



2007 Survey of Service Industries: Software Development and Computer Services

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Reporting Guide

This guide is designed to assist you as you complete the 2007 Survey of Service Industries. If you need more information, please call the Statistics Canada Help Line at the number below.

Help Line: 1-888-881-3666

Your answers are confidential.

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All survey results are carefully screened before publication to ensure they cannot be used to derive information about a particular business.

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B - Main business activity

1. Please describe the nature of your business.

To ensure that you have received the appropriate questionnaire, you are asked to describe the nature of your business. The description should briefly state the main activities of your business unit.

2. Please check the one main activity which most accurately represents your main source of revenue.

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.

The Information Technology Industries covered by this survey are defined using the North American Industry Classification System (NAICS). The NAICS is part of an international framework to allow for the comparison of industrial performance between different countries. The three industries covered are:

- Software Publishers (includes packaged software development and publishing);
- Data Processing, Hosting and Related Services (includes web hosting, streaming services, application hosting, processing and preparation of reports from data supplied by the customer, optical scanning, data entry etc.); and
- Computer Systems Design and Related Services (includes information technology consulting, systems and network design, systems engineering, customized software programming and integration, web site design and development, etc.).

In order to help you choose the category that best describes the activity of your business, we include a formal definition of the inclusions and exclusions of each category below. If you require further help on this question, or if you feel that you are part of another NAICS industry, please call our Help line.

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.

Include:

- 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.

Exclude:

- 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.

Include:

- application hosting;
- automatic data processing, computer services;
- computer input preparation services;
- computer processing;
- computer time-sharing services;
- computer time, rental;
- computer processing services;
- data entry services;
- data processing, computer services;
- disk and diskette conversion services;
- leasing of computer time;
- microfilm recording and imaging service;
- optical scanning data services;
- service bureaus, computer;
- web hosting.

Exclude:

- processing financial transactions;
- computer facilities management;

- data keying or keypunch services, text processing or desktop publishing;
- 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. This includes: 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.

Include:

- 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;
- requirements analysis, computer hardware;
- software installation services;
- software programming, custom;
- software systems analysis and design, custom;
- systems engineering (system integration);
- systems integration, computer;
- web page developing.

Exclude:

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

C - Reporting period information

Please report information for your **fiscal year** (normal business year) **ending between** April 1, 2007 and March 31, 2008. Please indicate the reporting period covered by this questionnaire.

D - Revenue

A detailed breakdown may be requested in other sections.

1. Sales of goods and services (e.g., rental and leasing income, commissions, fees, admissions, services revenue) Report net of returns and allowances.

Sales of goods and services are defined as amounts derived from the sale of goods and services (cash or credit), falling within a business's ordinary activities. Sales should be reported net of trade discount, value added tax and other taxes based on sales.

Include:

- sales from Canadian locations (domestic and export sales);
- transfers to other business units or a head office of your firm.

Exclude:

- transfers into inventory and consignment sales;
- federal, provincial and territorial sales taxes and excise duties and taxes;
- intercompany sales in consolidated financial statements.

2. Grants, subsidies, donations and fundraising

Please report contributions received during the reporting period.

Include:

- non-repayable grants, contributions and subsidies from all levels of government;
- revenue from private sector (corporate and individual) sponsorships, donations and fundraising.

3. Royalties, rights, licensing and franchise fees

A royalty is defined as a payment received by the holder of a copyright, trademark or patent.

Please **include** revenue received from the sale or use of all intellectual property rights of copyrighted musical, literary, artistic or dramatic works, sound recordings or the broadcasting of communication signals.

4. Investment income (dividends and interest)

Investment income is defined as the portion of a company's income derived from its investments, including dividends and interest on stocks and bonds.

Include interest from:

- foreign sources;
- bonds and debentures;
- mortgage loans;
- G.I.C. interest;
- loan interest;
- securities interest and deposits with bank interest.

Exclude:

- equity income from investments in subsidiaries or affiliates; these amounts should be reported in **Section E**, at question 25.

5. Other revenue (please specify)

Include:

- amounts not included in questions 1 to 4 above.

6. Total revenue

The sum of questions 1 to 5.

E - Expenses

1. Salaries and wages of employees who have been issued a T4 statement

Please report all salaries and wages (including taxable allowances and employment commissions **as defined** on the T4 – Statement of Remuneration Paid) before deductions for this reporting period.

Include:

- vacation pay;
- bonuses (including profit sharing);
- employee commissions;
- taxable allowances (e.g., room and board, vehicle allowances, gifts such as airline tickets for holidays);
- severance pay.

Exclude:

- all payments and expenses associated with casual labour and outside contract workers; please report these amounts in this section, at question 5.

