



Service Industries Division  
**2004 Annual Survey of  
Software Development  
and Computer Services**

*Français au verso*



## **Concepts and Definitions**

This guide is designed to provide additional information  
as you work through your questionnaire.

If further assistance is required, please call us.

A Statistics Canada agent will be happy to assist you

**Help Line: 1 888 820-1169**

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## Section 1 - Business Activity

- a) To ensure that you have received the appropriate questionnaire, you are asked to provide a brief description of the nature of your business activity for the reporting period you have indicated under **Reporting Period Information**. The description should briefly state the main activities of your business unit. (A "Business unit" is defined as the level of the firm for which there is a common set of activities and separate records are kept for such details as revenues, expenses and employment.)

Please select the **one** business activity that is the main source of your revenue.

**A business unit is sometimes referred to as a location or operation.**

- c) The categories to select from on the questionnaire use a coding system called the **North American Industry Classification System (NAICS)**. The NAICS system was developed by the statistical agencies of Canada, Mexico and the United States against the background of the North American Free Trade Agreement. It is designed to provide common definitions of the industrial structure of the three countries and a common statistical framework to facilitate the analysis of the three economies. In order to help you choose the category that best describes the activity of your business, here is a short of description of each category.

Under NAICS, the software development and computer services industry includes three types of business services. These services are defined as follows:

### Software Publishers

This industry comprises establishments primarily engaged in publishing computer software, usually for multiple clients and generally referred to as packaged software. Establishments in this industry carry out operations necessary for producing and distributing computer software, such as designing, providing documentation, assisting in installation and providing support services to software purchasers. These establishments may design and publish, or publish only.

### Inclusions:

- Computer software publishing (including designing and developing), packaged
- Computer software, all formats, packaged, publishers
- Games, computer software, packaged, publishers
- Publishers, packaged computer software, all formats

### Exclusion(s):

Establishments primarily engaged in:

- mass duplication of software
- reselling packaged software
- publishing software exclusively on the Internet
- providing access to software for clients from a central host site
- custom designing software to meet the needs of specific users

### **Data Processing, Hosting, and Related Services**

This industry comprises establishments primarily engaged in providing hosting or data processing services. Hosting establishments may provide specialized hosting activities, such as web hosting, streaming services or application hosting, or may provide general time-share mainframe facilities to clients. Data processing establishments may provide complete processing and preparation of reports from data supplied by the customer; specialized services, such as automated data entry; or they may make data processing resources available to clients on an hourly or time-sharing basis.

#### **Inclusions:**

- Application hosting
- Automatic data processing, computer services
- Computer input preparation services
- Computer processing
- Computer processing services
- Computer time, rental
- Computer time-sharing services
- Data entry services
- Data processing services
- Data processing, computer services
- Disk and diskette conversion services
- Input preparation services, computer
- Leasing of computer time
- Microfilm recording and imaging service
- Optical scanning data services
- Rental of computer time
- Service bureaus, computer
- Web hosting

#### **Exclusion(s):**

Establishments primarily engaged in:

- processing financial transactions
- computer facilities management
- providing data keying or keypunch services, text processing or desktop publishing
- providing access to microcomputers and office equipment from a retail location

### **Computer Systems Design and Related Services**

This industry comprises establishments primarily engaged in providing expertise in the field of information technologies through one or more activities, such as writing, modifying, testing and supporting software to meet the needs of a particular customer, including the creation of Internet home pages; planning and designing computer systems that integrate hardware, software and communication technologies; on-site management and operation of clients' computer and data processing facilities; providing advice in the field of information technologies; and other professional and technical computer-related services.

#### **Inclusions:**

- Application software programming services, custom
- CAD/CAM systems services
- CAE (computer-aided engineering) systems services
- Computer consulting services
- Computer disaster recovery services
- Computer facilities management services
- Computer hardware consulting services
- Computer programming services, custom
- Computer programs or systems software development, custom
- Computer software consulting services
- Computer software programming services, custom
- Computer software systems analysis and design, custom
- Computer systems analysis and design services
- Computer systems design consulting services
- Computer systems integrators
- Computer-aided design (CAD) systems services
- Computer-aided engineering (CAE) systems services
- Data processing facilities management services
- Design and system analysis, computer services (software)
- Facilities management services, computer
- Facilities support services, computer
- Information management system design services, computer
- Internet page design services, custom
- Local area network (LAN) systems integrators
- Management information systems design consulting services
- Office automation, computer systems integration
- Programming services, computer, custom
- Requirements analysis, computer hardware
- Software installation services
- Software programming, custom
- Software systems analysis and design, custom
- Systems analysis and design, computer services (software)
- Systems analysis and design, computer software

