

February 13, 2008



# Intuit Study: Next-Gen Artisans Fuel New Entrepreneurial Economy

## 10-year Forecast With the Institute for the Future Shows Entrepreneurs Poised to Thrive in any Industry, Anywhere

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--

Artisans, historically defined as skilled craftsmen who fashioned goods by hand, will re-emerge as an influential force in the coming decade. These next-gen artisans will craft their goods and shape the economy -- through upswings and downturns -- with an effect reaching far beyond their neighborhoods, or even their nations. They'll work differently than their medieval counterparts, combining brain with brawn as advances in technology and the reaches of globalization give them greater opportunities to succeed.

That's one of the conclusions in the third installment of the Intuit Future of Small Business Report(TM), which looks ahead 10 years and examines the prospects, influences and profiles of small business. The report is sponsored by Intuit Inc. (Nasdaq:INTU) and authored by the Institute for the Future.

"No longer confined to a Main Street store front, tomorrow's small businesses will increasingly collaborate with big businesses, gain access to big business infrastructure, and take full advantage of a global marketplace," said Rick Jensen, senior vice president and general manager of Intuit's small business group. "The next generation of entrepreneurs will be knowledge artisans, yet in many ways look very similar to their pre-industrial age counterparts."

### Three Trends Influence New Entrepreneurial Economy

The study identified three emerging trends that reveal small businesses, equipped with advanced technology and unprecedented social networks, will amplify their reach and capabilities.

- Brain Meets Brawn to Create Opportunities for Small Business -- The emergence of barbell-like economic structures will drive new business collaborations, creating greater opportunity and profitability for small business.
- Barriers Down, Small Business Opportunities Up -- Access to big business infrastructure will expand, making their sophisticated technologies available to small and personal businesses, at lower risk, with a variable cost structure.
- The Next Wave of Globalization Will be Driven by Small Business -- Muted trade barriers, improved technology, and professional and social networks across borders will facilitate small business access to new markets.

## Brain Meets Brawn to Create Opportunities for Small Business

The first trend is based on the concept of barbell economics. It envisions a barbell structure for most industries, with a few giant corporations on one end, a relatively small number of mid-sized firms in the middle, and a large group of small businesses balancing the other end. As this structure becomes more prevalent, there will be increasing opportunities for small business to flourish in niches left untouched by the global giants. In addition to the physical skills that are the foundation of many small businesses, there will be greater opportunities for entrepreneurs to use their business savvy as well, to increase profits by collaborating with their larger counterparts in areas such as specialized services, innovation and outsourcing. As a result:

- Small businesses will be better positioned than large corporations to provide customers with highly targeted, customized and relevant products. Given their size and agility, small businesses are extremely well positioned to serve niche markets.
- Outsourced innovation from big business will increase opportunities for small business. Simply put, large corporations will increasingly tap small business for collaboration, fueling the number of small business innovators.

## Barriers Down, Small Business Opportunities Up

The second trend foresees dramatically lowered barriers to big business infrastructure, giving way to lightweight technologies that make running small and personal businesses easier than ever. As a result:

- Small businesses will reclaim manufacturing, fueling small-scale and specialized production. Tools such as computer-aided design and desktop manufacturing systems will transform the manufacturing process and change the very nature of producing goods.
- Plug-and-play infrastructures will make small businesses more competitive and successful. With the ability to access world class, large-scale infrastructure and new technologies, small businesses will expand their reach and address industries formerly served only by big business.
- The shift to variable cost structures for core business operations will reduce risk and increase opportunities for small businesses. As startup and operating costs decline, the risks associated with starting and running a small business will decrease, allowing for greater operating speed, agility and flexibility.

## The Next Wave of Globalization Will be Driven by Small Business

The number of U.S. small businesses trading globally will substantially increase, fueled by cross-border business opportunities, technological advances leading to broader social networks, and reductions in export costs. More specifically:

- Almost half of U.S. small businesses will be involved in global trade by 2018. As the costs associated with doing

business globally continue to decrease, small businesses will make no distinction between domestic and international commerce.

- Social networks will fuel borderless commerce. Online and offline social networks will help remove soft trade barriers, such as language and cultural differences. These networks will introduce small businesses to new markets and facilitate cross-border trade.
  
- Globalization will increase small business diversity and amplify its economic value. Small business diversity will help increase market growth in the U.S. and abroad and will unlock new opportunities for all small business owners.

The Future Resembles the Past

With the removal of technological and geographical limits, entrepreneurial artisans will reassert some of the force and influence they lost to the industrial revolution and the growth of manufacturing industries, the study found.

"Like their medieval predecessors in pre-industrial Europe and Asia, these next-gen artisans will ply their trade outside the walls of big business, making a living with their craftsmanship and knowledge," said Steve King, senior advisor at the Institute for the Future and study co-author.

"But there also will be marked differences. In many cases, brain will meet brawn; software and technology will replace hard iron and hard labor. As a result, small businesses will increasingly serve international markets and customers as easily as they serve their local customers today."

#### About the Intuit Future of Small Business Reports

The Intuit Future of Small Business Report(TM) is a three-part study sponsored by Intuit and authored by the Institute for the Future. The report looks at the significant trends and forces affecting small business over the next decade. The first installment revealed the changing face of small business. The second installment examined technology trends and their impact on small business formation and operation. The third installment looks at how these concepts are shaping an environment where small businesses can thrive, benefiting from collaboration with big business, access to enhanced computing power and a global marketplace.

#### About the Institute for the Future

Founded in 1968 by a group of former RAND Corporation researchers, the Institute for the Future is an independent nonprofit research group working with organizations of all kinds to help them make better, more informed decisions about the future. The IFTF takes an explicitly global approach to strategic planning, linking macro trends to local issues in such areas as technology and society, health and health care, and global business trends.

#### About Intuit

Intuit Inc. is a leading provider of business and financial management solutions for small and mid-sized businesses; financial institutions, including banks and credit unions; consumers

and accounting professionals. Its flagship products and services, including QuickBooks(R), Quicken(R) and TurboTax(R) software, simplify small business management and payroll processing, personal finance, and tax preparation and filing. ProSeries(R) and Lacerte(R) are Intuit's leading tax preparation software suites for professional accountants. The company's financial institutions division, anchored by Digital Insight, provides on-demand banking services to help banks and credit unions serve businesses and consumers with innovative solutions.

Founded in 1983, Intuit had annual revenue of \$2.67 billion in its fiscal year 2007. The company has approximately 8,000 employees with major offices in the United States, Canada, the United Kingdom and other locations. More information can be found at [www.intuit.com](http://www.intuit.com).

Source: Intuit Inc.