2. Employer portion of employee benefits

Include contributions to:

- health plans;
- insurance plans;
- employment insurance;
- pension plans;
- workers' compensation;
- contributions to any other employee benefits such as child care and supplementary unemployment benefit (SUB) plans;
- contributions to provincial and territorial health and education payroll taxes.

3. Commissions paid to non-employees

Please report commission payments to outside workers without a T4 – Statement of Remuneration Paid.

Include:

- commission payments to independent real estate agents and brokers.

4. Professional and business services fees

Include:

- legal;
- accounting and auditing;
- consulting;
- education and training;
- research and development;
- architect;
- appraisal;
- management and administration.

5. Subcontract expenses (include contract labour, contract work and custom work)

Subcontract expense refers to the purchasing of services from outside of the company rather than providing them in-house.

Include:

- hired casual labour and outside contract workers.

6. Charges for services provided by your head office

Include:

- parent company reimbursement expenses and interdivisional expenses.

7. Cost of goods sold, if applicable (purchases plus opening inventory minus closing inventory)

Report cost of purchased goods that were resold during the reporting period. If applicable, report cost of goods and material used in manufacturing of sold products.

Include:

- goods purchased for resale: purchases during the period (including freight-in) **plus** opening inventory **less** closing inventory;
- materials used in manufacturing of products sold: report **only** the material component of cost of finished manufactured goods that were sold during the reporting period.

Exclude:

- direct and indirect labour costs (salaries, wages, benefits, and commissions);
- overhead and all other costs normally charged to cost of goods sold, such as depreciation, energy costs, utilities, sub-contracts, royalties, transportation, warehousing, insurance, rental and leasing; these expenses should be reported elsewhere in the detailed categories provided.

8. Office supplies

Include:

- office stationery and supplies, paper and other supplies for photocopiers, printers and fax machines;
- diskettes and computer upgrade expenses;
- data processing.

Exclude:

- postage and courier;
- telephone, Internet and other telecommunication expenses (please report this amount in this section, at question 14).

9. Rental and leasing (include rental of premises, equipment, motor vehicles, etc.)

Include:

- lease rental expenses, real estate rental expenses, condominium fees and equipment rental expenses;
- motor vehicle rental and leasing expenses;
- rental and leasing of computer and peripheral expenses;
- studio lighting and scaffolding, and other machinery and equipment expenses;
- fuel and other utility costs covered in your rental and leasing contracts.

10. Repair and maintenance (e.g., property, equipment, vehicles)

Include expenses for the repair and maintenance of:

- buildings and structures;
- vehicles (including vehicle fuel);
- machinery and equipment;
- security equipment;
- costs related to materials, parts and external labour associated with these expenses.

Also **include** janitorial and cleaning services and garbage removal.

11. Insurance (include professional liability, motor vehicles, etc.)

Include:

- professional and other liability insurance;
- motor vehicle and property insurance;
- executive life insurance;
- bonding, business interruption insurance and fire insurance.

Insurance recovery income should be deducted from insurance expenses.

12. Advertising, marketing and promotions (report charitable donations at question 22)

Include:

- newspaper advertising and media expenses;
- catalogues, presentations and displays;
- meeting and convention expenses;
- tickets for theatre, concerts and sporting events for business promotion;
- fundraising expenses.

13. Travel, meals and entertainment

Include:

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

14. Utilities and telecommunications expenses (include gas, heating, hydro, water, telephone and Internet expenses)

Include:

- diesel, fuel wood, natural gas, oil and propane;
- sewage.

Exclude:

- energy expenses covered in your rental and leasing contracts;
- vehicle fuel.

15. Property and business taxes, licences and permits

Include:

- property taxes paid directly and property transfer taxes;
- vehicle licence fees;
- beverage taxes and business taxes;
- trade licence fees;
- membership fees and professional licence fees.

16. Royalties, rights, licensing and franchise fees

Include:

- amounts paid to holders of patents, copyrights, performing rights and trademarks;
- gross overriding royalty expenses and direct royalty costs;
- resident and non-resident royalty expenses;
- franchise fees.

17. Delivery, warehousing, postage and courier

Include:

- amounts paid for courier, custom fees, delivery and installation;
- distribution, ferry charges and cartage;
- freight and duty, shipping, warehousing and storage.

18. Financial service fees

Include:

- explicit service charges for financial services;
- credit and debit card commissions and charges;
- collection expenses and transfer fees;
- registrar and transfer agent fees;
- security and exchange commission fees;
- other financial service fees.

Exclude:

- interest expenses.

19. Interest expenses

Please report the cost of servicing your company's debt.

Include interest on:

- short-term and long-term debt;
- capital leases;
- bonds and debentures and mortgages.

