

Online Tools Give Home-Based Firms Office-Style Services

*Providers Like Google
And Microsoft Tout
Low Cost, Ease of Use*

September 11, 2007; Page B8

Last year, Dave Novak sold \$1.2 million of luxury steam-shower and bath equipment, importing wares from China and reselling systems for \$2,500 to \$4,000 apiece under his own brands, like American Steam and Rockstar.

And he did it from his 20-month-old son's bedroom in Fort Wayne, Ind.

Mr. Novak, 27, runs Novak & Co. LLC from home using a MacBook Pro computer and iPhone -- leveraging Internet-based tools that make the need for traditional office space increasingly obsolete for many entrepreneurs.

"Most people don't know I'm based at home," he says. "There are so many tools out there now that offer a whole other way to live, and I don't think people understand how great it is."

Office Not Necessary

If the Internet has been the great equalizer for small businesses, it is particularly evident right now in the home-based business realm -- where new online tools from [Google](#) Inc., [Yahoo!](#) Inc., [Microsoft](#) Corp., [eBay](#) Inc. and others are making it easier and cheaper to network employees, sell goods and manage office accounting functions in ways that previously required office space, technical staff, and expensive investment in servers and software.

The goal of these companies is to make themselves the business brand of choice among entrepreneurs so they can reap the benefits as small firms grow and need more complicated, and expensive, services. Most of the companies hawking free basic editions of their products also sell costlier, advanced editions. They also rake in online advertising dollars from marketers -- including banks, insurance providers and computer makers -- eager to reach the pockets of small-business owners.

While businesses of any size can use the online tools, the potential appeal to small and particularly home-based businesses is ripe due to their low cost of entry and ease of use. Most of the services can be accessed from any computer or mobile device with Internet access.

A little more than half of the nation's 26.8 million small businesses are based at home, according to the U.S. Small Business Administration's Office of Advocacy.

Functions Like a Network

Google, for one, is touting a new service called Google Apps (www.google.com/a), which functions like a company's internal computer network. Businesses can run basic office functions, such as document and calendar sharing among employees, Web-site hosting, online voice chatting, email and instant messaging via Google on the Web. For instance, multiple people can be working on the same document or spreadsheet simultaneously, eliminating the need to email revisions back and forth.

A basic Google Apps version is free; a "premier" model, with virtual conference rooms, more storage space and advanced tools to migrate existing email accounts, costs \$50 per employee a year.

Microsoft also is gunning for home entrepreneurs via its Microsoft Office Live Web-hosted suite of services (www.office.microsoft.com/officelive). Businesses can create and share internal calendars, documents and email, as well as build and host a Web site, and integrate accounting functions like online banking, invoicing, credit-card processing and selling via eBay. A bare-bones edition is free; packages with more services cost \$19.95 and \$39.95 a month.

"What you find is that home-based businesses are looking for a leg up," says Michael Schultz, director of marketing for Microsoft Office Live, "whether it's building a Web site, or protecting their PC, or buying advertising keywords online and doing marketing. We're taking a different approach and providing them with services for low or no cost to get them started."

Microsoft Office Live is one sponsor of a new competition called the Home-Based 100 being held by StartupNation LLC, an online entrepreneurial advice firm. Winners, who will be ranked based on total net income generated during the past two years as shown on tax returns, get to market their business via a virtual neighborhood nicknamed Sun City at startupnation.com. Sun City is designed as an online community for real home-based firms, with a business directory and access to vendors who bid to provide services like Web hosting.

"We think there's huge missed opportunity to recognize this first frontier of entrepreneurship," says Rich Sloan, StartupNation's co-founder.

Growing With You

One challenge for home-based businesses is figuring out which of all these providers is best suited for their needs now -- and as they grow.

Yahoo, for instance, offers free Web-site building tools and business email and electronic-commerce services, but it doesn't have document-sharing capabilities. Another test will be whether these providers can attract businesses that need more advanced, tailored solutions. Lisa Calhoun, founder of Atlanta-based Write2Market Inc., has shelled out \$40,000 for custom software for her firm, which creates press releases and other content for more than 100 companies. Her system has private log-in for employees and clients, editing, tracking and revision services, daily backups and hundreds of gigabytes of storage space.

"There are a lot of fantastic free tools, and I looked at a lot of them," she says, "but they weren't robust enough for my enterprise. When I make tech investments, my question is, 'How is this scalable?' "

Write to Gwendolyn Bounds at wendy.bounds@wsj.com