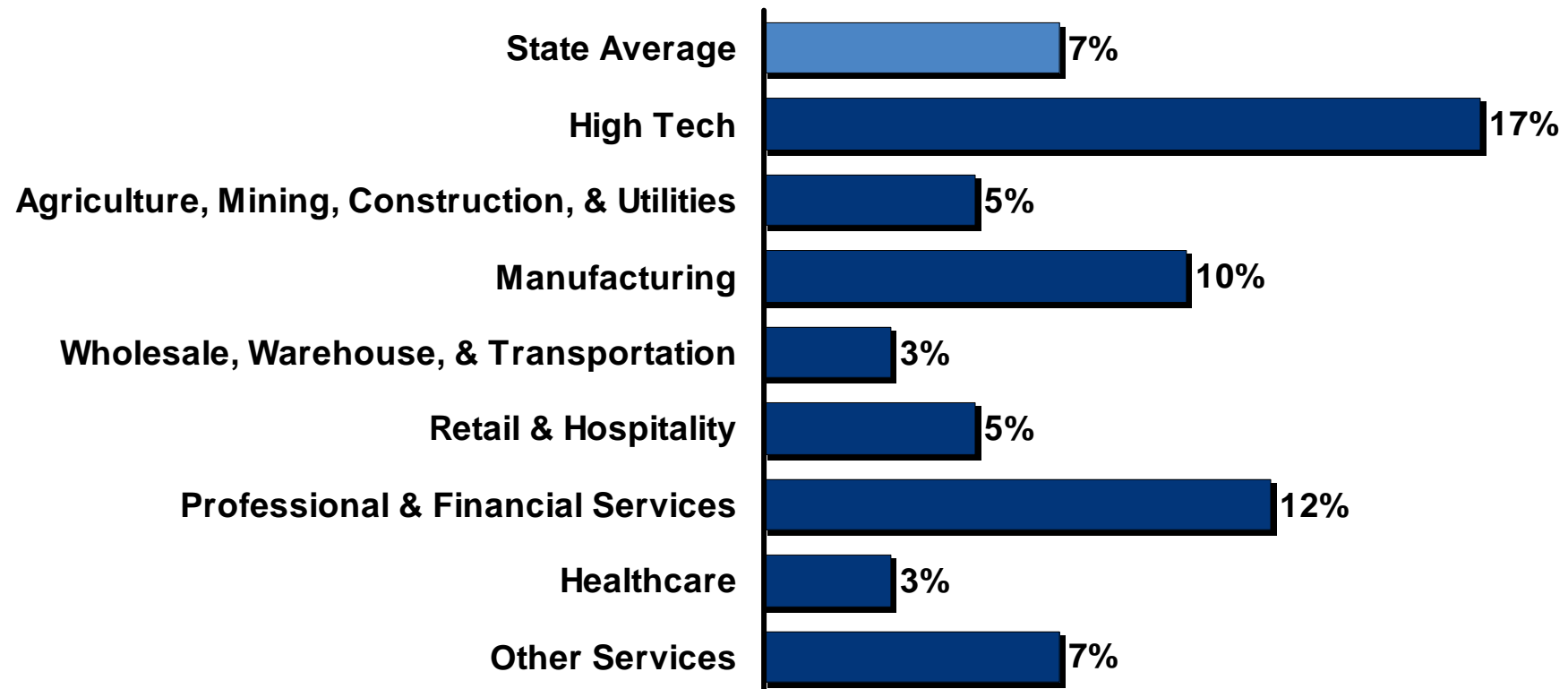
Q: Do you subscribe to Voice over Internet Protocol, commonly known as VoIP?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Businesses That Use VoIP by Industry Sector

Percentage of all Michigan businesses that use VoIP



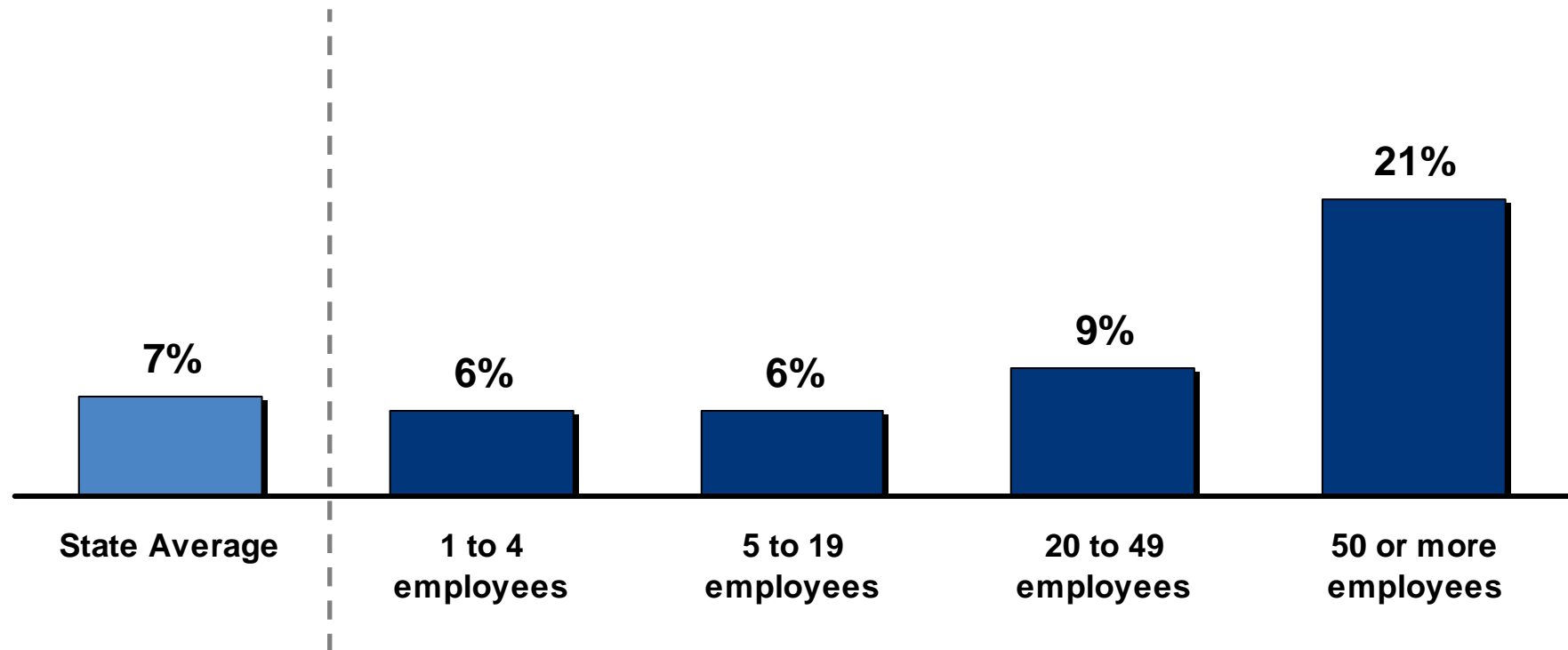
Q: Do you subscribe to Voice over Internet Protocol, commonly known as VoIP?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Businesses That Use VoIP by Business Size

Percentage of all Michigan businesses that use VoIP



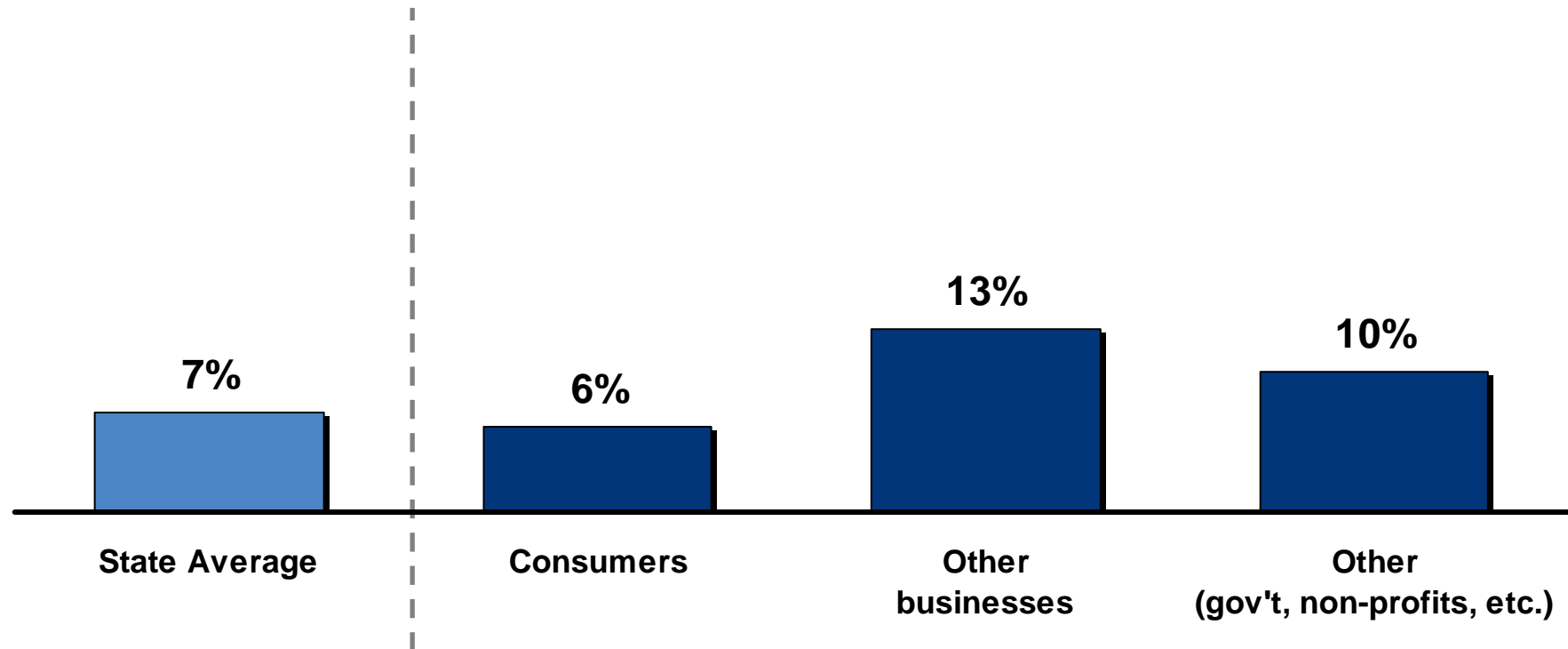
Q: Do you subscribe to Voice over Internet Protocol, commonly known as VoIP?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Businesses That Use VoIP by Primary Customer

Percentage of all Michigan businesses that use VoIP



Q: Do you subscribe to Voice over Internet Protocol, commonly known as VoIP?  
(n=801 MI businesses)

