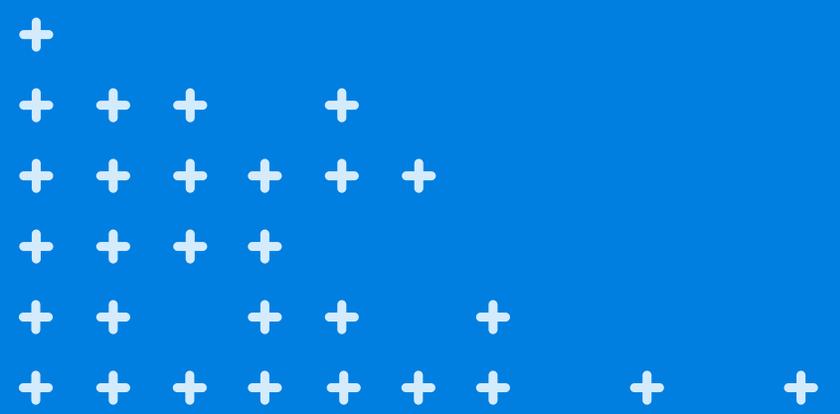




2021 State of Small Business: Q2 RETURN TO WORK EDITION



About the Survey

The intent of this survey is to research and analyze small business sentiment and perspective in the US during the impact of COVID-19. Veem surveyed 784 small business owners to gather the following data. We asked small business owners questions that ranged from a number of topics, including return to work plans, staffing plans and economic confidence. The survey was conducted during the last week of August 2021.



Veem Perspective

In the last several months, our society has experienced a clear shift in tandem with the rise in COVID-19 cases attributed to the virus's Delta variant. While vaccine rollouts earlier this year promised a return to normalcy and reopening of businesses, now that outlook is not so clear. We are not out of the pandemic just yet.

For small businesses, this shift will have a completely different impact than what big businesses and corporations will experience. Their story is different from what we're hearing about business trends in national news reports. Veem's survey this quarter aimed to better understand the experience of small businesses and tease out the stories that don't get as big of a spotlight.

In our survey, you'll see very mixed feedback from small business owners: some are strongly uncertain about their business outlook while others' experience is unchanged with remote or hybrid work; some are strongly pro-vaccination while others are not; some have not experienced the national talent shortage in their business while others have.

Because there are few strong trends, it is clear that the small business experience during this time is highly personal and subjective to the business's size, industry and consumer base. For many small business owners surveyed this quarter, the Delta variant and the hybrid work conversations do not even apply - these business owners have been hustling since the onset of the pandemic and have not changed their work practices or closed their business at all.

It is challenging to make generalizations about business outlook or experience when looking at small businesses - each owner's experience is vastly different from the next. There are many success stories to be uncovered here. So, let's not forget the important role small businesses play within their communities and within the overall economy.



Marwan Forzley, CEO of Veem

Marwan Forzley



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Impact of Delta Variant

This section of the report will focus on how the Delta variant of the coronavirus has changed the way small businesses have operated in recent weeks. Small business owners answered timely questions about whether the Delta variant has impacted their business, how government regulations might change their business outlook, what their experience has been amid the talent shortage, and whether their confidence in the economy has shifted.

The rise of the Delta variant and the uncertainty it has fostered in the “return to normalcy” many consumers have long expected has affected small business owners’ outlook. These business owners have mixed feelings about the economy and the future success of their business.

While this certainly is impacted by different state-by-state regulations and COVID mandates, it also depends on the small business. For small business owners in a service industry, the effects of COVID spread will have a greater impact, while small business owners who are ‘solopreneurs’ or have always worked remotely may feel that the Delta variant doesn’t change much about their outlook.

Some respondents gave additional context to the experience of their particular business, especially if they were a sole owner/employee or operated a business that naturally has a fully-remote or hybrid model. These examples are highlighted on the following page:



