

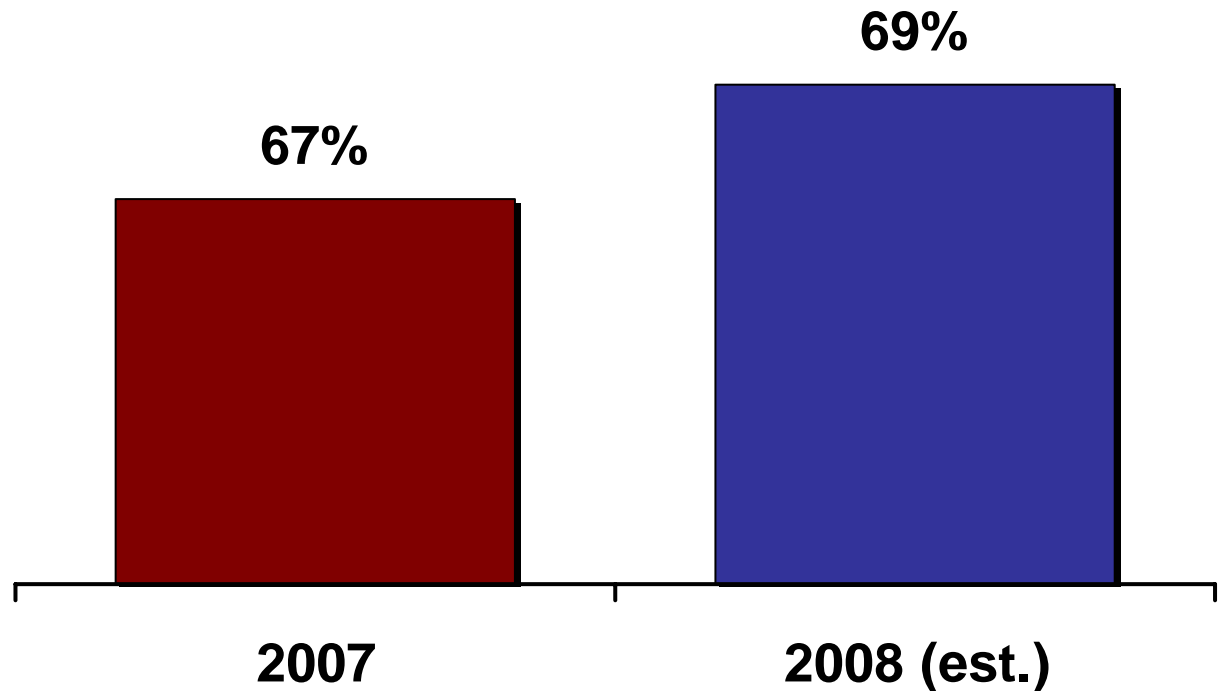


Internet Adoption

Use of the Internet for Business

Percent of all Tennessee businesses

• In 2007, 67% of businesses report that they use the Internet to handle business functions. Based on businesses' reported plans, this number is estimated to increase by 2% in the next year.