- Systems engineering (system integration)
- Systems integration, computer
- Web page developing

**Exclusion(s):**

Establishments primarily engaged in:

- retailing computer hardware and software and providing support services
- publishing packaged software
- providing data processing services

## Section 2 - Form of Organization

- a) Please indicate the type of your business unit by checking the appropriate circle. Check only one circle. Definitions of these organizations are given below:

**Sole proprietorship:** Ownership of an unincorporated business by an individual.

**Partnership:** Ownership of an unincorporated business by two or more individuals who combine resources and activities in a joint undertaking.

**Incorporated company:** A legal entity (corporation) operating under a grant of authority from the provincial or federal government. Basic attributes of a corporation are:

- it holds an exclusive name under which it can hold property, contract services, and sue or be sued and
- it has limited liability, and is not liable for its debts and obligations beyond the amount of its capital assets

**Co-operative:** A corporation incorporated under a federal or provincial law providing for the establishment of such a corporation. The main purpose of a cooperative corporation must be:

- Marketing (including processing) of natural products belonging to its members or customers or acquired from them
- The purchasing of supplies, equipment or household necessities for its members or customers
- The performance of services for its members or customers

**Joint venture:** A joint venture is a business undertaking entered into by two or more parties, which terminate upon completion of the project.

**Government business entity:** Entity that is regulated by government departments.

**Government:** Division of government of Canada or of the government of a province or territory or municipality.

**Non-profit organization:** Organization usually formed for social, philanthropic or similar purpose in which there is normally no transferable ownership interest and that does not carry on business with a view to distribution or use of any profits or the pecuniary gains of the members.

## Section 3 - Reporting Period Information

- a) The reporting period for this survey is the business unit's **fiscal year** that ended between April 1, 2004 and March 31, 2005.

If this business did not operate for the full reporting period indicated at question a), please indicate the reason by checking the appropriate circle at question b).

## **Section 4 : Revenue - Total Revenue**

Revenue data are used to calculate economic statistics that provide an indication of the industry's contribution to the overall Canadian economy.

Please **exclude** federal or provincial sales taxes collected for remittance to a government agency.

## **Section 5 : Revenue - Revenue Generated Outside Canada**

Foreign revenues should not be greater than the operating revenue reported in section 4 a).

## **Section 6: Revenue by Type of Services**

### **a) Software Publishing Services**

#### **Total packaged software product revenues**

Includes all software products which are produced for multiple sale, license, rental or leasing and are intended for a wide distribution. The revenues from updates and modifications to software products that are not specific to a single user's requirements should also be included.

### **b) Computer Systems Design and Related Services**

#### **IT technical consulting services**

The provision of advice or expert opinion on technical matters related to the use of information technology. This includes advice on matters such as hardware and software requirements and procurement, systems integration, and systems security. The provision of expert testimony on IT related issues are also included here.

#### **Web site design and development services**

This service consists of designing the structure and content of a web page and/or writing the computer code necessary to create and implement a web page.

#### **Database design and development services**

This service consists of designing the structure and content of a database and/or of writing the computer code necessary to create and implement a database (data warehouse). Exclusions: Service contracts where the design and development of a database is bundled with the on-going management of the data holdings are classified in the Data management services sub-category.

#### **Customization and integration of packaged software**

This service consists of adapting (modifying, configuring, etc.) and installing an existing application so that it is functional within the clients' information system environment.

#### **Other custom application design and development services**

This service consists of adapting (modifying, configuring, etc.) and installing an existing application so that it is functional within the clients' information system environment or creating software to meet the specific needs of the clients.



**Network design and development services**

This service consists of designing, developing and implementing customer's networks such as Intranets, Extranets and Virtual Private Networks.

**Computer systems design, development and integration services**

This service consists of assessing an organization's computer requirements, advising on hardware and software acquisitions, developing system specifications and either putting the new system in place or providing the client with the necessary specifications to put the new system in place.