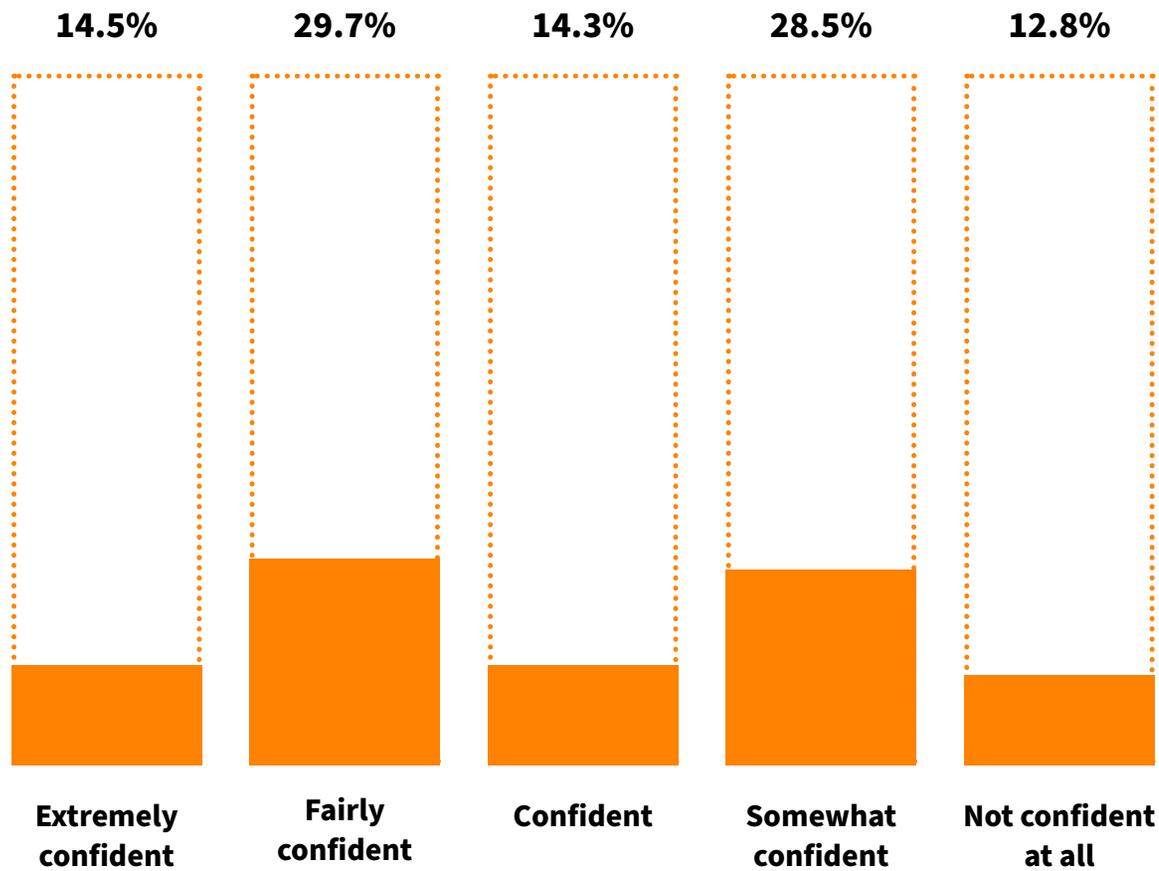
Anecdotes from Small Business Owners

- Some respondents expressed hope for state or local governments to increase mandates for COVID-19 regulations - for these small business owners, mandates have not been announced but they're hoping for it.
- When asked about difficulty hiring new employees, one respondent said that hiring talent was made easier on their business operations once they hired a local employee to handle specific responsibilities.
- Another respondent to the staffing question observed that while hiring talent was not a problem for them, they were very aware that this was a struggle for their clients.



How confident are you in the U.S. economy for the rest of the year?