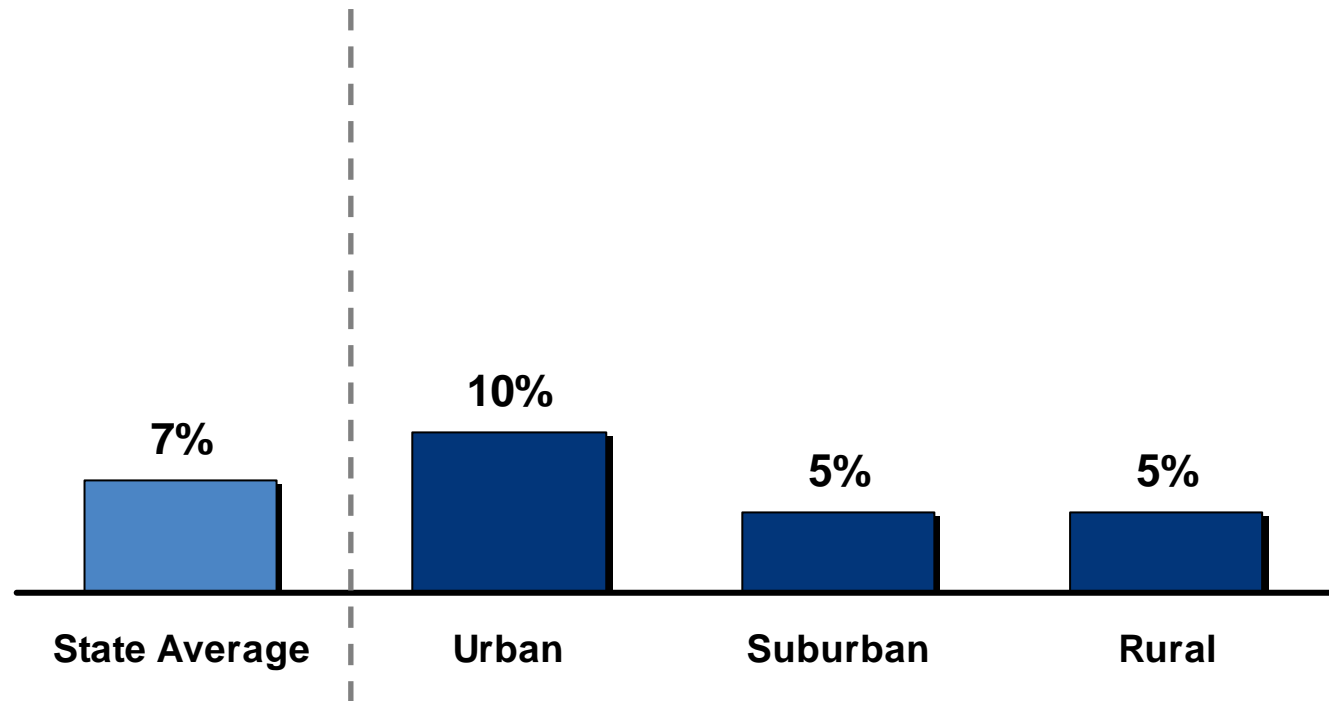
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Businesses That Use VoIP by Urban-Rural Classification

Percent of Michigan businesses that subscribe to VoIP

**Urban businesses are twice as likely to subscribe to VoIP as rural or suburban businesses.**



Q: Do you subscribe to Voice over Internet Protocol, commonly known as VoIP?  
(n=801 MI businesses)

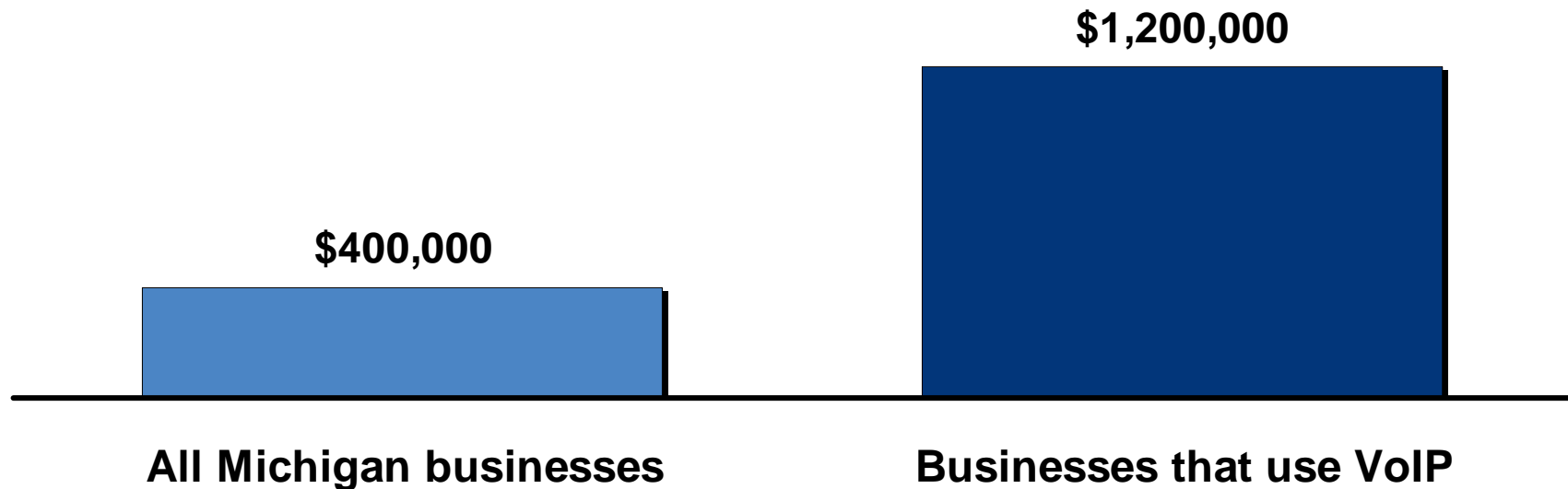
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Annual Incomes Among VoIP Subscribers

Businesses that subscribe to VoIP have median annual revenues three times as large as the statewide average.

Median annual revenues (self-reported)



Q: What is your firm's approximate average annual revenue?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



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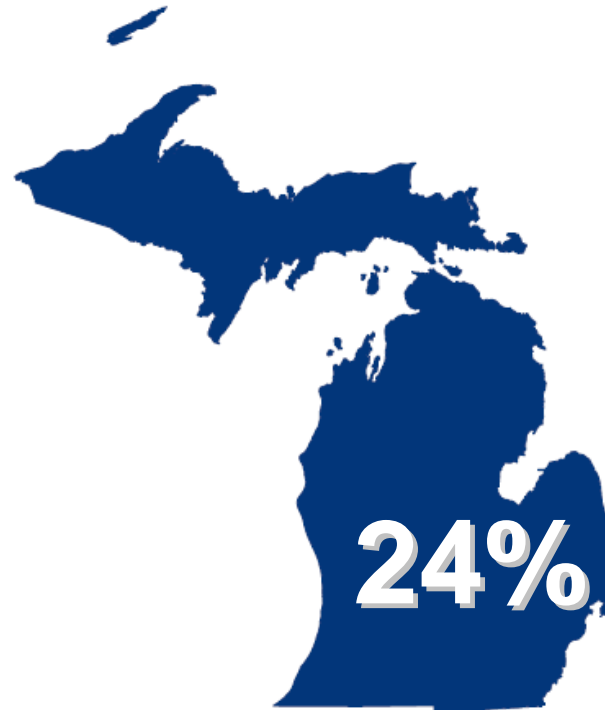


# Teleworking



# Teleworking Among Michigan Businesses

Michigan businesses that allow employees to telework



**Nearly one-fourth of Michigan businesses (24%, or approximately 56,000 businesses) allow their employees to telework.**

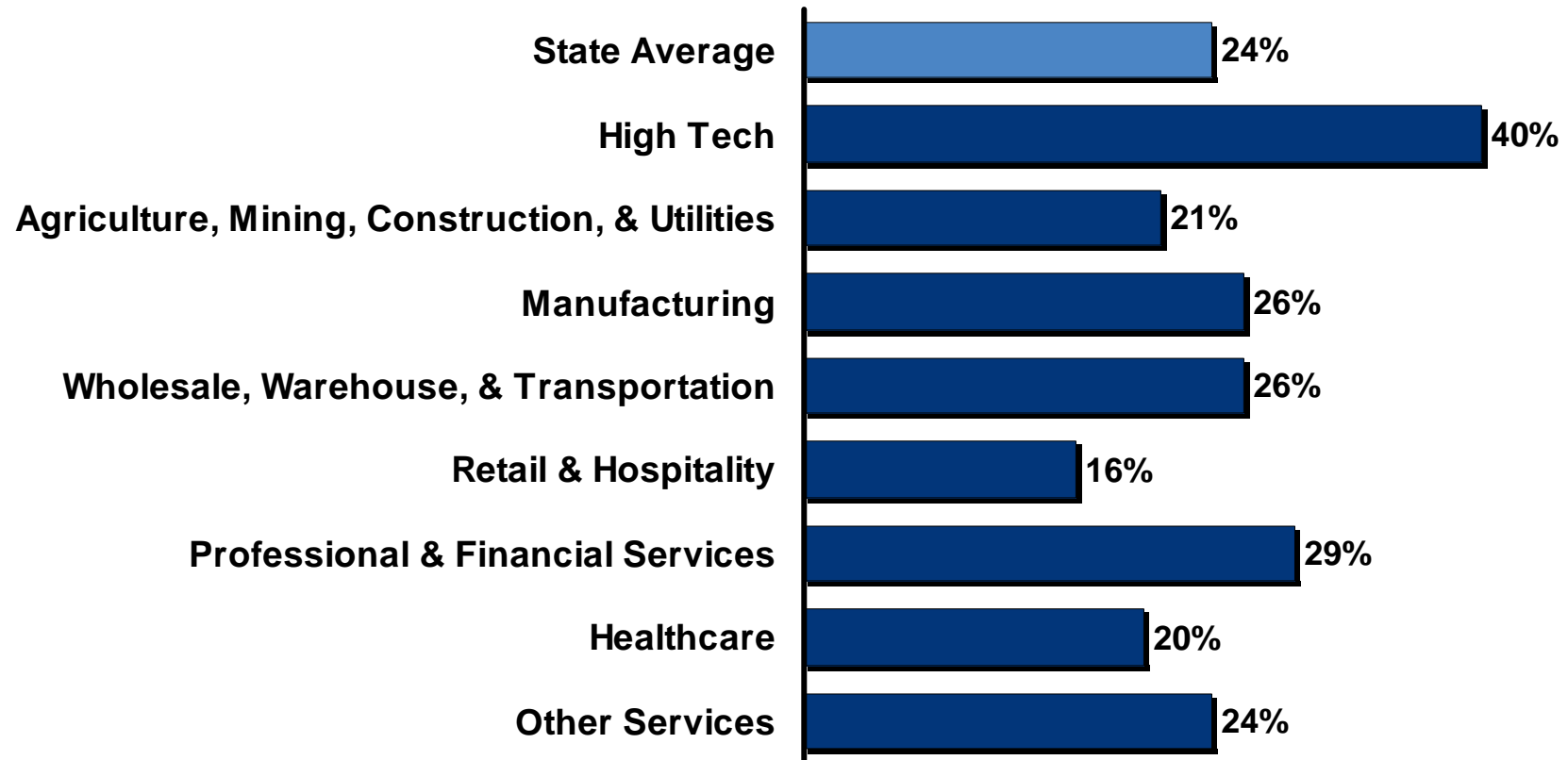
Q: Do any employees within your organization work from home during normal business hours on a regular basis?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Teleworking by Industry Sector

Percent of all Michigan businesses that allow employees to telework on a regular basis