20. Amortization and depreciation of tangible and intangible assets

Include:

- direct cost depreciation of tangible assets and amortization of leasehold improvements;
- amortization of intangible assets (e.g., amortization of goodwill, deferred charges, organizational costs, and research and development costs).

21. Bad debts

A bad debt is the portion of receivables deemed uncollectible, typically from accounts receivable or loans.

Include:

- allowance for bad debts.

Bad debt recoveries are to be netted from bad debt expenses.

22. All other expenses (please specify)

Include:

- amounts not included in questions 1 to 21;
- charitable and political expenses;
- research and development expenses;
- education and training expenses;
- recruiting expenses.

23. Total expenses

The sum of questions 1 to 22.

24. Corporate taxes, if applicable

Include:

- federal, provincial and territorial current income taxes and federal, provincial and territorial provision for deferred income taxes.

25. Gains (losses) and other items

Include:

- realized gains/losses on disposal of assets and realized gains/losses on sale of investments;
- foreign exchange gains/losses, subsidiary/affiliate share of income/losses and other division income/losses;
- joint venture income/losses and partnership income/losses;
- unrealized gains/losses, extraordinary items, legal settlements, and other unusual items;
- write-offs.

26. Net profit/loss after tax and other items

Total revenue **less** Total expenses **minus** Corporate taxes **plus** Gains (losses) and other items.

F - Industry characteristics

Sales breakdown by products

1. Information technology (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.

2. Custom software design and development services

a) 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.

b) 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).

Exclude: contracts where the design and development of a database is bundled with

the on-going management of the data holdings and are classified in the data management services sub-category.

c) 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.

d) 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.

3. Computer systems and network design and development services

a) Network design and development services (include network security design)

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

b) 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.

4. Hosting and information technology (IT) infrastructure provisioning services (e.g. Website hosting, application service provisioning, business process management services, collocation, data storage and management)

• 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**

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

- **Collocation**

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**

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

- **Data management**

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.

5. IT infrastructure and network management services

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

a) Network management

The service of managing and monitoring communication networks and connected hardware to diagnose networking problems and gather capacity and usage statistics for the administration and fine-tuning of network traffic. These services also remotely manage security systems or provide security-related services.

b) Computer systems management services

Providing day-to-day management and operation of a client's computer system.

6. Information and document transformation services (e.g., imaging, data conversion and migration)

The service of converting paper documents into digital or other machine-readable formats. The service generally involves the following components: 1) document preparation, 2) scanning, optical character recognition, and other data capture

activities, 3) delivery or output of the information captured into a database or a physical medium.

7. IT technical support services (for hardware or software; include disaster recovery services)

- The provision of technical expertise to solve problems for the client in using software, hardware, or entire computer system.
- The provision of customer support in using or troubleshooting software and includes upgrade services and the provision of patches and updates.
- The provision of customer support in using or troubleshooting the computer hardware and software. It includes testing and cleaning on a routine basis, and repair of IT equipment. Includes technical assistance in moving a client's computer system to a new location.
- The provision of technical expertise to solve specialized problems for the client using a computer system. These specialized services include computer auditing and assessment, data recovery, and disaster recovery.
- Services of auditing or assessing computer operations without providing advice or other follow-up action. Includes auditing, assessing and documenting a server, network or process for components, capabilities, performance, or security.
- Retrieving a client's data from a damaged or unstable hard drive or other storage medium.
- Providing standby computer equipment and duplicate software in a separate location to enable a client to relocate regular staff to resume and maintain routine computerized operations in event of a disaster such as a fire or flood.

8. Software publishing

a) System software (include programming languages)

Publication of low-level software required to manage computer resources and support the production or execution of application programs but which is not specific to any particular application.

- **Operating system software**

Software that controls a computer and its peripherals. Modern operating systems such as Windows 97, 98 and 2000, and NT handle many of a computer's basic functions.

- **Network software**

Software that monitors an active communications network in order to diagnose problems and gather statistics for administration and fine-tuning.

- **Database management software**

A program that manages all facets of a database. Primary services of database management software include storage, modification and extraction of data. Database management software also regulates user access and protects data against damage.

- **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 (include entertainment and gaming 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. Software that monitors an active communications network in order to diagnose problems and gather statistics for administration and fine-tuning.

G - Personnel

To fully measure the contribution of all human capital in this industry, we require information on the number of partners and proprietors as well as the number and classification of workers.

1. Number of partners and proprietors, non-salaried (if salaried, report at question 2 below)

For unincorporated businesses, please report the number of partners and proprietors for whom earnings will be the net income of the partnership or proprietorship.

2. Paid employees

a) Average number of paid employees during the reporting period

To calculate the average number employed, add the number of employees in the last pay period of each month of the reporting period and divide this sum by the number of months (usually 12).