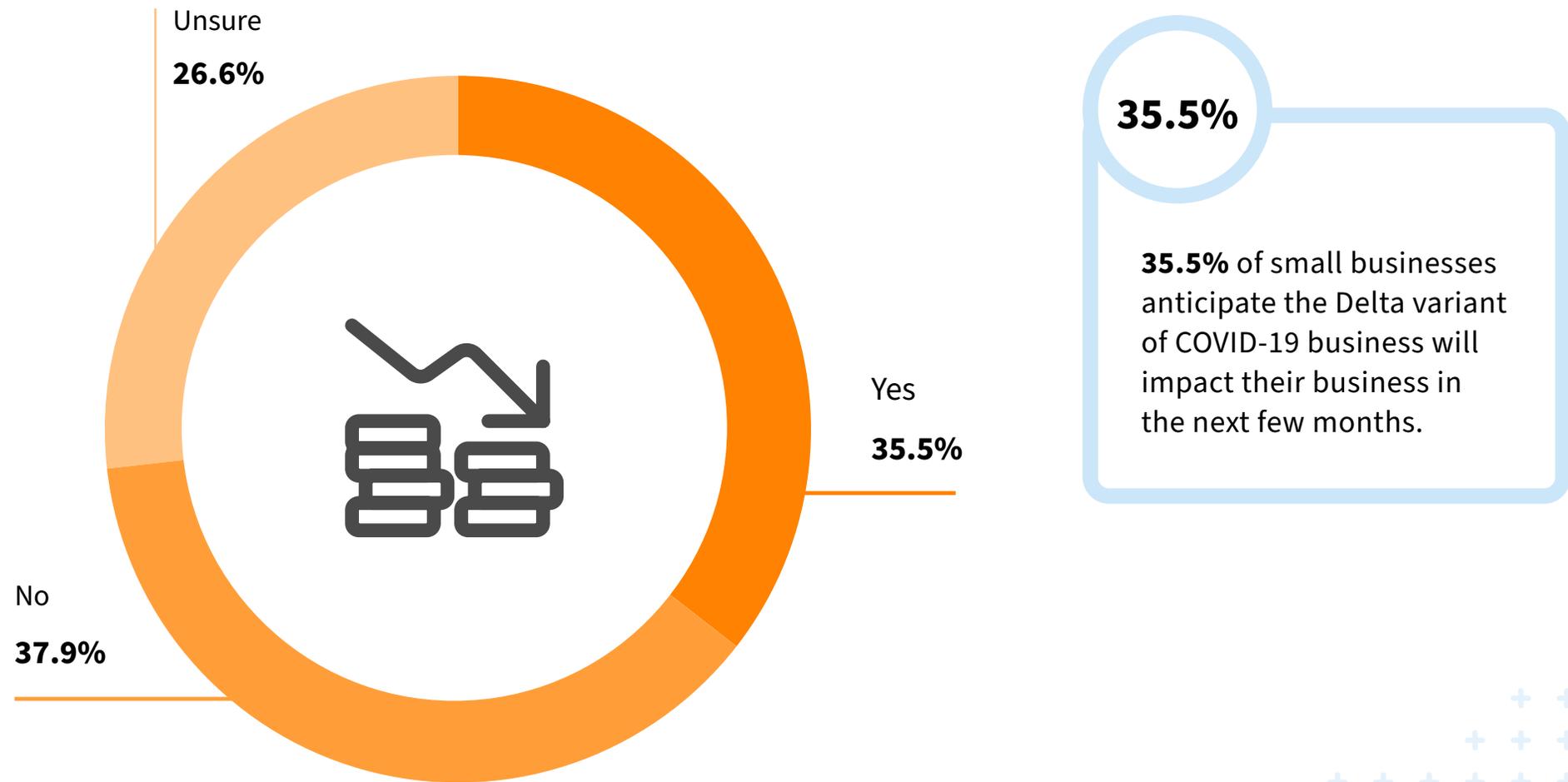
Small business owners have mixed feelings about their confidence in the economy as of Q3 heading into Q4. 58.4% of respondents expressed uncertainty in saying they were “fairly” or “somewhat” confident, while only 14.5% said they were “extremely confident” in the economy.



14.5% of small businesses are extremely confident in the U.S. economy for the rest of 2021.