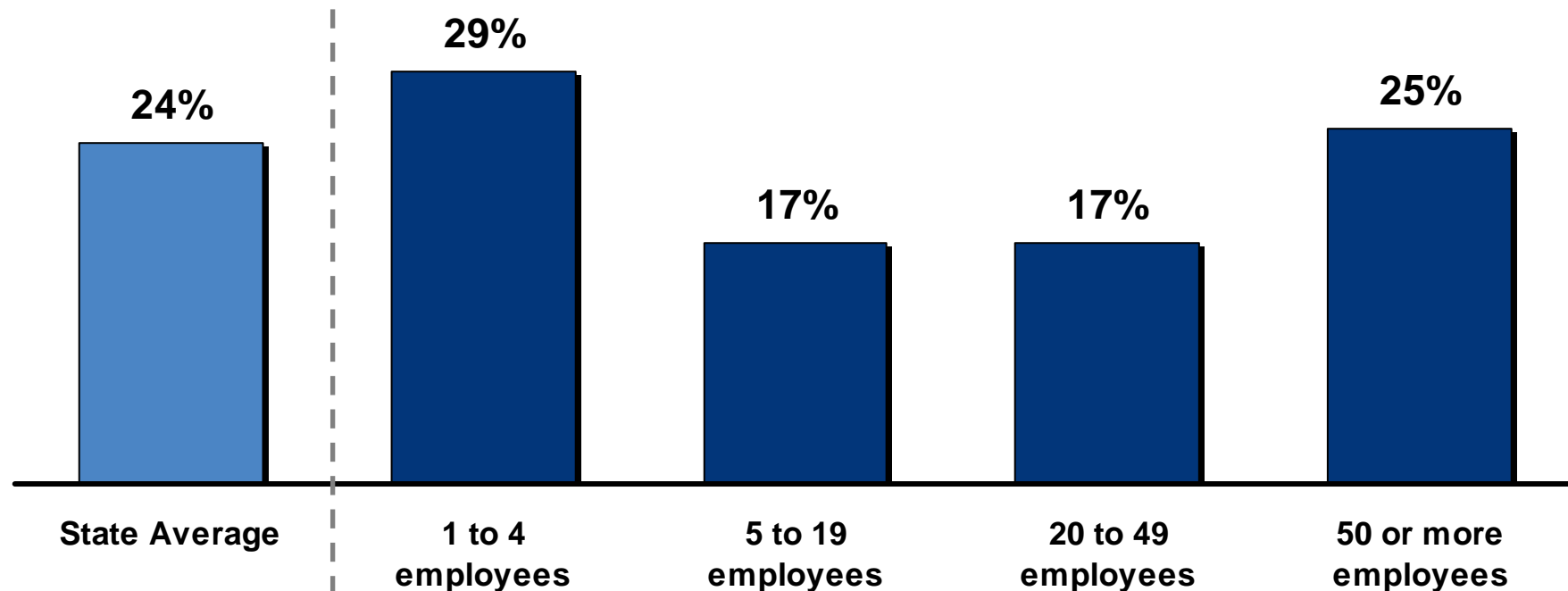
Q: Do any employees within your organization work from home during normal business hours on a regular basis?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Teleworking by Business Size

Percent of all Michigan businesses that allow employees to telework on a regular basis



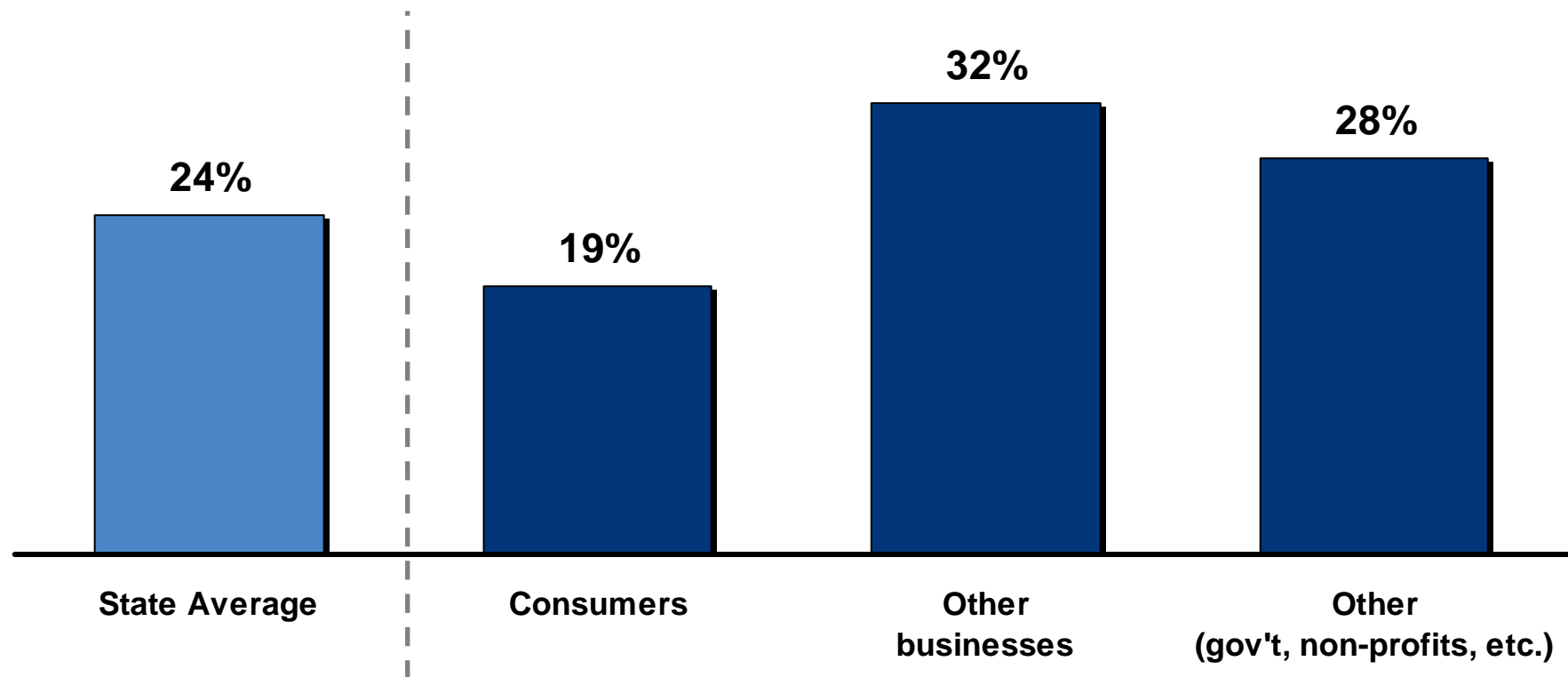
Q: Do any employees within your organization work from home during normal business hours on a regular basis?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Teleworking by Primary Customer

Percent of all Michigan businesses that allow employees to telework on a regular basis



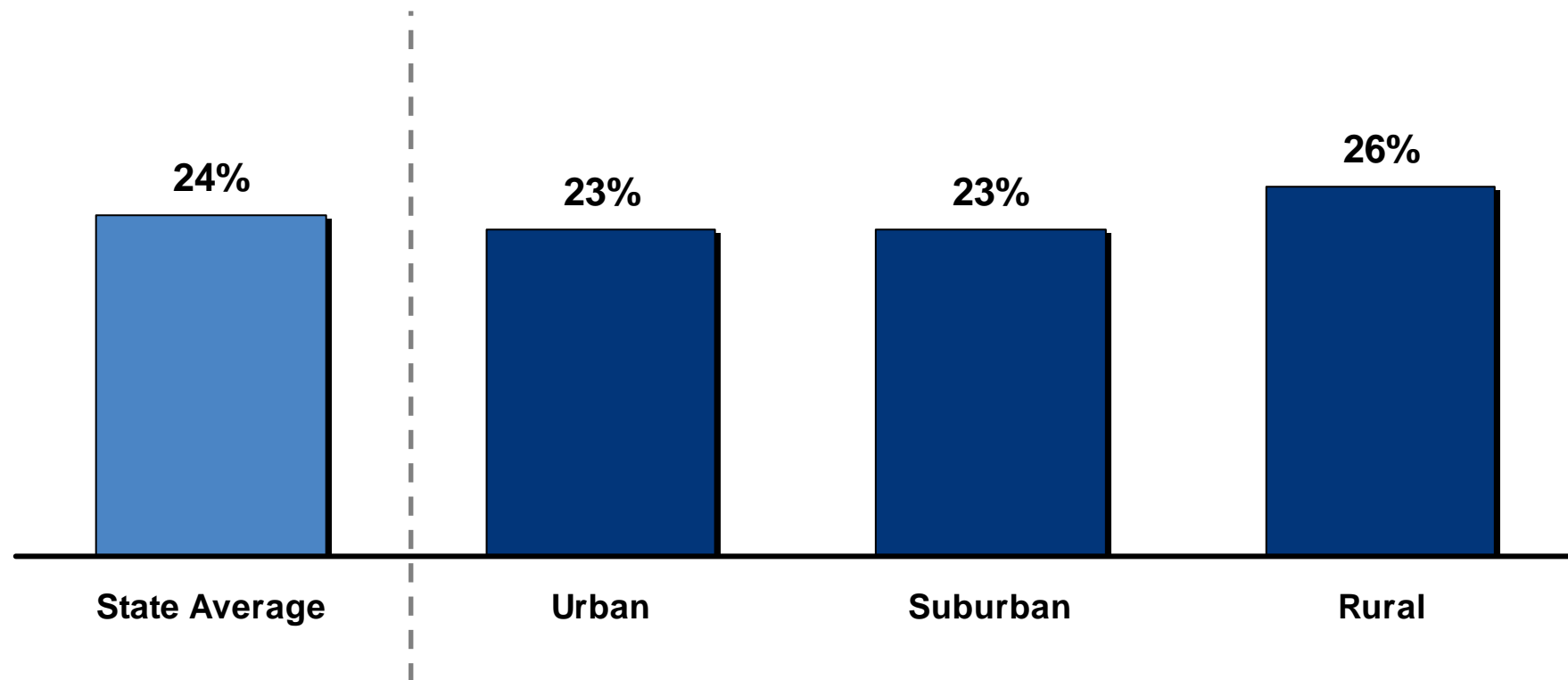
Q: Do any employees within your organization work from home during normal business hours on a regular basis?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Teleworking by Urban-Rural Classification

Percent of all Michigan businesses that allow employees to telework on a regular basis



Q: Do any employees within your organization work from home during normal business hours on a regular basis?  
(n=801 MI businesses)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# E-Government Services



# Use of Michigan State Government Websites

Percent of all Michigan businesses



**Statewide, 59% of all Michigan businesses (approximately 139,000 businesses) access Michigan state government websites.**

Q: How often, if ever, do employees of your company visit Michigan state government websites for business purposes?  
(n=801 MI businesses)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

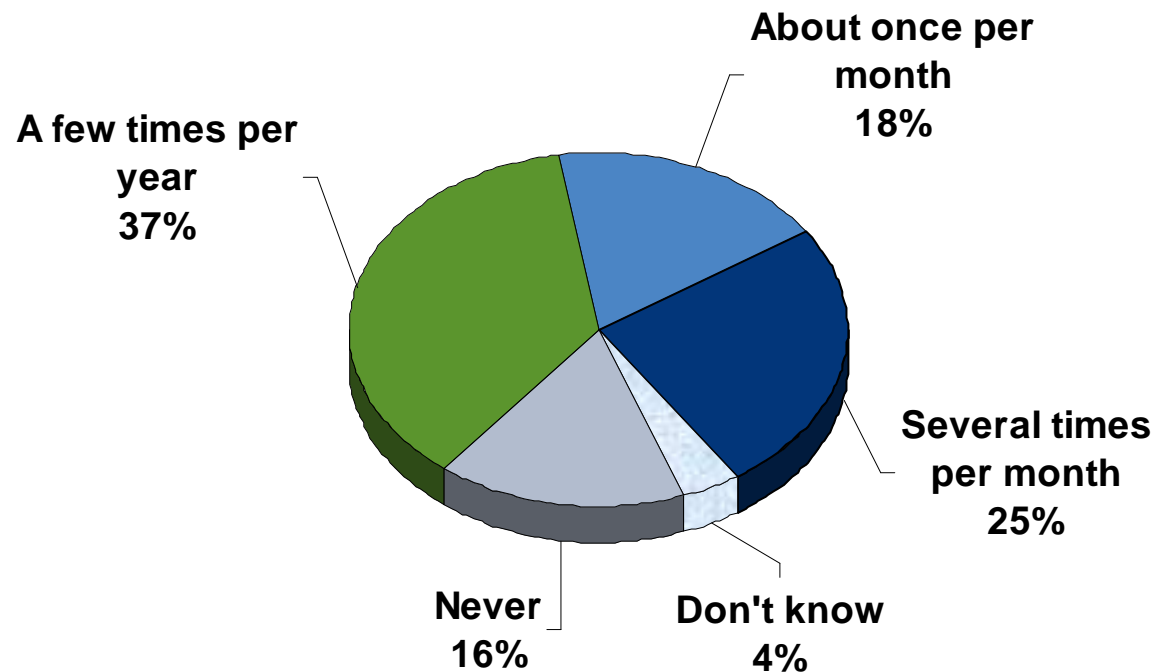


# Business Use of State Government Websites

Frequency of visiting Michigan state government websites

**Eighty percent of Internet-connected businesses report that their employees use Michigan state government websites for business purposes, including 25% that visit these sites several times per month.**

