



CANADA'S SMALL BUSINESS E-COMMERCE MARKET WORTH \$2 BILLION

***Value of Internet-based sales and purchases
increase by over 150% in one year.***

Toronto, September 27, 2001 – Despite the high tech sector's recent woes, electronic commerce has become a mainstream business channel and is growing rapidly, according to one of Canada's largest surveys on small business and e-commerce.

Conducted by SES Canada Research, the **SES Web Entrepreneurship Survey** of 1,000 Canadian small businesses found that:

- ⊕ Canadian small businesses bought and sold almost \$2 billion via the Internet in the past year, more than 2 ½ times the \$760 million recorded by the Survey in 2000.
- ⊕ Small businesses bought over \$1 billion via the Internet in the past year;
 - ⊕ This is an increase of 180% from the \$410 million they bought over the Internet during the previous year;
- ⊕ Small businesses sold \$850 million over the Internet during the past year;
 - ⊕ This is an increase of 143% from the \$350 million they sold over the Internet the previous year.

“We are seeing a fundamental shift in the way small businesses approach the Internet,” said Nik Nanos, Managing Director of SES. “They are no longer just sending emails and dipping a toe into electronic commerce. They are now buying and selling significant amounts on-line and doing it more often. Small business e-commerce is coming of age.”

The Survey found that the percentage of small business using the Internet has remained steady in the past year (78%). However, those using the Internet are graduating from using it as a communications tool and experimenting with e-commerce to conducting larger and more complex transactions on-line.

“When television was invented, it took years for most households to get one. But now that most people have a TV, we are seeing an explosion in content and the number of channels and services being



offered,” said Mr. Nanos. “The same thing is happening with e-commerce. Now that most small businesses can access the Internet, the transactions being conducted and the services being offered are becoming increasingly complex. For example, it is becoming more common to not just send out invoices via the web, but also to pay invoices, manage accounts and do banking on-line.”

The SES Web Entrepreneurship Survey is a syndicated survey on electronic commerce, focusing specifically on businesses with fewer than fifty employees. Conducted annually, the Web Entrepreneurship Survey identifies opportunities and assists subscribers in understanding the perceptions of small businesses as they relate to commercialization of the Internet.

SES surveyed 1000 randomly selected Canadian small businesses between April 2 - 12, 2001 by telephone. The survey results are accurate to within 3.1 percentage points, plus or minus, 19 times out of 20. The research is part of a longitudinal study on the electronic commerce activities of Canadian small businesses.

Established in 1987, SES provides strategic research, executive counsel and innovative solutions to Canada’s leading decision-makers. SES is one of Canada’s leading research and management consulting companies.

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To electronically access the survey methodology or for information on obtaining a copy of the report visit:

<http://www.sesresearch.com>



E-COMMERCE TRENDS

METHODOLOGY The SES Web Entrepreneurship Survey is a benchmark syndicated study on electronic commerce, focusing specifically on Canadian small- and medium-sized enterprises with fewer than 50 employees.

Conducted annually by telephone, this longitudinal study identifies opportunities and assists SES clients in understanding the perceptions of small- and medium- sized enterprises as they relate to commercialization of the Internet.

The survey of 1,000 Canadian entrepreneurs is accurate to within 3.1 percentage points, plus or minus, 19 times out of twenty. The project was completed in accordance with the standards of the Professional Market Research Society of Canada.

For more information on the methodology, study findings or to purchase a detailed copy of the analysis and report, please visit <http://www.sesresearch.com> or contact:

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E-COMMERCE DOLLAR VALUE GROWING

Although the number of Canadian SMEs who engage in e-commerce is growing at a slower pace the intensity of use and dollar value of transactions are growing significantly.

VALUE OF ACTIVITY	2000	2001	Change
SME Internet purchases	\$410M	\$1,150M	+ \$740M
SME Internet sales	\$350M	\$850M	+ \$500M
SME Total Value	\$760M	\$2,000M	+ \$1,240M
Surplus/Deficit	- \$60M	-\$300M	

Source: SES Research, Web Entrepreneurship Surveys

INTERNET USE Longitudinal tracking indicates that growth in the total number of Canadian SMEs using the Internet is slowing. Likewise, perceptions related to the scope of impact realized a commensurate increase over the past year.

INTERNET USE	1999 %	2000 %	2001 %	Change
SMEs Using Internet	61	74	78	+4
SMEs Not Using Internet	39	26	22	-4
Growth	-	+13	+4	

Source: SES Research, Web Entrepreneurship Surveys

PERCEIVED INTERNET IMPACT ON SMALL BUSINESSES	1999 %	2000 %	2001 %	Change
Major Impact	39	48	51	+3
Minor Impact	40	39	32	-7
No Impact	17	10	16	+6

Source: SES Research, Web Entrepreneurship Surveys

BUYING AND SELLING The number of small businesses engaging in electronic commerce in Canada may also be leveling off but continues to grow.

BOUGHT OR SOLD OVER THE INTERNET	1999 %	2000 %	2001 %	Change
Has bought or sold	27	41	46	+5
Has not bought or sold	73	59	54	-5
Growth	-	+14	+5	

Source: SES Research, Web Entrepreneurship Surveys