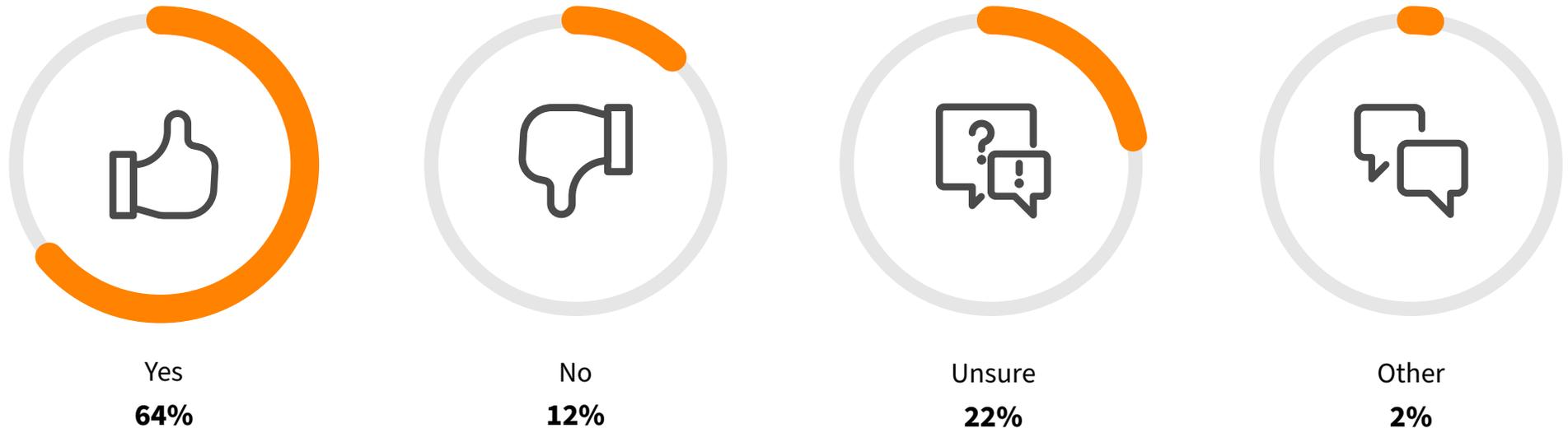
Do you see the Delta variant negatively impacting your business in the next few months?

Small business owners are evenly split when reporting how the Delta variant will affect their business. Interestingly, nearly one-third (27%) are still unsure whether the Delta variant will affect their business.



Do you expect to see an increase in government-mandated COVID-19 regulations based on the Delta variant?

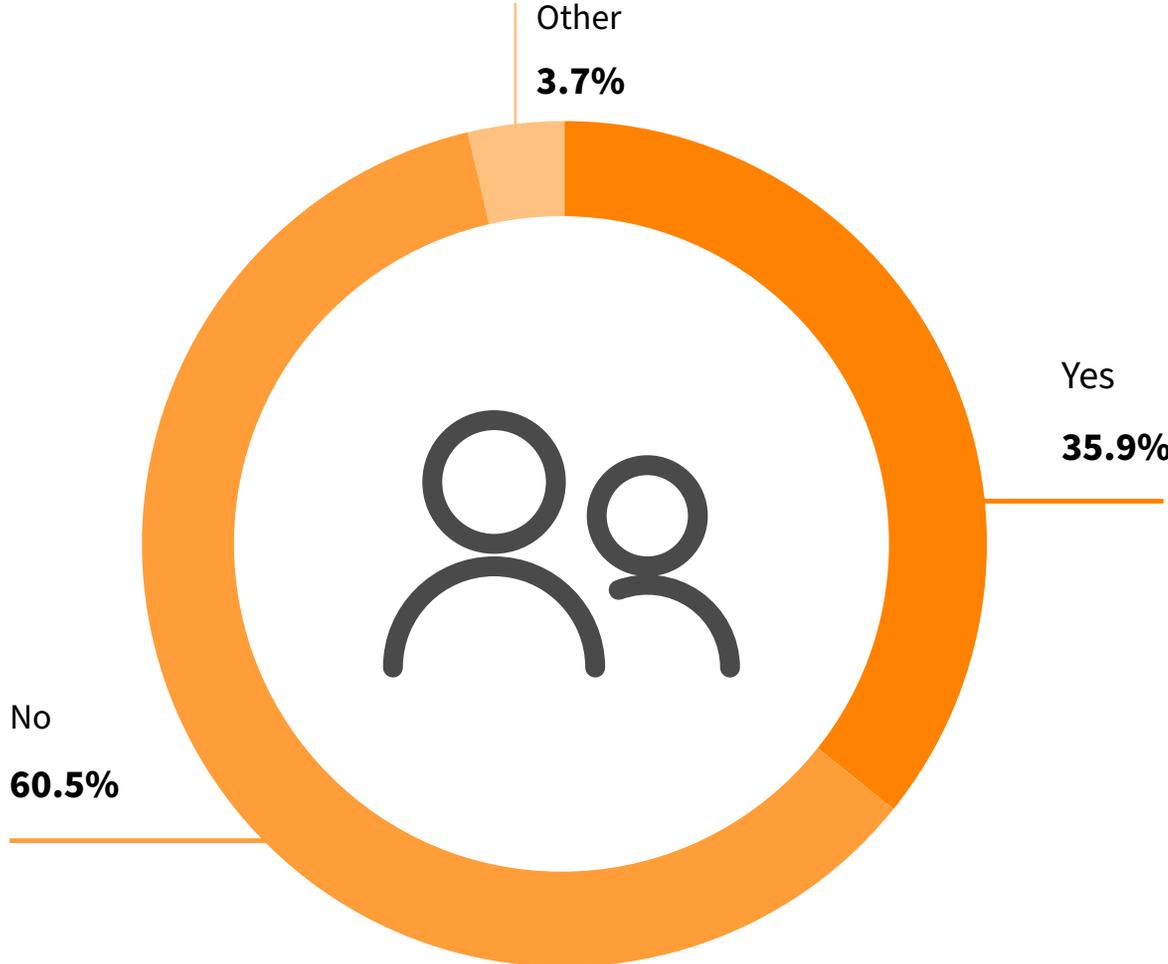
As vaccinations have increased, government mandates on regulations such as masking in public and indoor dining have lifted over the spring and summer. These regulations affect small business owners. However, due to the Delta variant, small business owners overwhelmingly believe that more COVID-19 regulations are yet to come, with 64% anticipating more regulations. This may affect customer engagement and revenue for certain small businesses that rely on in-person interactions with customers.