**Statewide, 59% of all Michigan businesses say they visit Michigan state government websites.**



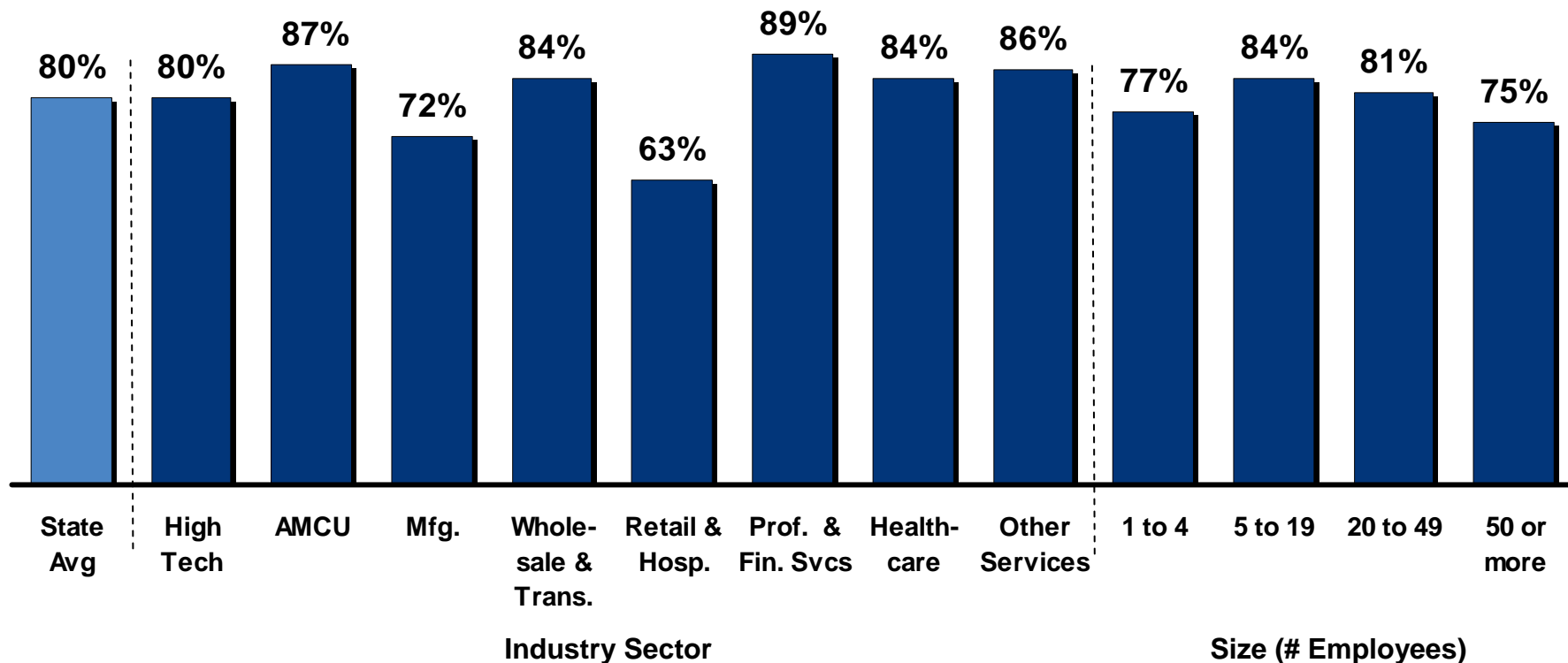
Q: How often, if ever, do employees of your company visit Michigan state government websites for business purposes?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Use of Michigan Government Websites by Size and Sector

Percent of Internet-connected Michigan businesses that visit state government websites at least once per year



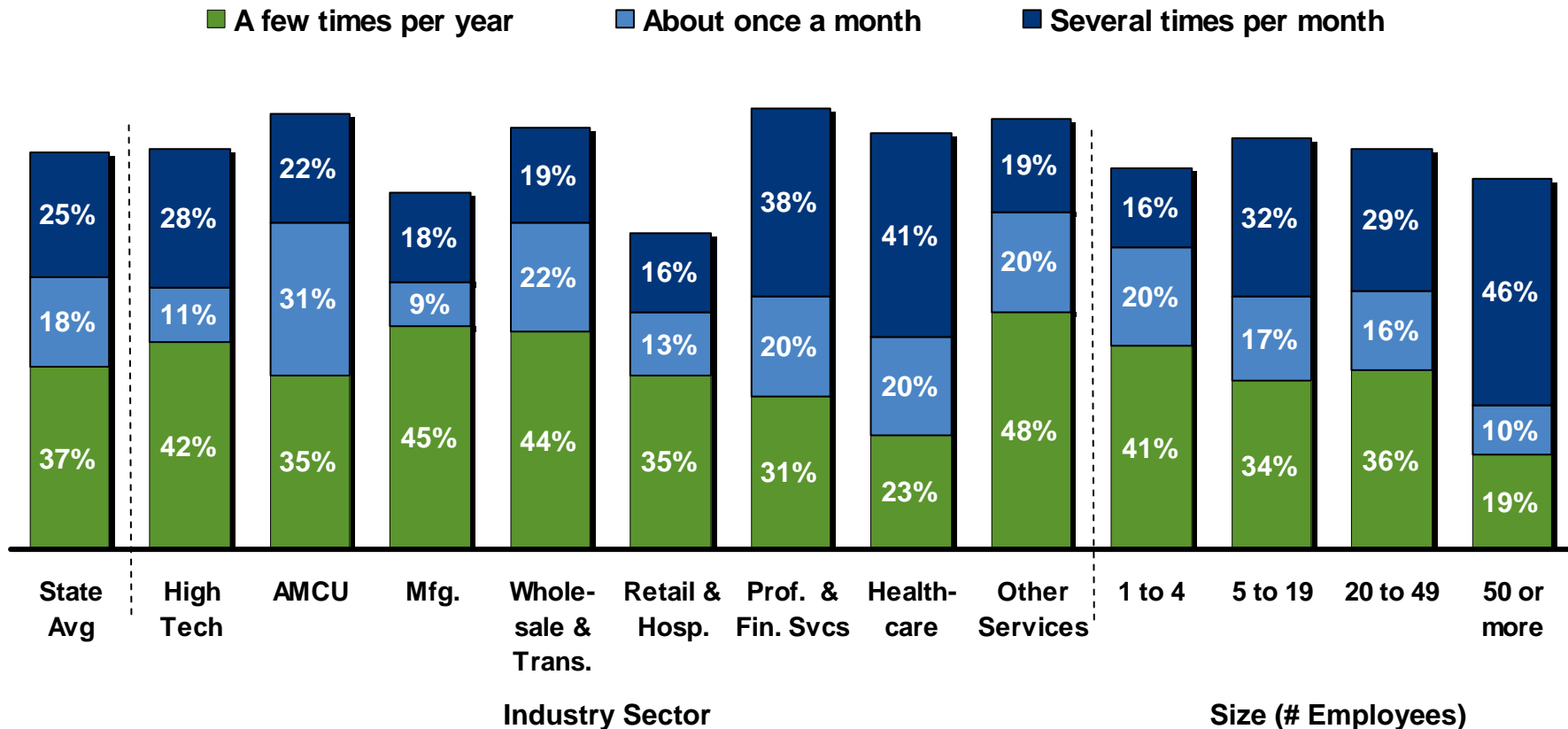
Q: How often, if ever, do employees of your company visit Michigan state government websites for business purposes?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org



# Frequency of Michigan State Website Use by Size and Sector

Percent of Internet-connected Michigan businesses that visit state government websites



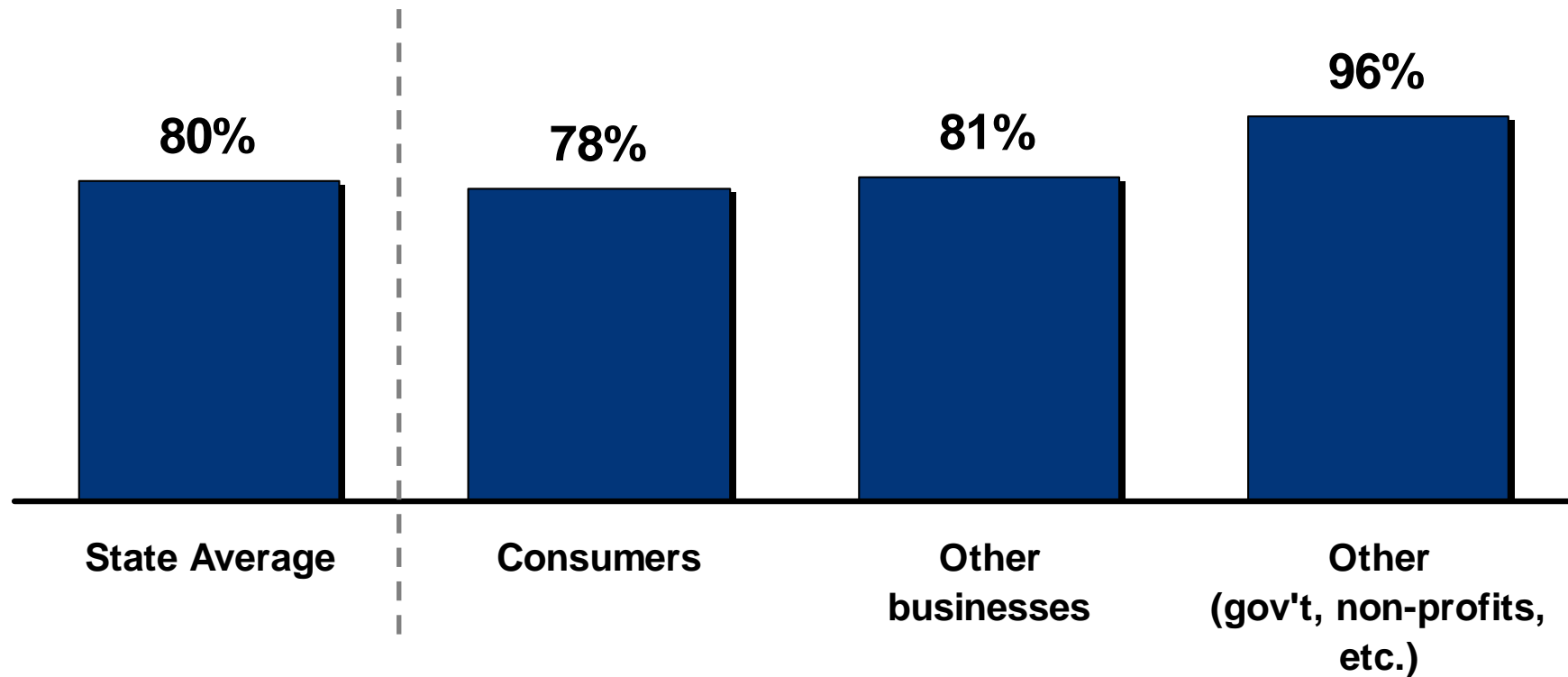
Q: How often, if ever, do employees of your company visit Michigan state government websites for business purposes?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
www.connectmi.org



# Michigan Government Website Use by Primary Customer

Internet-connected Michigan businesses  
that visit state government websites at least once per year