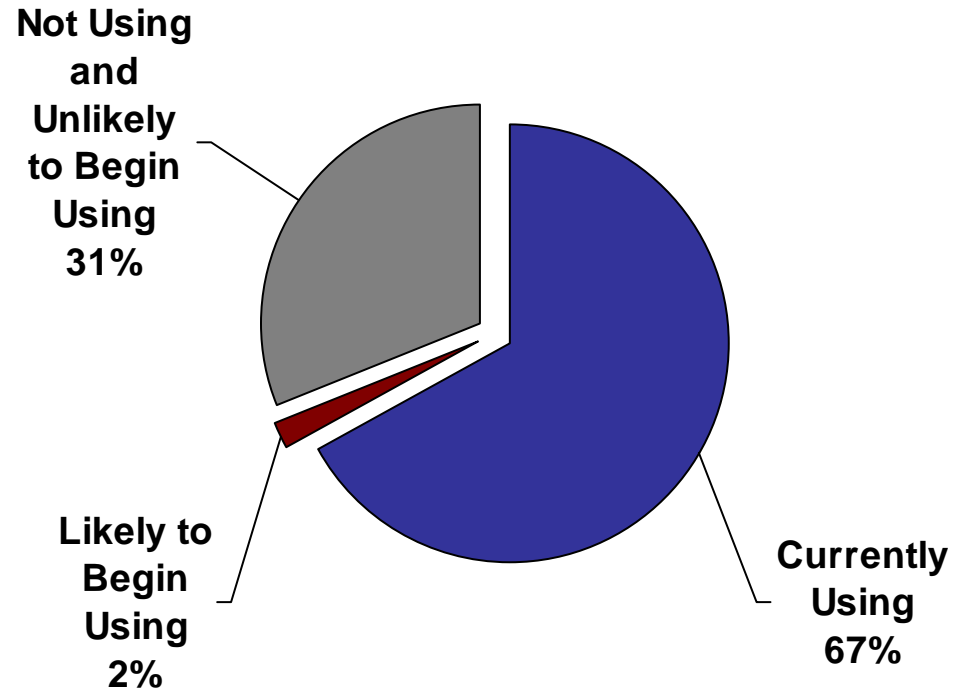


Q: Does your company use the Internet to handle any of your business functions? (n = 812 TN businesses)

Use of the Internet for Business

- Fewer than 7 out of 10 (67%) Tennessee businesses presently use Internet technology for business functions.

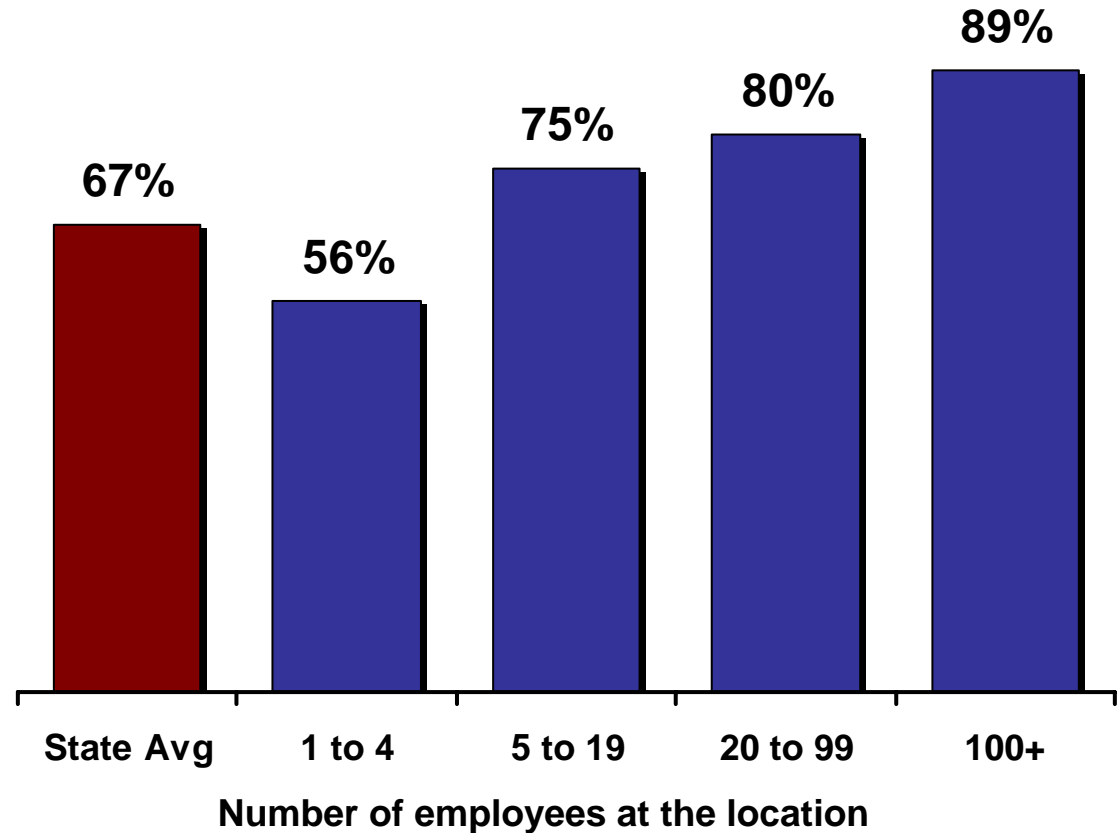
- Another 2% of businesses are not currently using the Internet in their business, but are highly likely to begin doing so within the next 12 months.



Q: Does your company use the Internet to handle any of your business functions? (n = 812 TN businesses)
If no, Q: How likely is your company to begin using the Internet to handle some or all of your business functions in the next 12 months? A: 5 point scale, top 2 box reported here as likely to begin.

Internet Use by Business Size

•The state-wide rate of Internet adoption varies with company size, ranging from 56% of the smallest businesses to nearly 90% of the largest businesses.