64% of small businesses expect an increase in government-mandated COVID-19 regulations based on the Delta variant.

Are you experiencing a talent shortage?

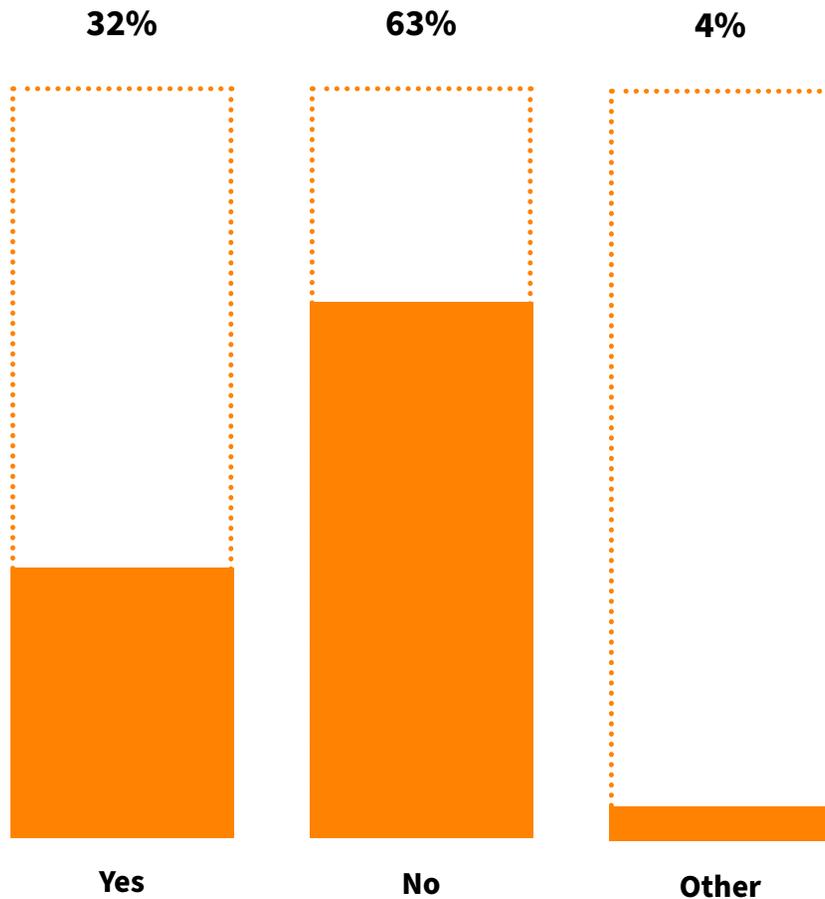
Unlike larger corporations and national businesses, small businesses are not experiencing the same severe shortage in available workers. More than half (60.5%) of small business owners are not experiencing a talent shortage, while others have said they're not actively hiring or they don't need to hire as they are their business's sole employee.



60.5% of small business owners are not experiencing a talent shortage.

Have you employed any new strategies to attract more employees?

Some small business owners are hiring more employees - 32% of them are using new strategies to attract talent. This could mean new incentives, signing bonuses and more flexible schedules are on the table for potential employees.



32% of small business owners are using new strategies to attract more employees.