Q: How often, if ever, do employees of your company visit Michigan state government websites for business purposes?  
(n=655 MI businesses that use the Internet)

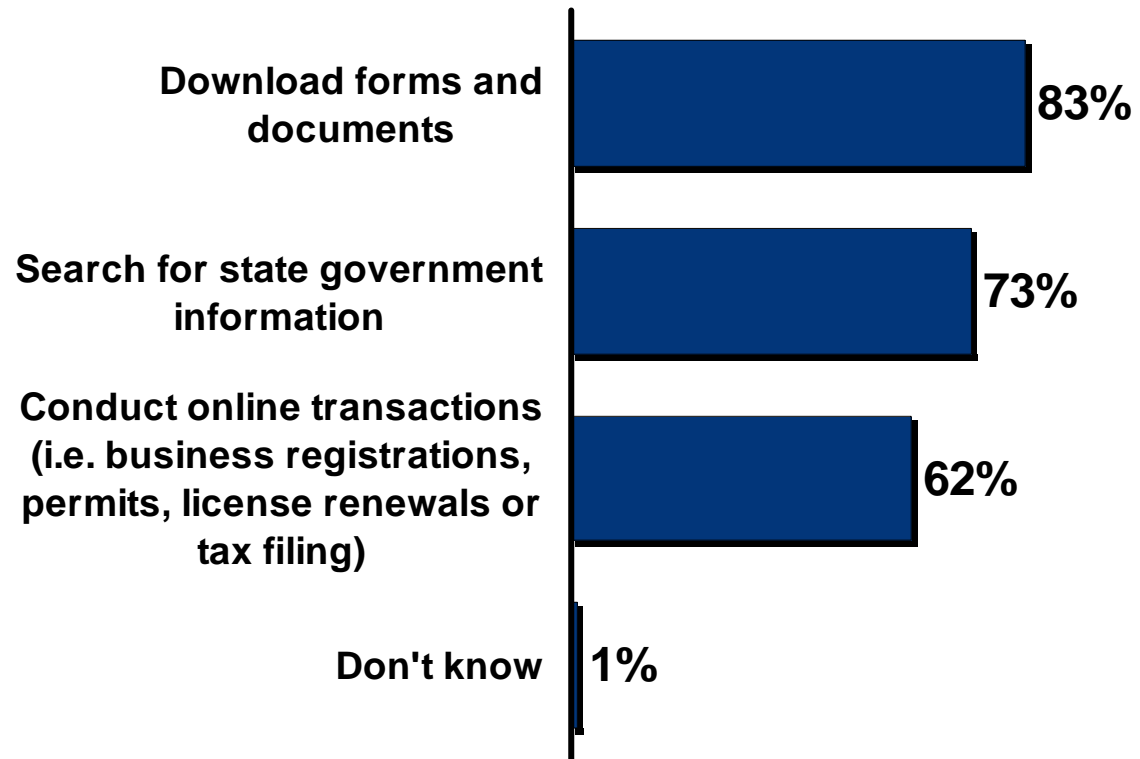
Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Activities at Michigan State Government Websites

## Applications used by businesses that visit Michigan state websites

**Among Michigan businesses that access Michigan state government websites, over four-fifths (83%) report that their employees download forms and documents. This is the most frequently reported application.**



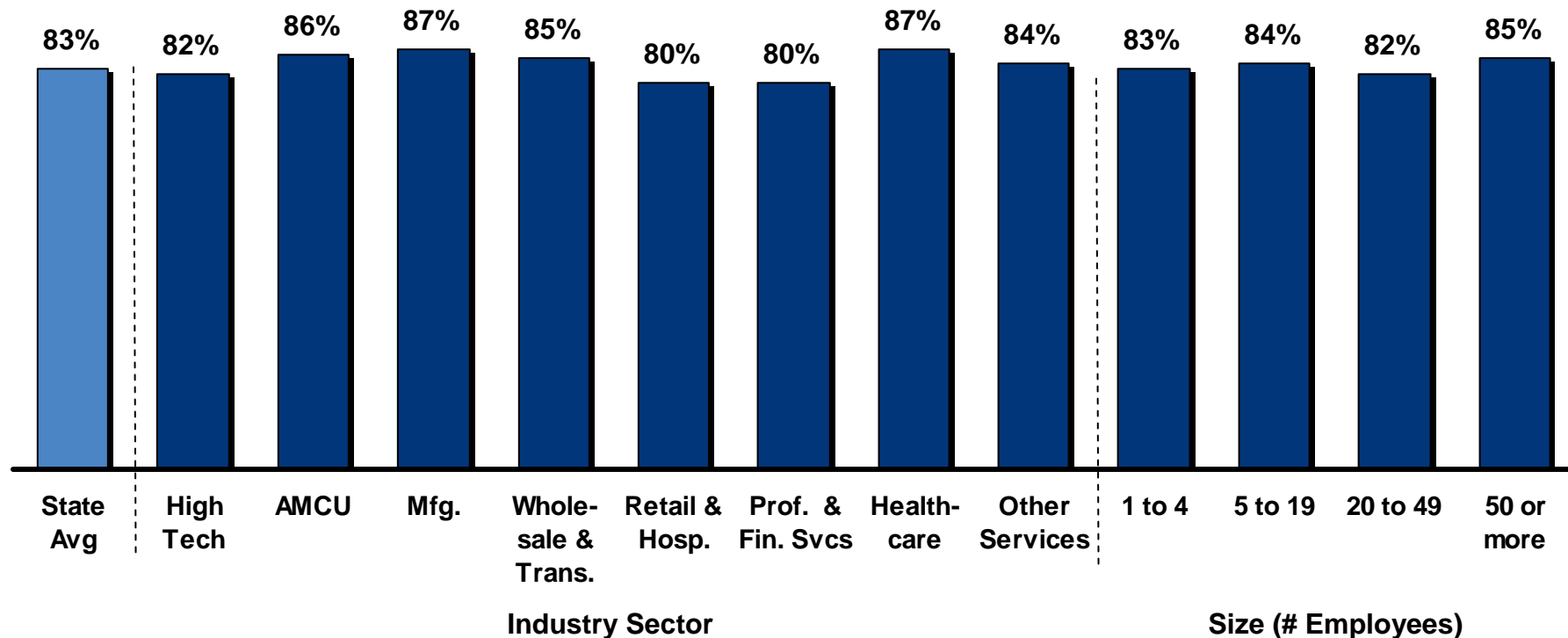
Q: What type of activities does your business conduct at Michigan's state agency websites?  
(n=540 MI businesses that visit state government websites)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Activities at Michigan State Government Websites by Business Size and Sector

Percent of businesses that visit state government websites to download state forms and documents



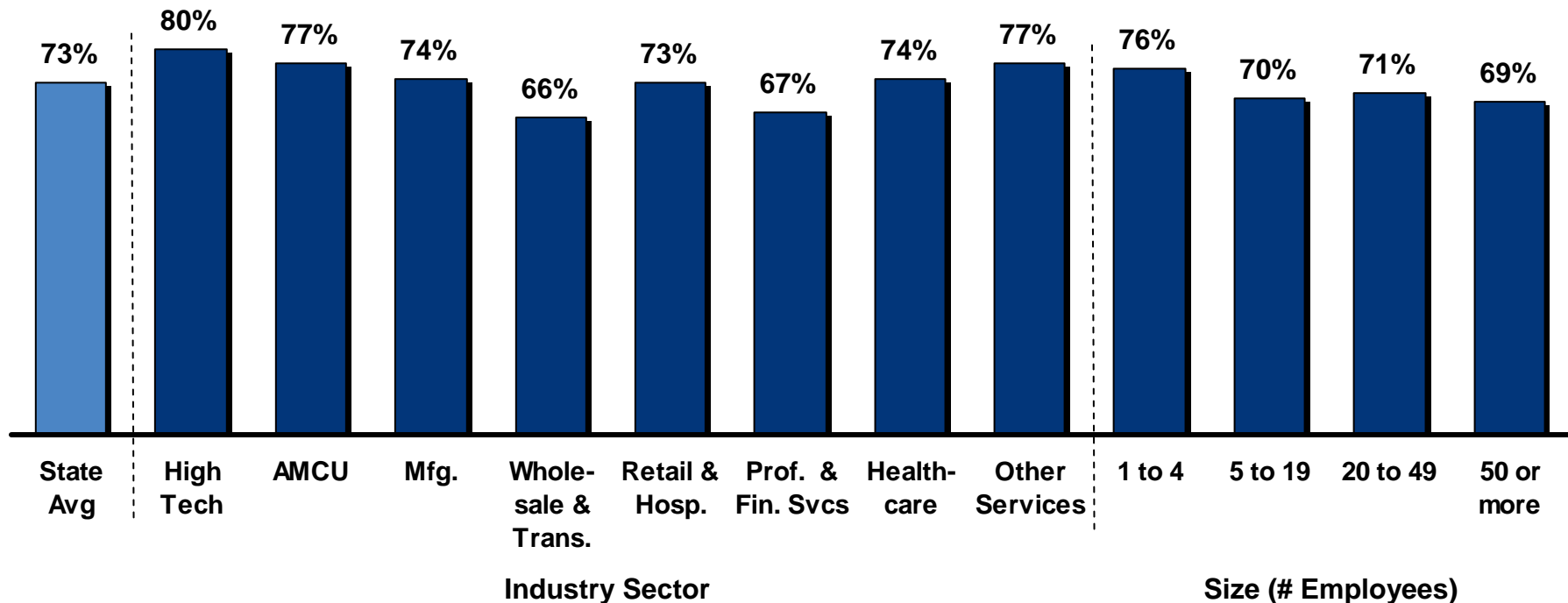
Q: What type of activities does your business conduct at Michigan's state agency websites?  
(n=540 MI businesses that visit state government websites)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Activities at Michigan State Government Websites by Business Size and Sector

Percent of businesses that visit state government websites to search for state government information



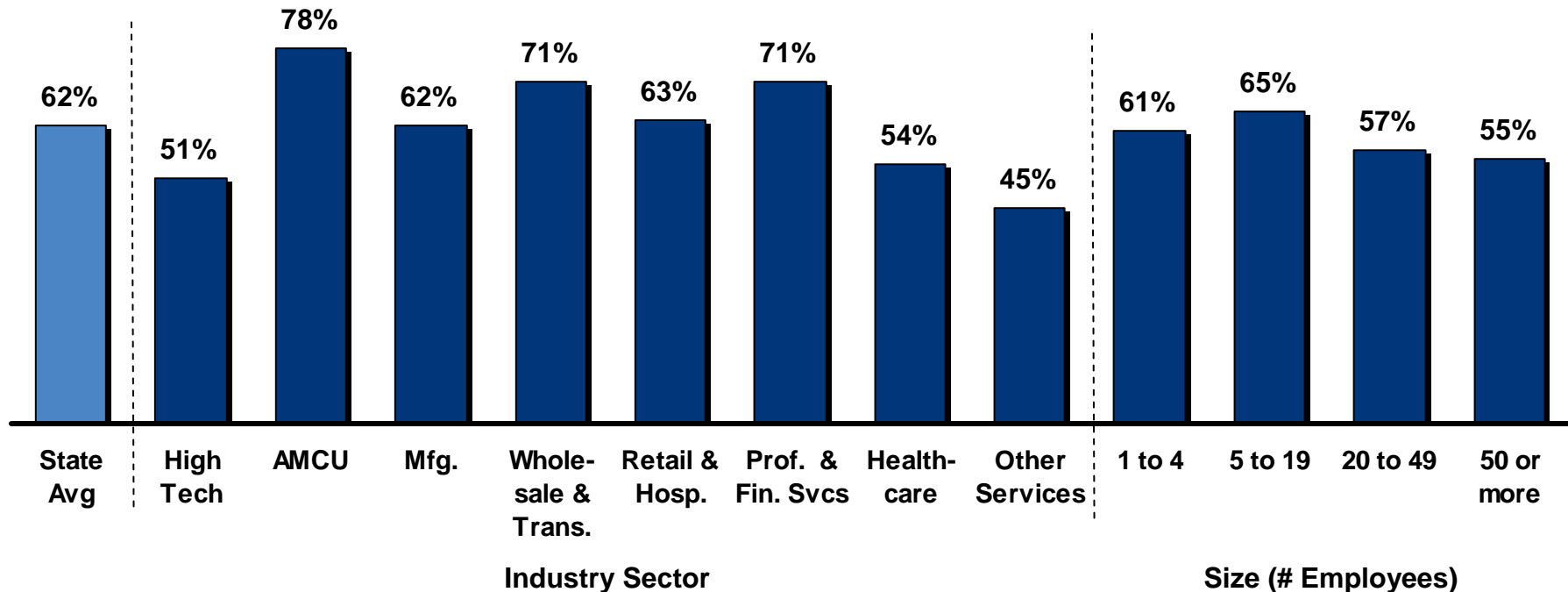
Q: What type of activities does your business conduct at Michigan's state agency websites?  
(n=540 MI businesses that visit state government websites)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Activities at Michigan State Government Websites by Business Size and Sector

