

SNG Economic Impact Estimate: Professional & Technical Services Sector

The economic benefits and return on investment from driving the implementation and utilization of e-solutions are clear and compelling. In the table below, SNG has calculated two scenarios with different scope for targeting the Professional & Technical Services Sector in Virginia. The ratios of economic impact to investment are quite high – over **26 times return to GDP** and **over 2.8 times return to taxes**. The effective cost per job created is between **\$2,840 and \$3,390 per job** (including direct and spin-off jobs).

Economic Impact Estimate – scenario summary:

Target sector - Professional & Technical Services (under 20 employees)	Few	Many
# of businesses / organizations to be targeted	500	1,000
Investment - estimated awareness and support program costs to drive utilization for the following e-solutions: Selling goods or services online; Website; Customer service online; Deliver services and content online	\$165 K	\$305 K
e-Solutions Benchmarking	\$150K	\$220K
Total investment to drive utilization	\$315K	\$525K
Estimated regional benefits / impacts:		
Businesses adopting new e-solutions (@20%)	100	200
Sales Revenue Growth (aggregate)	\$6,450 K	\$12,900 K
Operational Cost Reduction (aggregate)	\$64 K	\$129 K
Direct employment	40	81
Increase in GDP	\$8,400 K	\$16,800 K
Increase in Tax revenues	\$888 K	\$1,776 K
Increase in total employment	93	185
Regional Level Efficiency Ratios		
GDP / Investment	26.7	32.0
Taxes / Investment	2.8	3.4
Investment / Employment	\$3,390 per job	\$2,840 per job
Investment / Business	\$3,150 per business	\$2,625 per business

This **example** is based on increasing e-solution utilization in the **Professional & Technical Services** sector for businesses **under 20 employees**, based on research conducted by SNG. Note that additional sectors would increase the total economic impact without increasing the cost of e-Solutions Benchmarking.

Appendix

Two major assumptions of note for the Economic Impact Estimate: Professional & Technical Services Sector are:

1. The use of economic impact modeling (i.e. multipliers) based on the Commonwealth of Virginia. **Impacts will vary for each state** and these should not be taken as indicative of every state or region.
2. The **program costs** are rough estimates and **can vary greatly** depending on the approach and resources required.
3. This scenario assumes that 20% of the targeted businesses actually adopt one or more of the selected e-solutions. If the e-solutions adoption rate is higher, then the impacts would increase accordingly.

Assumptions:

Parameter	Assumption	Rationale
Industry	Professional & Technical Services	High proportion of SME and entrepreneurial businesses
Employment range	Less than 20 employees	Highest proportion of segment (90+%) and segment most addressable by outreach campaigns
Jurisdiction	Commonwealth of Virginia, USA	Used for sizing the segment and economic impact example
Average annual revenue	Per SNG data	Average revenue per establishment as a base for calculating revenue impacts
Average annual OPEX	30% of revenue	Average operating costs per establishment for calculating cost savings
Number of establishments targeted	Few = 500 Many = 1,000	Used for sizing the target segment for outreach
New e-solutions targeted for increased utilization	<ul style="list-style-type: none"> • Selling goods or services online • Website • Customer service online • Deliver services and content online 	The impacts depend on the new e-solutions adopted and the percentages of businesses not already using them. These are high value e-solutions which could be targeted to have the greatest impact in this segment.
Percent of businesses adopting one or more new e-solutions	20%	Scaling factor used to aggregate the impacts across the targeted segment. Can be adjusted depending on level of optimism.
Cost of outreach	0.5 days per targeted business 2.5 days per support follow up with selected businesses	Average cost across all engagements. The majority are minimal engagements that do not progress, while more support is provided to those interested in adopting new e-solutions. This can be viewed as a scaling factor that affects the ROI ratios.