Return to office

The Delta variant has caused many corporate leaders at larger businesses to reconsider their return to office plans or push back their company's return to office date once again. Veem's survey asked small business owners about their return to office plans to discover how small business owners may be affected differently from their corporate counterparts. The survey asked questions around specific return to office timing and remote vs. in-person model, what employees are most requesting in their work model, and whether employees and customers should be vaccinated.

For many small business owners, returning to the office is a priority to get their business growth back on track. Many small business owners reported that they plan to return to the office in 2021, if they haven't already returned. For other small businesses, hybrid work or fully-remote work has been the status quo since before the pandemic.

With respect to vaccinations, small business owners are very opinionated and the response is mixed. However, small business owners are clear that they do not want to require proof of vaccination from their customers - it is clear that reconnecting with their customers is important no matter whether these businesses are fully in the office or not.

Respondents were eager to add more context about their experience, particularly for freelancers or business owners that had always been remote or hybrid. These examples are highlighted below:



Anecdotes from Small Business Owners

- Many small businesses have already operated with a hybrid or fully-remote model, and certain industries stuck out in the comments: freelance workers, home repair and contractor businesses, doctors conducting telehealth appointments and ecommerce business operators were among the industries already hybrid or remote.
- Other requests from employees in the “back to work” conversation include mandated masking, safer work environments, increased compensation, and more work hours.
- Some small business owners added that while they are not requiring employee or customer vaccinations, they “highly encourage” this practice. Others feel strongly that this choice is highly personal to employees and customers, so they will “never” mandate vaccinations.



What is your target return to work date?

For small business owners, returning to work sooner is better even amidst a rise in COVID-19 cases. 40.9% are targeting a September or October 2021 return to office date, while only 23.6% are waiting until 2022. For the 35.8% of respondents who said “other” many are already back to the office full-time or they’re fully remote workers.



September - October 2021
40.9%



Early 2022
23.6%



Other
35.8%



40.9% of small business owners are targeting September or October 2021 to return to the office full-time.

What is the top request you are getting from employees regarding the “back to work” conversation?

Small business owners are seeing similar back to work requests as their larger corporate counterparts. These employers report that flexible hours (34.6%) and full-time remote work (35%) are the most common asks from their employees. For small business owners who answered “other” many of these employers are already fully remote or they are their only employee.