Percent of businesses that visit state government websites to conduct online transactions with the state



Q: What type of activities does your business conduct at Michigan's state agency websites?  
(n=540 MI businesses that visit state government websites)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# The Impact of Technology on Small Businesses



# Broadband Adoption Among Small Business

Among Michigan businesses with fewer than five employees



**Among Michigan businesses with fewer than five employees, 63% (or 78,000 small businesses) use broadband Internet.**

Q: Which of the following describes the type of Internet access your company has?  
(n=198 MI businesses with fewer than five employees )

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)

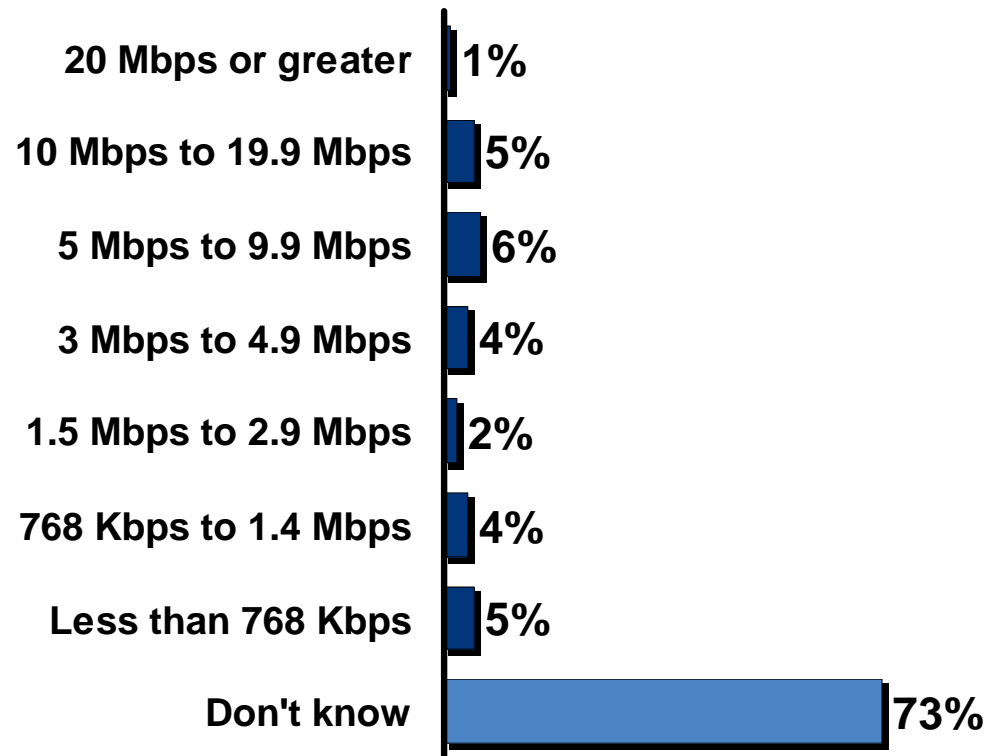


# Broadband Download Speeds Among Michigan Small Businesses

**Among small broadband-connected Michigan businesses that know their advertised bandwidth, the average download speed is 6.7 Mbps. By comparison, the state average speed is 6.3 Mbps.**

**Statewide, only 27% of small broadband-connected Michigan businesses know their approximate download speed.**

**Current estimated download speeds**  
(among broadband-connected Michigan businesses with fewer than five employees)



Q: To the best of your knowledge, what is the advertised bandwidth or download speed provided by your Internet service provider?  
(n=127 MI businesses with fewer than five employees and a broadband connection)

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Broadband Speeds (Bandwidth) and Current Small Business Needs

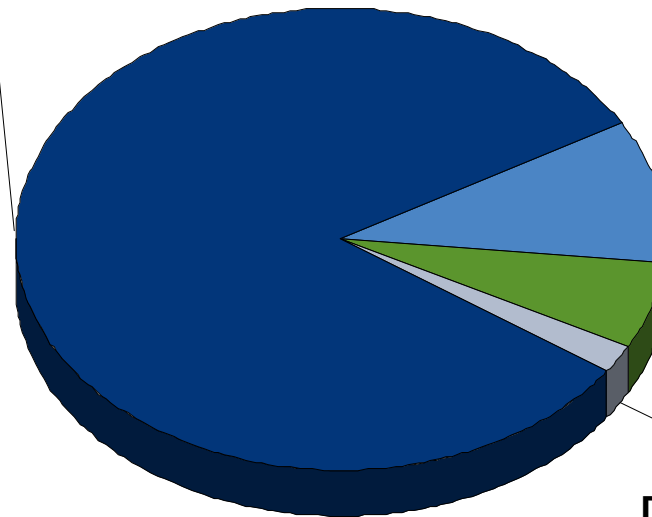
Among broadband-connected Michigan small businesses

Current bandwidth is "about right" for current needs  
82%

Could use more bandwidth  
10%

Have more bandwidth than they currently need  
6%

Don't know  
2%



Over eight out of ten (82%) broadband-connected businesses with fewer than five employees say their current broadband speed is "about right" or more than they need.

Q: How well does your current bandwidth meet your needs?  
(n=127 MI businesses with fewer than five employees and a broadband connection)

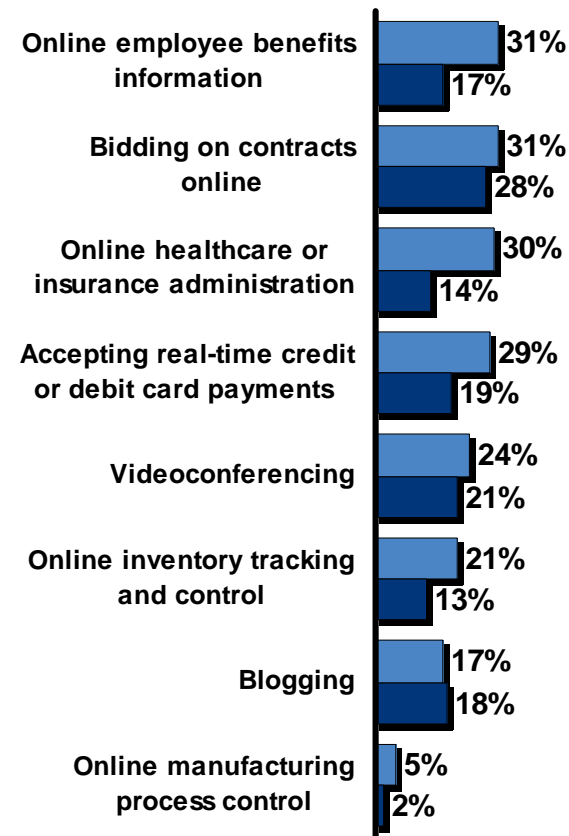
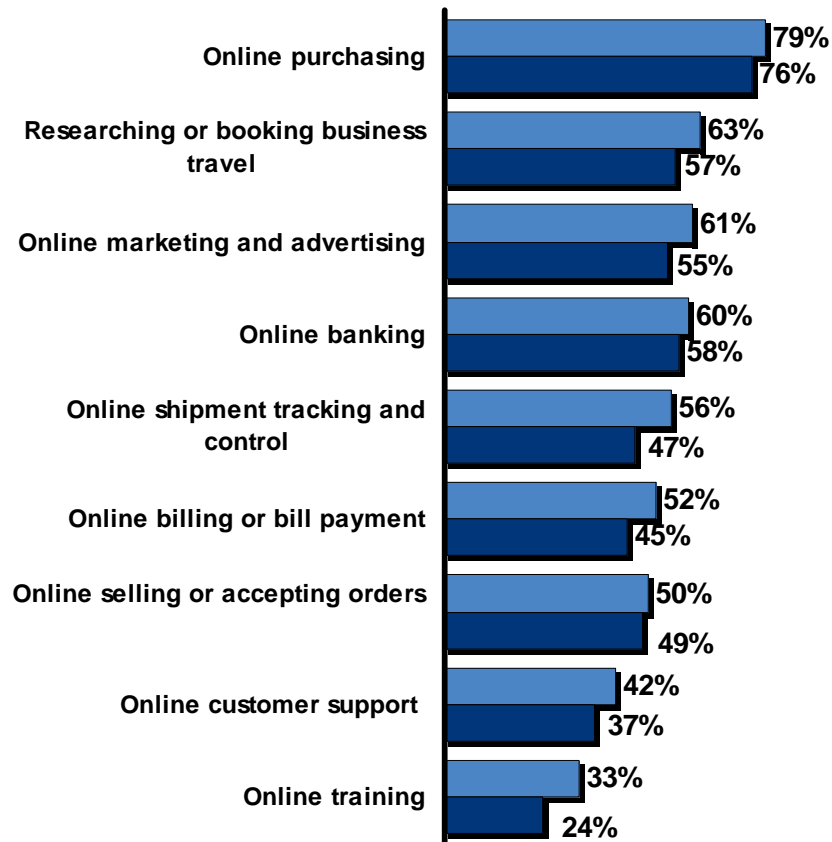
Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Uses for the Internet Among Small Businesses in Michigan