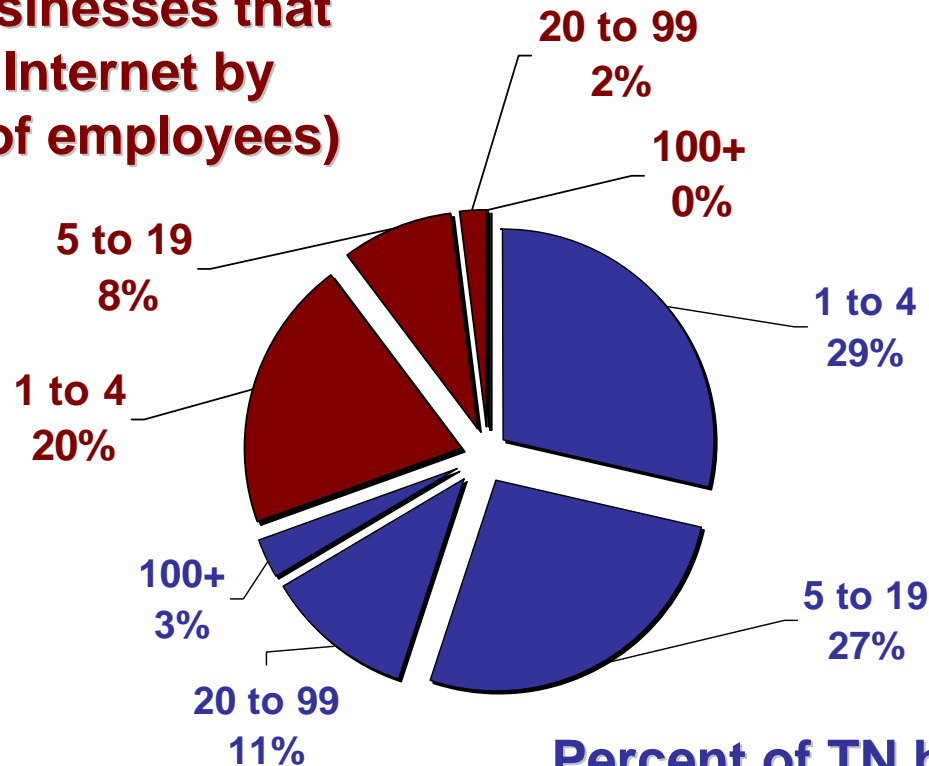


Q: Does your company use the Internet to handle any of your business functions?

(n=812 total, 200+ in each size bracket, except 100+ where n=131.)

Use of the Internet by Business Size

Percent of TN businesses that do not use the Internet by business size (# of employees)



Percent of TN businesses that use the Internet by business size (# of employees)

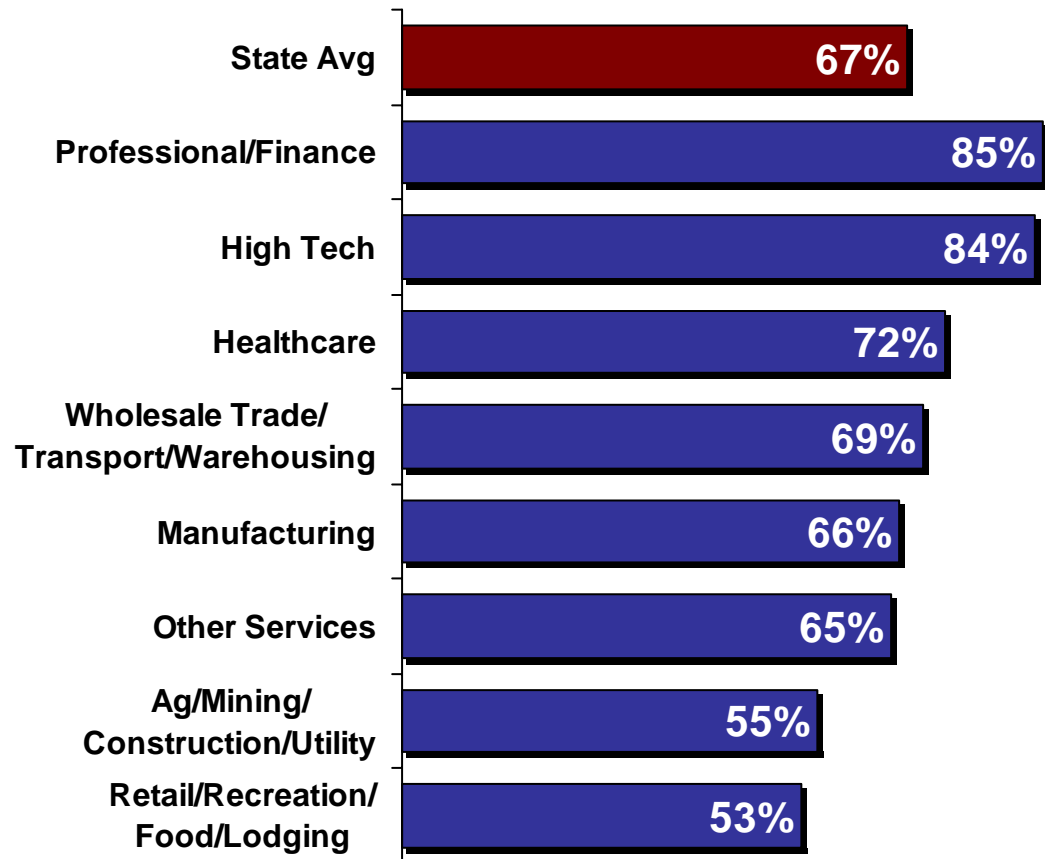
Q: Does your company use the Internet to handle any of your business functions? (n = 812 TN businesses)



