

Molson Hart's Congressional Testimony for the Committee on Small Business'
"A Fair Playing Field? Investigating Big Tech's Impact on Small Business."

My name is Molson Hart. Almost 10 years ago I founded a toy company named Viahart. We have 4 full time employees and we sold about \$4 million dollars of product on Amazon last year and should sell about \$5 million dollars on Amazon this year. I speak Chinese, I know manufacturing, logistics, and e-commerce. And with regards to Big Tech, Amazon is my area of expertise. With my testimony, I am going to give you a bird's eye view of what it's like to operate as a small business in Amazon's orbit as well as answer the questions posed by the hearing summary. I will also submit detailed documents for the record that describe issues small businesses and consumers face on Amazon, what government can do about it, and whether they should.

To the question "Has Amazon created business solutions that have enabled small businesses to reach and serve new customers?" - The answer to that question is "Yes, absolutely." Their Fulfillment by Amazon program solved logistical issues for small businesses that previously would've required big investments or big headaches. This has enabled small businesses to offer less expensive and innovative products more easily to American consumers. Everyone, perhaps with the exception of brick-and-mortar retailers, has won: Amazon, small businesses, and consumers. As a result, Amazon owns e-commerce. We can talk statistics, but just trust me; for most categories, such as books, toys, electronics, home goods, and gifts etc., basically everything but cars, food, gasoline, luxury, and convenience, Amazon is dominant. In 2018, despite selling on eBay, Walmart.com, our own website, and brick and mortar stores, Amazon accounted for 98% of our revenue. So, "Do small businesses like ours rely on Amazon?" Yes, completely. When they say "jump", we say "how high" - if Amazon suspends us from the platform, we go bust, and we go bust fast. In 2018, we paid \$2 million dollars to Amazon and Amazon's expenses as a share of our revenue on Amazon have gone from 33% in 2013 to 50% in 2018. That said, we've been profitable and our sales have grown 37% every year over that period. So "Do small businesses have an opportunity to compete in the information age?" It is not easy and we work very hard, but we, as a small business, have done all right. So, yes, we do have an opportunity to compete amongst "Big Tech"...but, is the playing field fair? The answer to that is like a Facebook relationship status - "it's complicated". If we compete against Amazon, we operate at a massive disadvantage, but provided they don't engage in underhanded tactics, that's okay. It's capitalist competition. If Amazon Basics knocks off one of our products, provided they didn't commit IP

infringement, it's unfortunate, but it's okay. On balance, while they certainly make their fair share of mistakes, which I describe in my additional submission for the record, and while they sometimes focus on what's legal rather than what's ethical, they are a good company. They're also an engine for innovation. As such, we, as a nation, should take great care in legislating or regulating this giant, but also fast moving and innovative company. Like in the hippocratic oath, we should "first, do no harm". In keeping the metaphor, it is said that sunshine is the best disinfectant. By shining light on the issues, we can compel Amazon to do a better job in addressing them. Since selling on the platform, I have seen them make great strides towards improving their marketplace for honest sellers and consumers. While I do think there are some areas where legislation and regulation is appropriate, in general, here, the threat of it is stronger than its execution. We can do better for American consumers, American small businesses, and the entire United States by proceeding with caution and introducing narrow legislation that addresses the nagging problems on the platform. My additional submission for the record not only describes these problems in detail, but also suggests legislative solutions that can win bipartisan support and better America for all stakeholders.

So let's do it. And let's do it now.

We have a unique opportunity in time to improve our country by doing so and I look forward to working with you to make it happen.

Thank you for this opportunity and I welcome your questions.