Exclude:

- partners and proprietors, non-salaried reported at question 1 above.

b) Percentage of paid employees (from question 2a) who worked full time

Full-time employment consists of persons who usually work 30 hours or more per week. Please specify the percentage of paid employees who have been working full time by rounding the percentage to the nearest whole number.

3. Number of contract workers for whom you did not issue a T4, such as freelancers and casual workers (estimates are acceptable)

Contract workers are not employees, but workers contracted to perform a specific task or project in your organization for a specific duration, such as self-employed persons, freelancers and casual workers. These workers are not issued a T4 information slip. Please report the number of contract workers employed by your organization during the fiscal year.

4. Number of volunteers during the reporting period (estimates are acceptable)

Please report the number of unpaid workers employed by your organization during the fiscal year.

5. Number of hours worked by all volunteers during the reporting period (estimates are acceptable)

Please report the number of hours recorded by your organization for the work performed by volunteers during the fiscal year.

H - Sales by type of client

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

Please provide a percentage breakdown of your sales by type of client.

Please ensure that the sum of percentages reported in this section equals 100%.

1. Clients in Canada

a) Businesses

Percentage of sales sold to the business sector should be reported here.

Include:

- sales to Crown corporations.

b) Individuals and households

Please report the percentage of sales to individuals and households who do not represent the business or government sector.

c) Governments, not-for-profit organizations and public institutions (e.g., hospitals, schools)

Percentage of sales to federal, provincial, territorial and municipal governments should be reported here.

Include:

- sales to hospitals, schools, universities and public utilities.

2. Clients outside Canada

Please report the share of total sales to customers or clients located outside Canada including foreign businesses, foreign individuals, foreign institutions and/or governments.

Include:

- sales to foreign subsidiaries and affiliates.

I - Sales by client location

Please provide a percentage estimate of your total sales (first point of sale) by client location.

Please ensure that the sum of percentages reported in this section equals 100%.

The percentage in question 14 must equal question 2 in section H.

J - International transactions

This section is intended to measure the value of international transactions on goods, services, and royalties and licences fees. It covers **imported services and goods** purchased outside Canada as well as the value of **exported services and goods** to clients/customers outside Canada. Please report also royalties, rights, licensing and franchise fees paid to and/or received from outside Canada. Services cover a variety of industrial, professional, trade and business services.

General information

Survey purpose

Statistics Canada conducts this survey to obtain detailed and accurate data on this industry, which is recognised as being an important contributor to the Canadian economy. Your responses are critically important to produce reliable statistics used by businesses, non-profit organizations and all levels of government to make informed decisions in many areas.

The information from this survey can be used by your business to benchmark your performance against an industry standard, to plan marketing strategies or to prepare business plans for investors. Governments use the data to develop national and regional economic policies and to develop programs to promote domestic and international competitiveness. The data are also used by trade associations, business analysts and investors to study the economic performance and characteristics of your industry.

Data-sharing agreements

To avoid duplicating surveys and to ensure more uniform statistics, Statistics Canada has entered into data-sharing agreements with many provincial and territorial statistical agencies.

The objective of these data-sharing agreements is to share data from some surveys for those business establishments operating within their respective jurisdictions. **These agreements require that the shared data be used only for statistical purposes and be kept confidential.** Survey participants are always informed at the time of collection if a sharing agreement applies to a particular survey.

There are two types of data-sharing agreements that exist under the *Statistics Act*:

Agreements under Section 11 of the *Statistics Act* allow the sharing of information from the Unified Enterprise Survey program with the statistical agencies of Newfoundland and Labrador, Nova Scotia, New Brunswick, Quebec, Ontario, Manitoba, Saskatchewan, Alberta, British Columbia and Yukon. These statistical agencies have been established under provincial and territorial legislation authorizing them to collect this information on their own or jointly with Statistics Canada. Their legislation also provides the same confidentiality protection and outlines similar penalties for disclosure of confidential information as the federal *Statistics Act*.

Agreements under Section 12 of the *Statistics Act* allow the sharing of information from the Unified Enterprise Survey program with the statistical agencies of Prince Edward Island, the Northwest Territories and Nunavut. All these Section 12 agreements require that the information be kept strictly confidential.

Under Section 12, you may refuse to share your information with any of these agencies by writing a letter of objection to the Chief Statistician of Canada and returning it with your completed questionnaire. Please specify those agencies from which data shall be withheld.

Please note that Statistics Canada does not share any individual survey information with the Canada Revenue Agency.

For more information about these data-sharing agreements, please contact Statistics Canada at **1-888-881-3666** or visit our website at **www.statcan.ca**.

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Thank you!