■ State Average

■ Small businesses



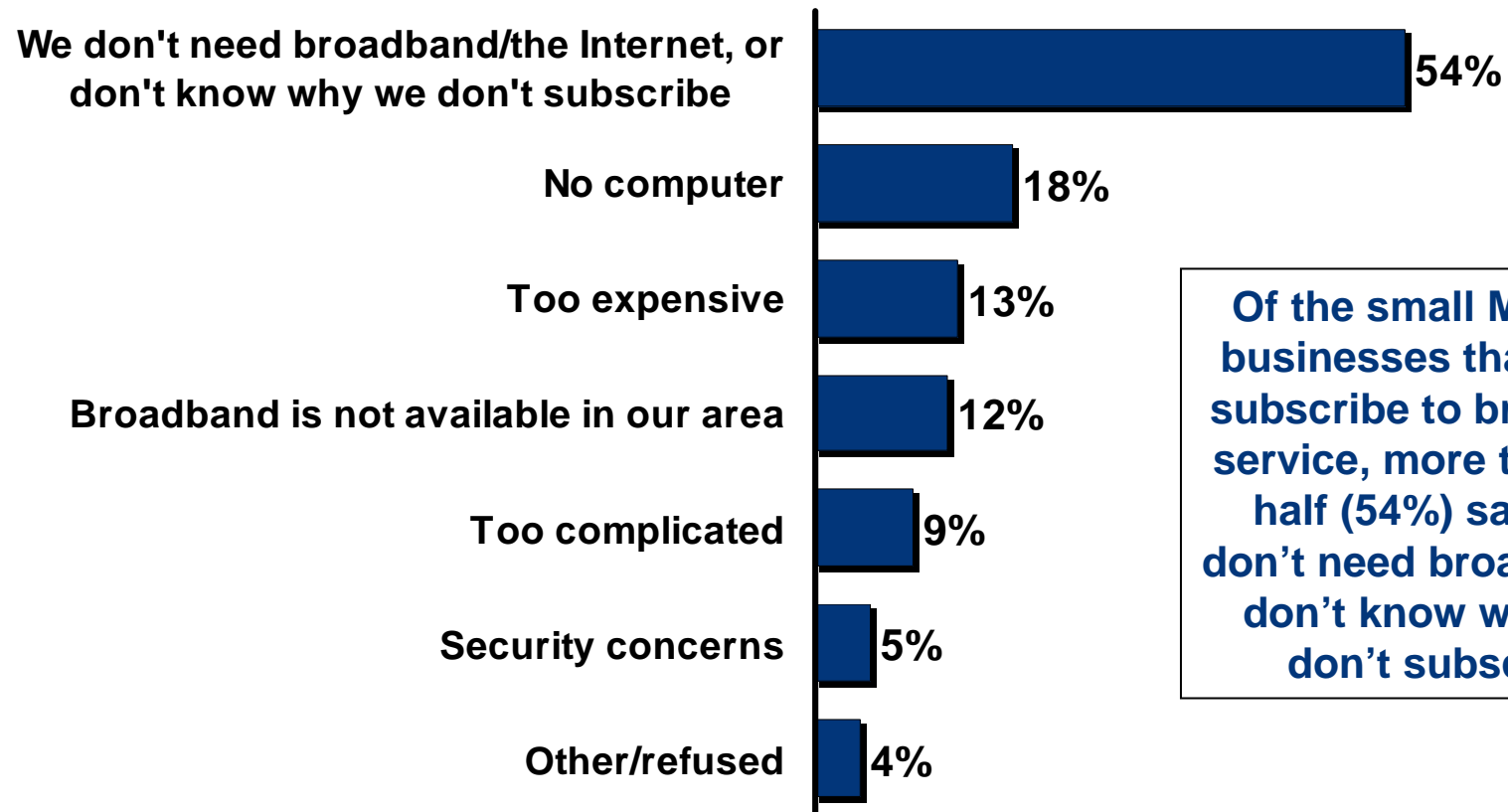
Q: Which of the following activities does your business currently conduct using the Internet?  
(n=655 MI businesses that use the Internet)

Source: 2010 Connect Michigan Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Barriers to Broadband Adoption Among Small Michigan Business

Among small Michigan businesses with no broadband service\*



**Of the small Michigan businesses that do not subscribe to broadband service, more than one-half (54%) said they don't need broadband or don't know why they don't subscribe.**

\*Percentages do not add up to 100% because businesses could give multiple responses.  
Q: Why doesn't your organization subscribe to broadband service?  
(n=71 MI businesses with fewer than five employees and without broadband service )

Source: 2010 Connect Michigan  
Business Technology Assessment  
[www.connectmi.org](http://www.connectmi.org)



# Michigan's Business Environment



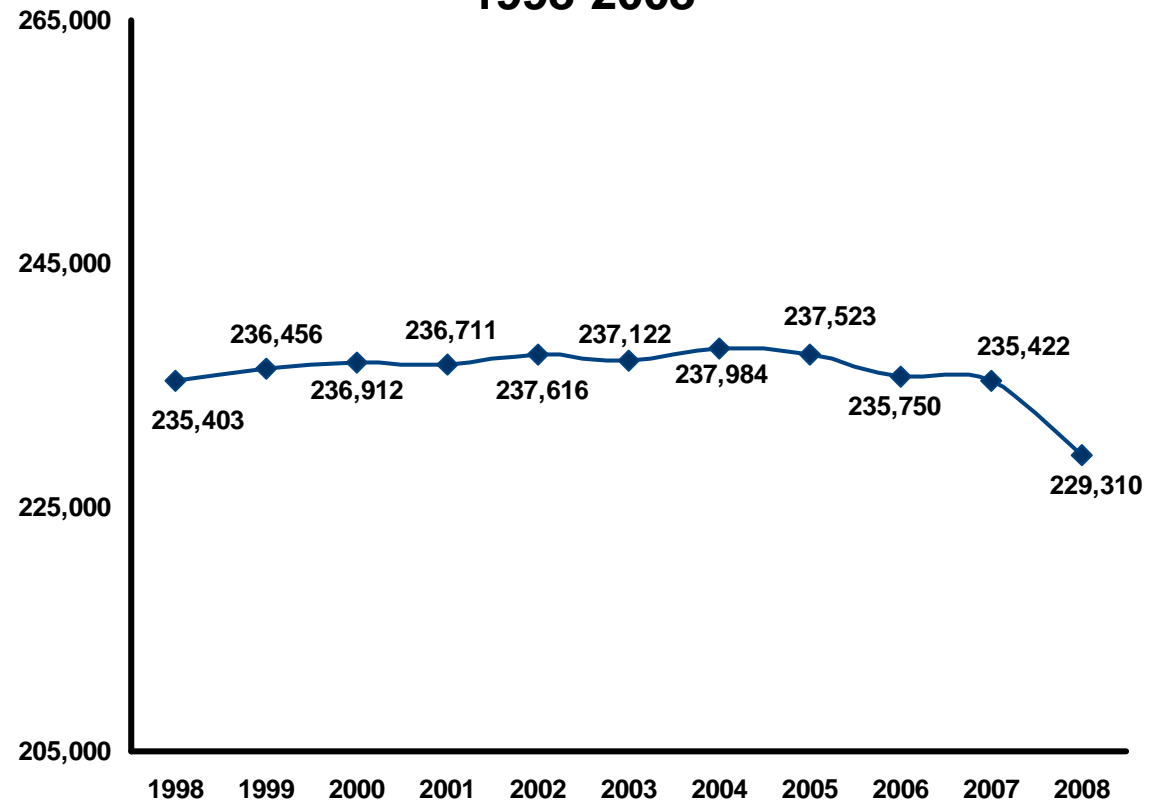
# Growth in Business Establishments

According to 2008 U.S. Census County Business Patterns data (the most recent data available), there were 229,310 business establishments in Michigan, down 2.6% from 235,422 in 2007.

These businesses employed over 3.6 million individuals in 2008.

The average establishment employs 15.9 workers, which is about the same as the national average. However, average real wages in Michigan (\$40,650) are well below the national average.

## Michigan Business Establishments 1998-2008



Source: U.S. Bureau of the Census, 2008 County Business Patterns

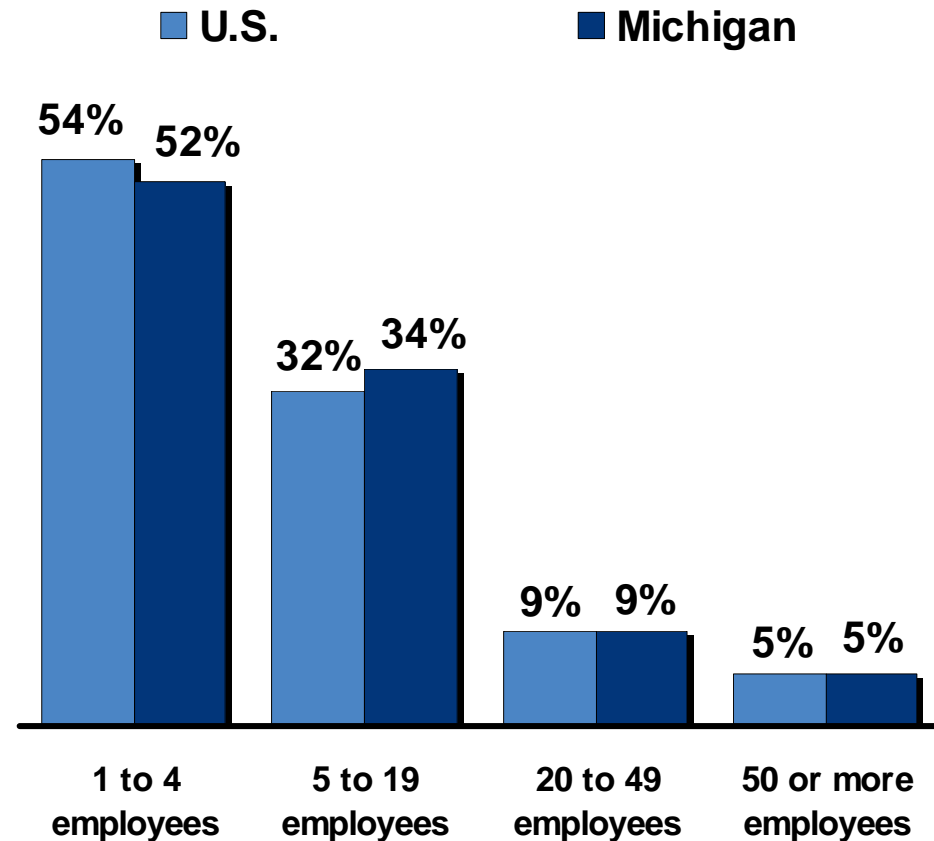


# Size Distribution of Michigan Businesses

More than one-half of all Michigan businesses employ fewer than five employees, while only five percent of businesses employ fifty or more employees.

The Connect Michigan business survey has intentionally over-sampled large businesses to achieve a minimum sample for analysis and comparisons relative to smaller firms.

The survey data are weighted to ensure that the survey results are representative of Michigan business establishments (see methodology section for specific information about sampling).