Internet use by Industry Sector

- High Tech businesses and those in the Professional/Financial sector each have more than 8 out of 10 businesses that use the Internet for business purposes, the highest rate among Tennessee industry sectors.

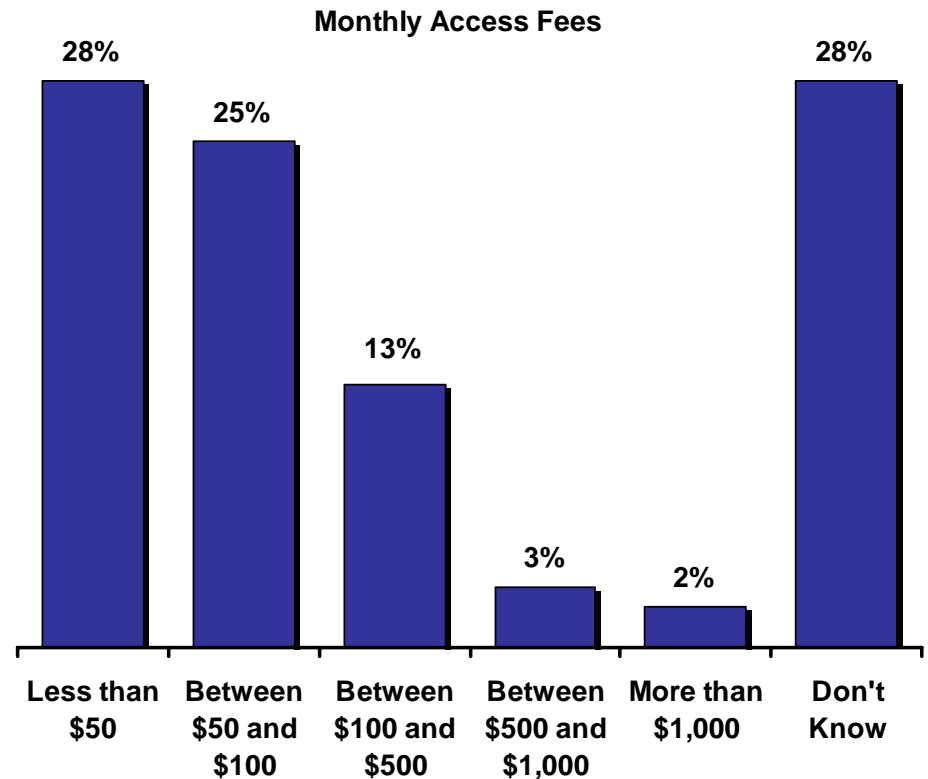
- Businesses in the Retail/Recreation/Food/Lodging, and the Ag/Mining/Construction/Utility industry sectors are the least likely to use the Internet for their business functions.



Q: Does your company use the Internet to handle any of your business functions? (n=812 total, ~100+ in each sector.)

Monthly Internet Access Fees

- More than one quarter of Tennessee businesses pay less than \$50 for their monthly access fee, and over half pay less than \$100.
- The median monthly fee is \$65, while the mean is \$168 per month.