**c) Data Processing, Hosting and Related Services****Web site hosting services**

The service of providing the infrastructure to host a customer's web site and related files in a location that provides fast, reliable connection to the Internet.

**Application service provisioning (ASP)**

The provision of leased software applications from a centralized, hosted, and managed computing environment.

**Business process management services**

A bundled service package that combines information-technology-intensive services with labor (manual or professional depending on the solution), machinery, and facilities to support, host and manage a business process for a client.

**Collocation services**

The provision of rack space within a secured facility for the placement of servers and enterprise platforms. The service includes the space for the client's hardware and software, connection to the Internet or other communication networks, and routine monitoring of servers. Clients are responsible for the management of the operating system, hardware, and software.

**Data storage services**

The service of managing or administrating the storage and back-up management of data such as remote back-up services, storage, or hierarchical storage management (migration).

**Data management services**

The ongoing management and administration of data as an organizational resource. Services may include performing data modelling, data mobilization, data mapping/rationalization, data mining and system architecture.

**Video and audio streaming services**

The service of sending audio and video data over the Internet or providing services associated with the storage, production (including encoding), and support of video and audio streaming over the Internet.

**IT Infrastructure and network management services**

The service of managing and monitoring a client's IT infrastructure including hardware, software and networks.

**Information and document transformation services**

The provision of technical expertise and equipment to transform information and documents from one format or media to another.

**d) Internet Service Provider Services****Provision of Internet access and backbone services**

The provision of a connection to the Internet and carriage of traffic over the Internet.

**Internet telecommunication services**

This service consists of providing telecommunications services over the Internet other than Internet access. This includes services such as fax, telephony, audio conferencing and video conferencing over the Internet.

**Section 7 : Revenue by Source of Packaged Software Products**

This section is designed to determine who developed the software from which revenue was generated as reported in Section 6, question a).

**Section 8 : Packaged Software Customization****Section 9 : Revenue by Type of Software****a) System Software****Development tools and programming languages software**

Software used to assist in the development and/or authoring of computer programs. Software products that support the professional developer in the design, development, and implementation of a variety of software systems and solutions. (Includes all program development tools and programming languages software).

**b) Application Software**

Any self-contained program that performs a specific function directly for the end user.

**General business productivity and home use applications**

Software used for general business purposes to improve productivity, or in the home for entertainment, reference or educational purposes. (Includes office suite applications such as word processors, spreadsheets, simple databases, graphics applications, project management software, computer-based training software, games, reference, home education, etc.)

### **Cross-industry applications**

Software that is designed to perform and/or manage a specific business function or process that is not unique to a particular industry. (Includes professional accounting software, human resource management, customer relations management software, Geographic Information System software, web page/site design software, etc.)

### **Vertical market applications**

Software that performs a wide range of business functions for a specific industry such as manufacturing, retail, healthcare, engineering, restaurants, etc.

### **Utilities software**

A small computer program that performs a very specific task. Utilities differ from other software applications in terms of size, cost and complexity. Examples include : compression programs, anti-virus, search engines, font, file viewers, and voice recognition software.

## **Section 10: Revenue - E-Commerce Enabling Products and Services**

### **Electronic commerce**

Transactions carried over computer-mediated channels that comprise the transfer of ownership or the entitlement to use tangible or intangible assets. (i.e. the selling or purchase of goods or services over the Internet).

### **E-commerce enabling products and services**

E-commerce enabling products or services are those software products or services that make electronic commerce possible for other businesses.

## **Section 11: Web site Revenue**

This includes the total amount of revenue received from customer orders of products and/or services via your Internet site where payment is either received on-line or at a later date.

## **Section 12: Expenses**

Please report expenses **excluding** the portion of federal or provincial sales taxes refunded by government. If your bookkeeping practices make this impossible, please indicate which refunds are included.

### **a) Cost of goods and services purchased and re-sold**

The cost of computer hardware and software products purchased and resold where no modifications were made to the product.

### **b) Labour costs**

i) Salaries and wages paid to employees for whom you issued a T4

**Include** amounts deposited to foreign accounts, vacation pay, directors' fees, bonuses (including profit sharing), commissions, taxable allowances and retroactive wage payments.

**Exclude** all payments and expenses associated with outside contract workers and payments to casual labour without a **T4 - Statement of Remuneration Paid** form.