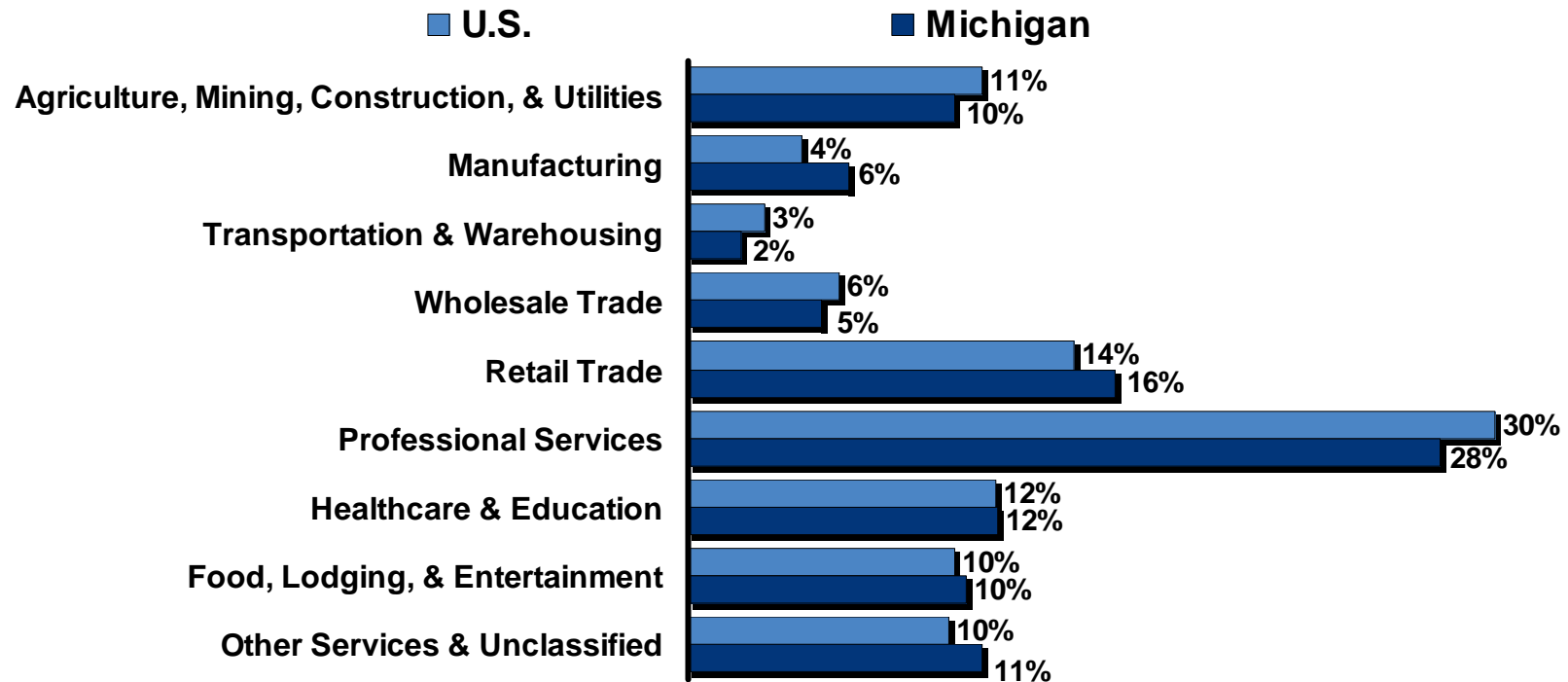


Source: U.S. Bureau of the Census, 2008 County Business Patterns



# Industry Breakdown of Michigan Businesses

Industry Sector Distribution\*



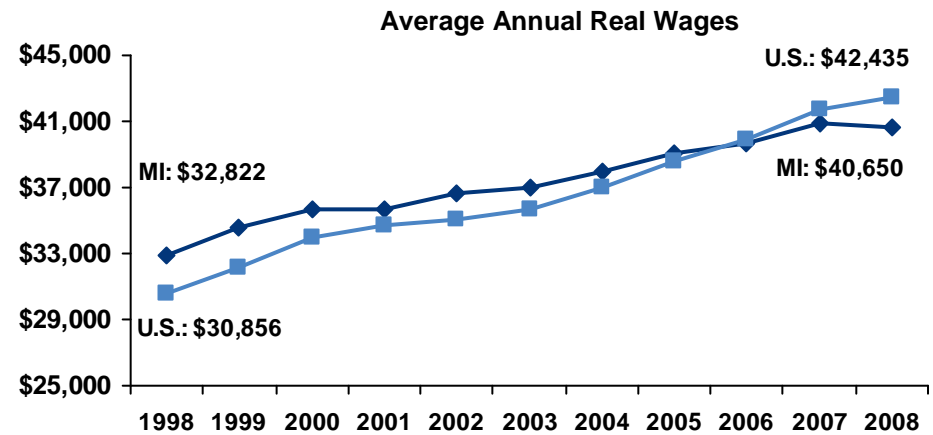
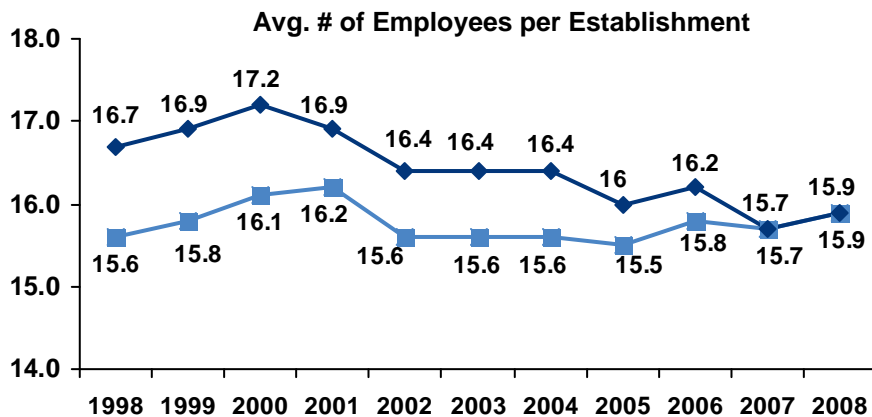
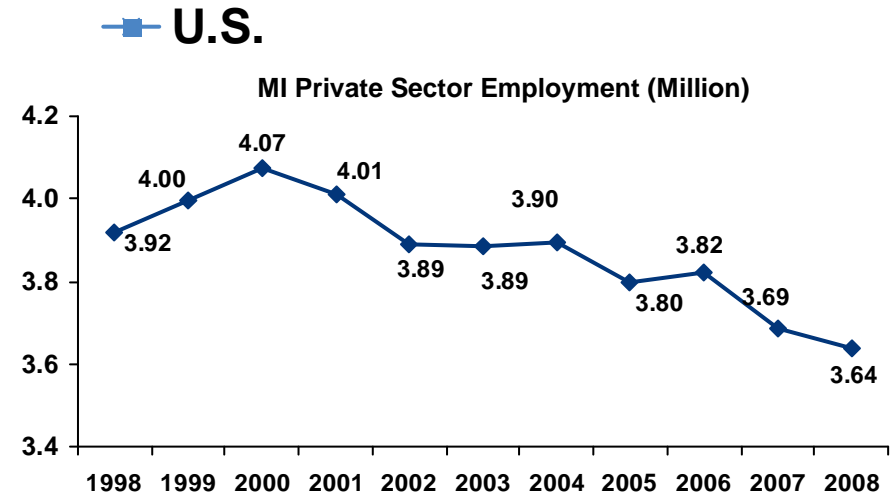
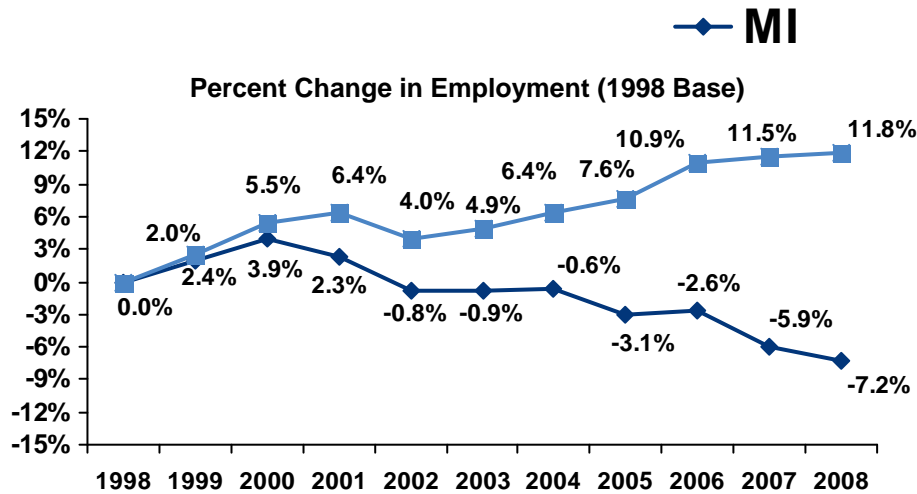
**The 2010 Connect Michigan Business Survey data are also weighted with respect to industry sector to ensure the survey sample is representative of Michigan establishments.**

\*Industry sectors are categorized by North American Industry Classification System (NAICS) codes. "Professional services" includes NAICS codes 51-56 (information, financial, real estate, professional, technical, management and administrative services).

Source: U.S. Bureau of the Census, 2008 County Business Patterns



# Michigan Business and Employment Trends



Source: U.S. Bureau of the Census, 2008 County Business Patterns



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# Research Methodology



# Methodology Overview

- Eight hundred one (801) Michigan businesses were contacted by telephone between June 23 and July 21, 2010. Data were collected by Thoroughbred Research Group in Louisville, Kentucky.
- The error interval or sample tolerance for the survey is  $\pm 4.85\%$  at the 95% confidence level. This sample error accounts for sample weighting, using the effective sample size.
- Sample quotas were established by business size (5 brackets) and industry sector (8 sectors). Within these 40 cells, a randomly drawn sample of businesses listed with Dun & Bradstreet were contacted for the survey.
- This approach gathers enough interviews within size and industry subsectors to analyze with confidence.
- Weighting of the survey data enables the total sample to also be representative of all employer business establishments in Michigan, according to the U.S. Census Bureau *County Business Patterns* (CBP) data. Weighting and research consultation were provided by Lucidity Research LLC.



# Michigan Business Universe

- The federal government classifies and tabulates the number, size, and type of businesses in two ways:
  - Business establishments with paid employees
  - Non-employer business establishments
- A business establishment is defined as “a single physical location at which business is conducted or services or industrial operations are performed.”
- Businesses with paid employees are reported in the *County Business Patterns* data from the U.S. Census Bureau based on payroll tax information. This is the most comprehensive and consistent year-to-year measurement of private employer businesses. For this reason, many state agencies rely on these data for economic development and planning purposes.
- In 2007, there were 235,422 private business establishments in Michigan according to *County Business Patterns*, employing 3.7 million residents. The June 2010 survey is projected to this total, which was the latest data available at the time the survey was conducted.
- Non-employer establishment counts are derived from business income tax returns filed by non-employer businesses. Generally, these businesses have at least \$1,000 in sales receipts, but most of these are very small and often are not a primary source of income for the owner(s).
- In 2007, there were 648,573 *non-employer* businesses in the state.



# Urban-Rural Classifications Defined

- The U.S. Census Bureau uses an urban-rural classification based on Metropolitan Statistical Areas (MSAs), which are designated by the United States Office of Management and Budget to collect, tabulate, and publish federal statistics.
- Metropolitan statistical areas contain a core urban area with a population of 50,000 or more. Each MSA also includes one or more boroughs or census areas that have a high degree of social and economic interaction with the urban core.
- When classifying urban, suburban, and rural counties, we follow the Census Bureau definition whereby counties are categorized as “urban” if they contain the core city of an MSA. “Suburban” counties include MSA counties that do not contain a core city, and “rural” counties include all remaining counties that are not part of an MSA.
- Using these definitions, there are currently 14 urban, 12 suburban, and 56 rural counties in Michigan.



# Methodology: Weighting

- The 2010 survey data were both sampled and weighted by quotas defined by the size of establishment and dominant industry sector using the most recent *County Business Patterns* data as targets.
- Respondent estimates of number of employees at the business location called were used in place of employee size data from Dun & Bradstreet. Industry sector quotas were defined based on NAICS groups shown in the tables below, according to Dun & Bradstreet data and confirmed or corrected during the interview itself.
- Sampled vs. Actual distribution of businesses is summarized in tables below.

2010 Sample Distribution by Size and Sector				
Sector	1-4	5-19	20-49	50+
High Tech	3.0%	2.6%	2.9%	3.1%
Ag, Mining, Construction, & Utilities	2.9%	3.2%	3.4%	2.5%
Manufacturing	2.9%	3.1%	3.4%	3.1%
Wholesale, Warehouse, & Transport	2.4%	3.4%	3.6%	2.6%
Retail, Food, & Lodging	3.7%	3.1%	3.4%	3.0%
Professional & Financial Services	3.6%	3.5%	2.7%	2.7%
Healthcare	3.1%	3.1%	3.5%	2.5%
All Other Services	3.1%	4.2%	3.1%	3.4%

Desired Distribution per 2007 <i>County Business Patterns</i>				
Sector	1-4	5-19	20-49	50+
High Tech	4.4%	2.0%	0.7%	0.8%
Ag, Mining, Construction, & Utilities	7.5%	2.4%	0.5%	0.2%
Manufacturing	1.5%	1.6%	0.7%	0.6%
Wholesale, Warehouse, & Transport	3.8%	2.2%	0.7%	0.4%
Retail, Food, & Lodging	11.1%	10.2%	3.2%	1.4%
Professional & Financial Services	10.1%	5.1%	0.8%	0.4%
Healthcare	4.7%	4.8%	0.9%	0.6%
All Other Services	9.6%	5.0%	1.0%	0.8%

[www.connectmi.org](http://www.connectmi.org)