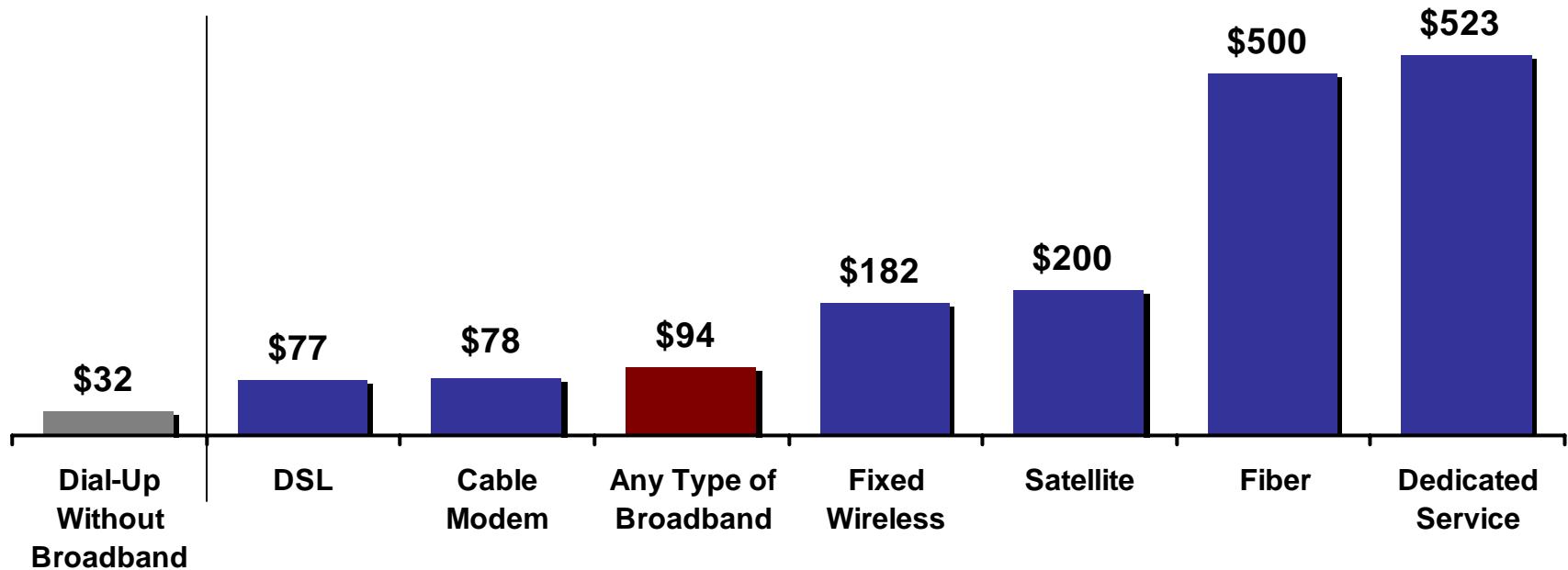
Q: How much per month does your organization pay for its Internet connection?
(n = 542 TN businesses that use the Internet)

Source: 2007 Connected Tennessee survey of businesses.

Median Monthly Fees by Type of Internet Connection

- The median monthly cost is \$94 per month among businesses that use broadband, with lower costs reported among businesses using DSL and cable modems.
- The median cost of fiber optic or dedicated service is closer to \$500 per month.