**Report** these expenses in question h) i), Computer services purchased.

ii) Employee benefits paid for all employees for whom you issued a T4

Please report the employer portion of employee benefits.

**Include** contributions to health plans, insurance plans, employment insurance, pension plans, workers' compensation, retiring allowances or lump sum payments to employees upon termination or retirement as well as contributions to any other employee benefits such as child care and supplementary unemployment benefit (SUB) plans.

**Exclude** contributions to provincial health and education payroll taxes. Please report these payments in o), "Other expenses".

**c) Depreciation and amortization**

**Depreciation** is the accounting process whereby the cost of capital assets is systematically allocated to current operations over the term of its useful life. This process recognizes the gradual exhaustion of the service capacity of the capital assets.

**Amortization** is the gradual writing off of capitalized costs.

**Include** the depreciation and amortization expenses on this business unit's assets including capital lease obligations.

**d) Rent or leasing**

i) Rent or lease payments for land and buildings

ii) Rent or leasing of computers and vehicles

**Include** rent and/or leasing for computers and peripheral and ancillary equipment used by the company and/or installed at customer's location.

**Include** motor vehicles (*without driver*), and other machinery and equipment (*without driver*) and fuel and other energy costs covered in your rental and leasing expenses (if applicable).

**e) Utilities**

i) Heat, electricity and water

ii) Telephone and other telecommunications expenses

**Include** charges for telephone, fax, cellular phone or pager services for transmission of voice, data or image, Internet access charges and expenses for cable and satellite transmission of television, radio and music programs.

**f) Insurance**

**Include** insurance expenses such as liability insurance, bonding, business interruption insurance, fire insurance, motor vehicle insurance, property insurance, etc.

**Exclude** premiums paid directly to your head office.

**g) Business property taxes, permits, licenses**

**Include** property taxes except those that are covered in your rental and leasing expenses, property transfer taxes and vehicle licence fees.

**h) Professional and business services**

i) Computer services purchased

**Include** fees paid for contract workers

ii) Legal, auditing and other professional service fees

**Include** legal fees, accounting and auditing fees, consulting fees, payroll preparation fees, and all other professional and business service fees.

iii) Employee training and education.

**i) Purchased materials and supplies**

i) Office supplies

**Include** paper; photocopier, printer and fax machine supplies; diskettes; writing utensils and other office supplies.

**Exclude** postage and courier expenses and telephone and other telecommunication expenses.

ii) Computer hardware and software purchased for use in the business

**j) Advertising, sales promotion, travel and entertainment**

**Include** advertising and promotional expenses such as newspaper advertising, media expenses, catalogues, business promotion, presentations, displays, etc.

**Include** passenger transportation, accommodation, meals while travelling, other travel allowances as well as meal, entertainment and hospitality purchases for clients.

**k) Management fees, development charges, royalties and similar payments**

**l) Royalties paid to a third party**

**m) Interest on borrowing**

**Include** interest on short-term and long-term debt, interest payments on capital leases, interest on bonds and debentures and interest on mortgages.

**n) Write-offs, valuation adjustments, capital losses**

Losses from the disposal of capital assets and investments, write downs of asset values to net realizable values because of permanent decline in values, losses because of changing rates of currency, and other such extraordinary losses which result from transactions or events that have all of the following characteristics:

- a) they are not expected to occur frequently over several years;
- b) they do not typify the normal business activities of the entity; and
- c) they do not depend primarily on decisions or determinations by management or owners.

**o) Other expenses**

Please specify the major items associated with the expenses reported for this question, if the value is greater than 10%.

**Include** Maintenance and repair services purchased, financial service fees and other banking charges, delivery, courier and postage expenses, franchise fees, contributions to provincial health and education payroll taxes, allowances for bad debts and donations.

**p) Total expenses**

This total is the summation of all the detailed expense items given in Section 12, questions a) to o).

**Section 13 : Product Research and Development Expenses**

This question is designed to estimate the percentage of the total expenses reported in the expenses section that are related to research and development projects.

**Section 14: Employment**

To fully measure the intellectual contribution of all human capital in this industry, we are asking for the statistics on the number of owners, partners and proprietors as well as the number of full-time employees, part-time employees and contract workers.