Flex hours

34.6%



Full time remote

35%



1-2 days a week in person

19%



Other

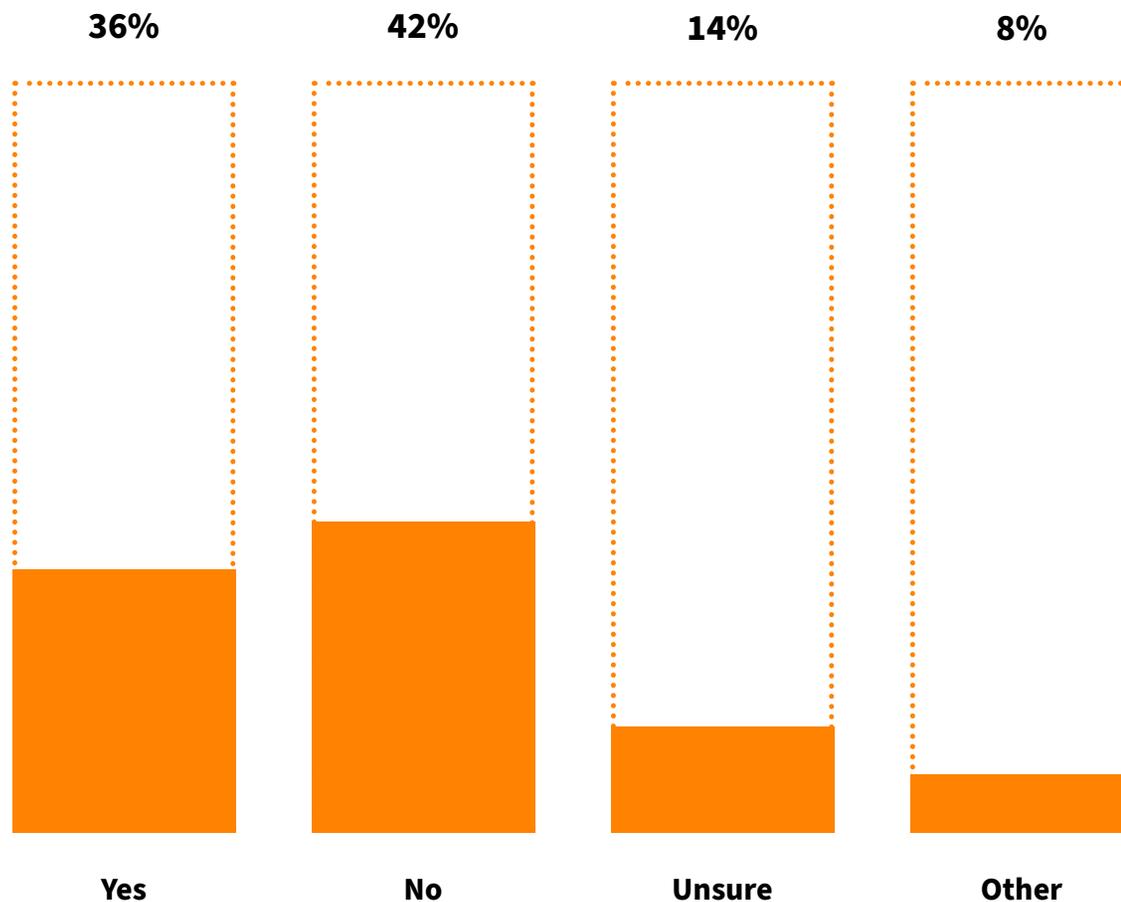
21.8%



Flexible hours and full-time remote work are the top “back to office” asks from employees of small businesses.

Are you employing a hybrid model for back to work?

After the past year and a half of working remotely, small business owners are split in their consideration of a hybrid model for their return to office plans. 36% say they are planning to do a hybrid model, while 42% are not considering a hybrid model. For respondents who said “other” many were either already hybrid or totally virtual before the pandemic even began.



42% of small business owners are not considering a hybrid model for back to work.

Are you requiring employees to be vaccinated against COVID-19?

Nearly half (43%) of small business owners surveyed said they were not requiring employees to be vaccinated against COVID-19. While some were unsure, it is clear that even small business owners have mixed opinions about whether vaccinations should be mandated. For some respondents who answered “other,” they reported requiring masks be worn in their office or place of business but the choice to vaccinate was up to the individual employee.



Yes
35%



No
43%



Unsure
11%



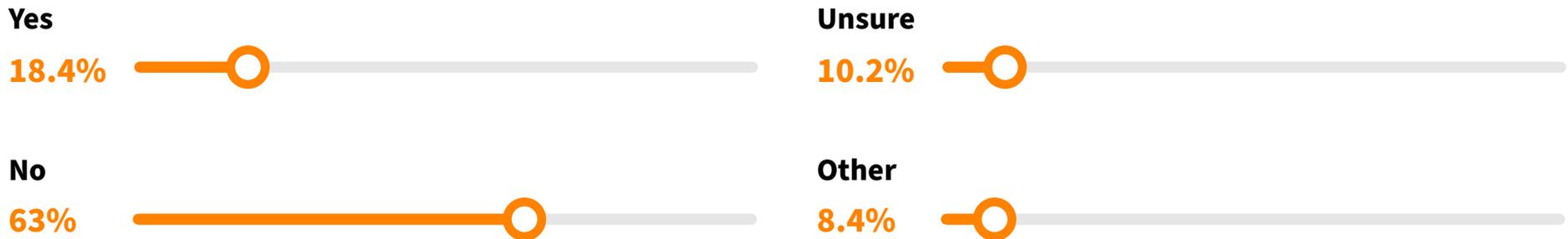
Other
11%



43% of small business owners are not requiring vaccination against COVID-19.

Are you requiring customers to show proof of COVID-19 vaccinations?

While small business owners are mixed on employee vaccination, the clear majority of small business owners are not requiring customers to show proof of vaccination against COVID-19. For survey respondents who answered “other,” the majority of these respondents own businesses that operate virtually and don’t interact in-person with customers.



63% of small business owners are not requiring customers to show proof of COVID-19 vaccination.



About Veem

Veem simplifies the way businesses send and receive funds globally. Trusted by more than 300,000 businesses in over 100 countries, Veem offers a suite of payment services to establish and strengthen partner and supplier relationships. Veem's secure, trackable transactions combined with seamless integrations with popular business applications enable businesses to save time and money, while mitigating risk generally associated with international funds transfers. Veem is licensed and regulated in each country and state it serves.

Learn more at www.veem.com.