Median Monthly Access Fees

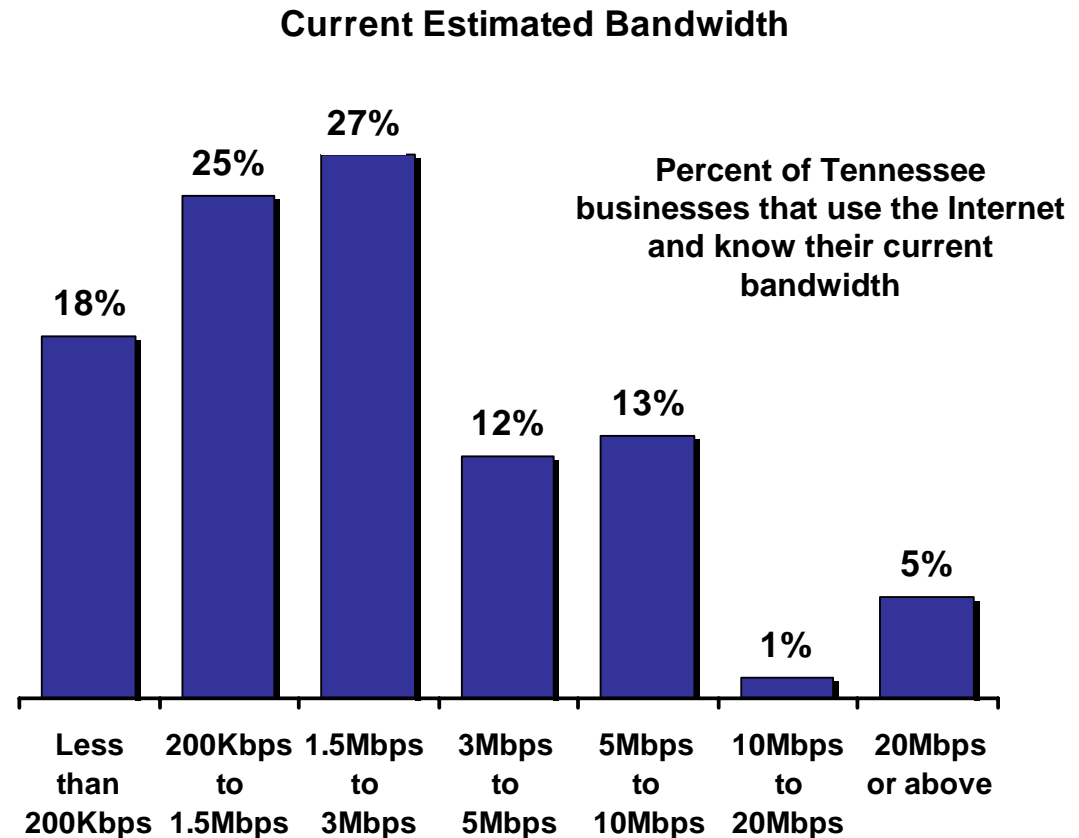


Q: How much per month does your organization pay for its Internet connection?
(n = 542 TN businesses that use the Internet)

Source: 2007 Connected Tennessee survey of businesses.

Current Bandwidth

- Fifty-four percent of businesses that use the Internet report that they do not know their current bandwidth.
- Of those that know their bandwidth range, 52% fall between 200Kbps and 3Mbps, consistent with the DSL speeds that serve the largest share of businesses.
- Statewide, Tennessee businesses reported an average bandwidth of 3.9 Mbps.



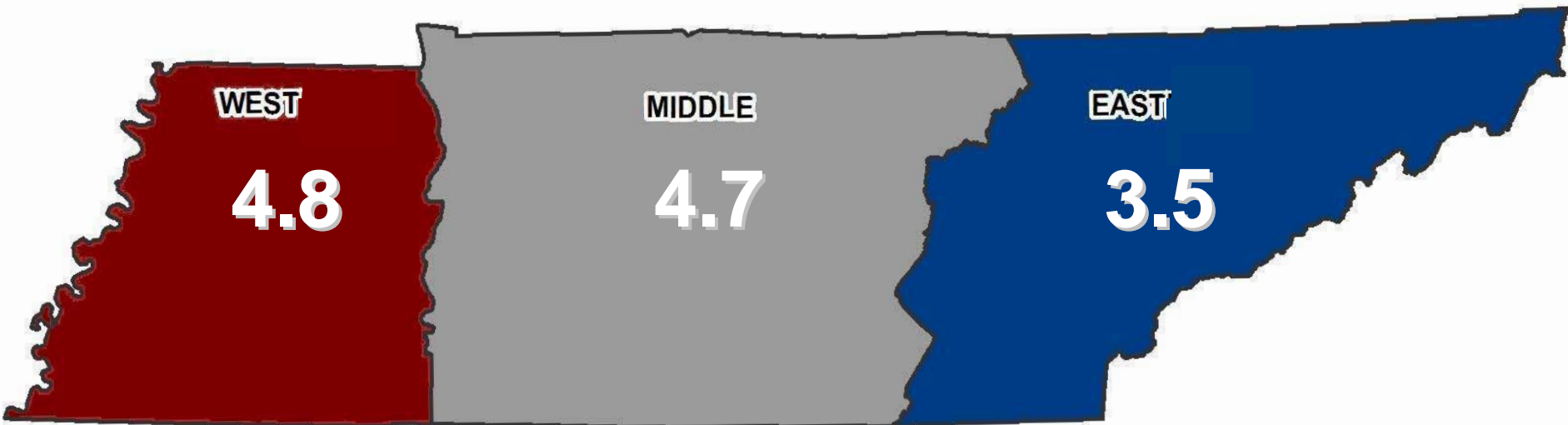
Q: How much bandwidth does your Internet connection provide?
(n = 543 TN businesses that use the Internet)

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Source: 2007 Connected Tennessee survey of businesses.