**a) Paid employees**

Report the number of full-time and/or part-time persons employed during the reporting period to whom you paid Salaries and Wages as shown in the expenses section.

**b) Working Proprietors and Partners**

Report the number of working proprietors and partners to whom a salary was paid and/or the number of working proprietors and partners that did not receive a salary.

**c) Contract Workers**

Contract workers are not employees, but workers contracted to perform a specific task or project in your organization for a specific duration. Please report the number of contract workers employed by your organization during the fiscal year.

**d) Employee Turnover**

- i) Number of full-time employees hired during the reporting period.
- ii) Number of full-time employees that resigned or were dismissed during the reporting period.

**e) Percent of Total Staff Time**

This question is designed to determine the percentage of time that employees dedicate to specific functions during the reporting period.

**f) Training**

This question is designed to determine the total number of days that all the employees received during the reporting period.

**Section 15: Revenue by Type of Customer**

This section is designed to measure which sector of the Canadian economy purchases your services.

**a) Customers in Canada:**

**i) Individuals and households**

Persons that purchase your services that do not represent the business or government sector.

**ii) Public Institutions**

Please report the share of total operating revenue from sales to hospitals, schools, universities and utilities.

**iii) Governments**

The share of revenues to clients classified as federal, provincial and municipal government administration organizations should be reported here.

**iv) Financial businesses**

All financial intermediaries including banks, trust companies and financial crown corporations.

**v) All other businesses**

Any other business that doesn't fall into one of the other categories. (e.g. professional / scientific services, telecommunications, Non-profit Organizations, etc)

**b) Customers Outside Canada (exports)**

Please report the share of total operating revenue that represents sales to customers or clients located outside Canada. Such clients can include foreign businesses, foreign individuals, foreign institutions and/or governments.

## Section 16: Provincial / Territorial Distribution Table

This question is designed to allocate the reported main variables from the questionnaire to the province(s) and/or territory(ies) in which you have business units that produce goods and/or provide services that relate to the software development and computer services industries.

This question is to report data from the locations of your business unit(s) that generate revenue, not the geographical area(s) in which you sell your products or services.

(A "Business unit" is defined as the level of the firm for which there is a common set of activities and separate records are kept for such details as revenues, expenses and employment.)

### Section - Certification

If the person completing the questionnaire is not the same person listed on the pre-printed information on the front page of the questionnaire, please provide the information requested on this page. This will allow Statistics Canada to contact the right person, should there be any questions about the information provided by this firm.

Please indicate the approximate time (in hours) to assemble the information and complete this questionnaire. If you had any major difficulties in completing this question, please describe the nature of these difficulties in the **Comments** section. This information will be very useful to assess response burden and to improve the questionnaire.

### Section - Comments

Your comments on our business survey program are most welcomed. If necessary, please attach a separate page. Please be assured that all comments are reviewed with the intent of improving the survey. Some of the topics to consider are listed below:

- events that may have caused significant changes in your reported values from the previous year
- questionnaire content
- new questions of interest to your industry
- questionnaire wording
- use of business terminology
- clarity of questions (eg., definitions, examples of inclusions and exclusions, code sheets, instruction sheets, reporting guides)
- order and flow of questions
- timing of receipt of questionnaire and the period given for response
- other sources of data to further reduce response burden
- potential for electronic data reporting
- general (non-proprietary) business software packages in use

Should there be any questions about the information provided, a representative from Statistics Canada may call you. Retaining a copy of this completed questionnaire for your records allows you to spend less time on the phone.



**Thank you for completing this questionnaire.  
Please retain a copy for your records.**

We hope this guide was helpful to you in completing the survey as well as providing some information about Statistics Canada. If you have suggestions on ways to improve this guide, please write your ideas in the comment section of the questionnaire.

**Visit the Statistics Canada's Web site at [www.statcan.ca](http://www.statcan.ca)**

Check out some of the most informative pages:

- **The Daily** (The latest Statistics Canada information available every day)
- **Canadian Statistics** (Over 350 statistical tables on a wide array of economic and social topics)
- **Information for survey participants** (Information on household and business surveys conducted by Statistics Canada)
- **Community Profiles** (Access the most recent 2001 Census results in the 2001 **Community Profiles** for cities, towns, villages, aboriginal communities, counties and metropolitan areas in Canada)
- **Census** (Results from the 2001 Census)
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