Current Bandwidth Among Broadband Users by Grand Division

Average bandwidth in Megabits per Second (Mbps):



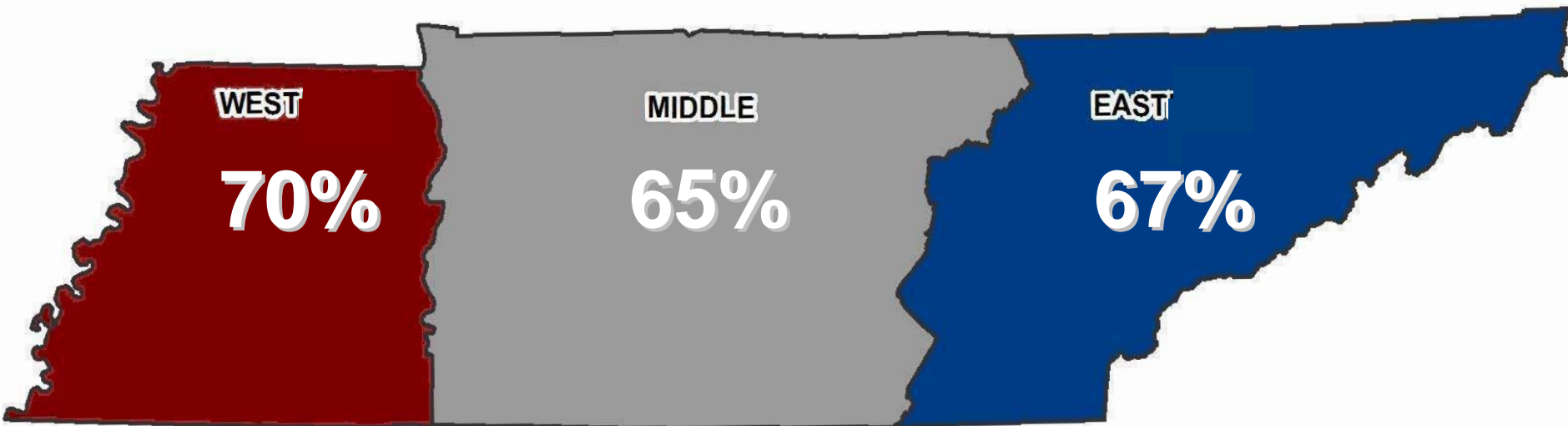
Statewide average for all broadband users: 4.3 Mbps.

Q: How much bandwidth does your Internet connection provide?
(n = 445TN businesses that use broadband)

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Internet Use by Tennessee Grand Division

Percent of businesses that use the Internet for their business functions:



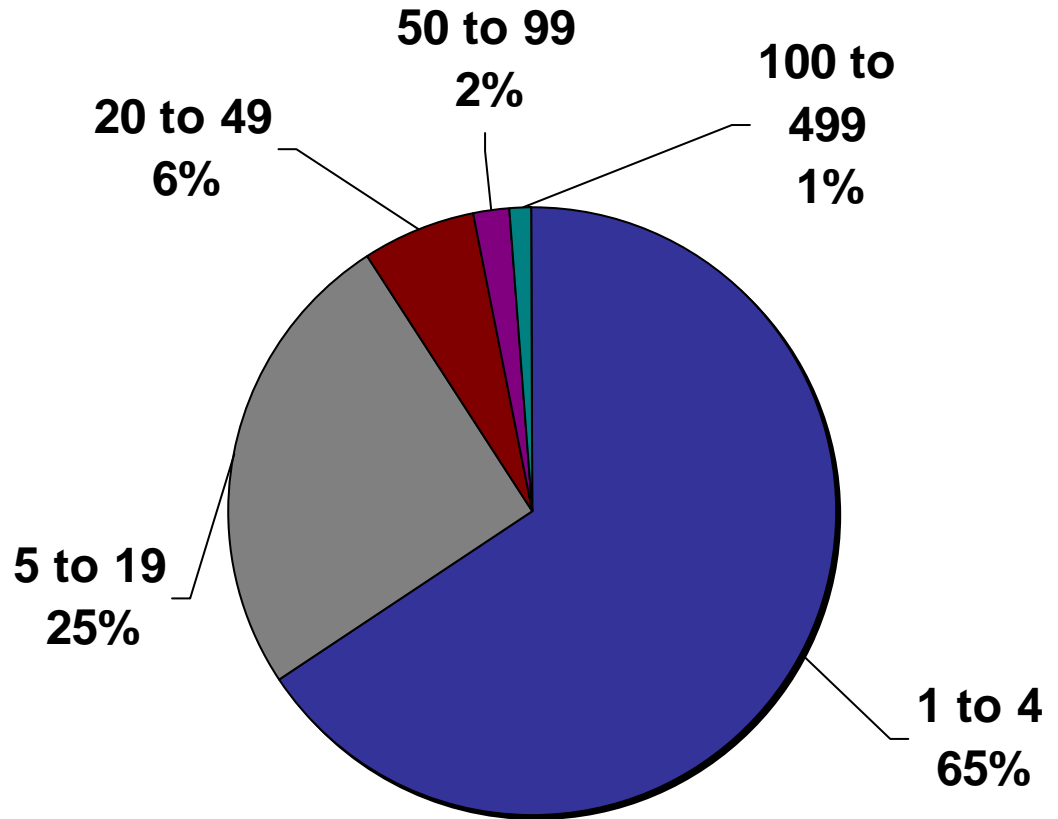
Statewide Average: 67% of Tennessee businesses use the Internet to handle their business functions.

Q: Does your company use the Internet to handle any of your business functions? (n = 812 TN businesses)

Internet Use Within the Company

- Among Tennessee businesses that access the Internet, most (65%) have fewer than five employees that regularly use the Internet.

- Another 25% of Tennessee businesses have 5-19 employees that use the Internet for business functions. On average, 9.4 employees use the Internet in each Internet-connected business.



Number of employees who use the Internet

*Q: How many employees at this business location use the Internet for business purposes?
(n=543 Tennessee businesses that use the internet, 100+ in each size bracket.)*

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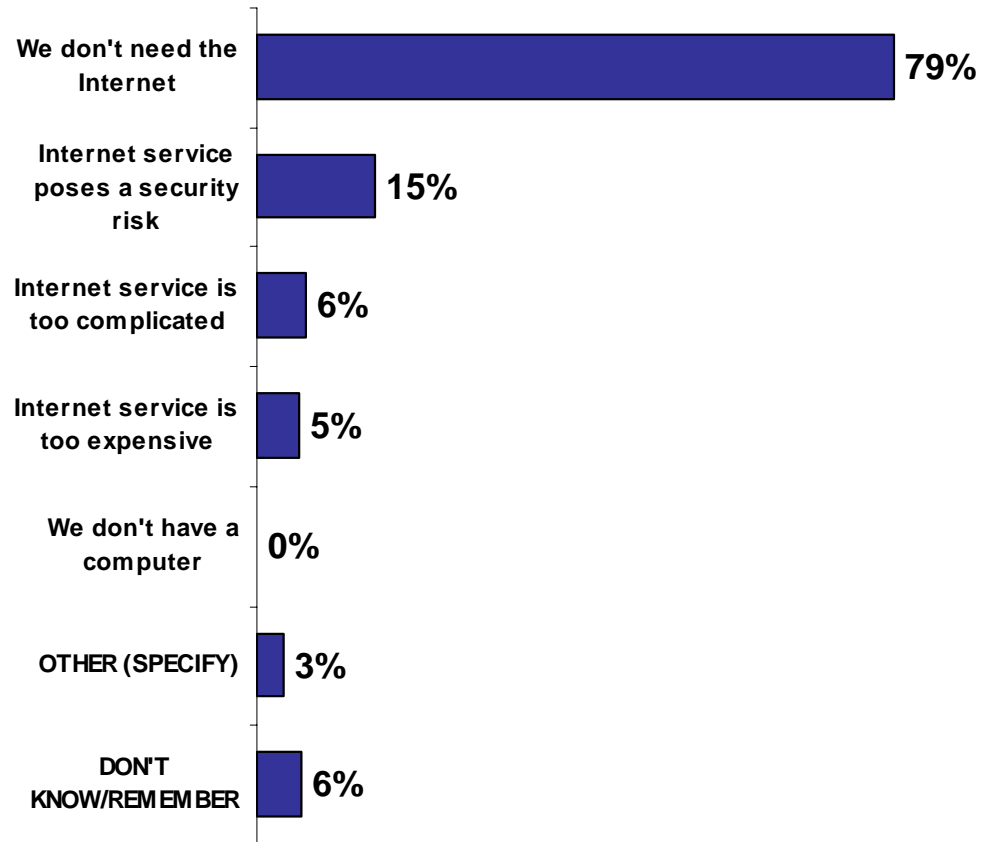
Barriers to Internet Adoption

- The majority of businesses that are not connected to the Internet say it is because they do not need the Internet.

- A further 15% cite perceived security risks.

- Only 5% say Internet access is too expensive.

Internet Barriers



Q: Why doesn't your organization use the Internet? (n=118 Tennessee businesses that do not use the Internet)

**Among Tennessee Businesses not using the Internet*

Source: 2007 Connected Tennessee survey of businesses.