



Service Industries Division

**2005 Annual Survey of
Internet Service Providers
and Related 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 **internet service providers and related services industry** includes two types of business services. These services are defined as follows:

Internet Service Providers (NAICS 518111)

These establishments generally provide clients twenty-four hour connectivity at the clients' residence or place of business and generally provide related services such as web hosting, web page designing, and hardware or software consulting related to Internet connectivity. Establishments in this industry may provide local, regional, or national coverage for clients or provide backbone services (except telecommunications carriers) for other Internet service providers. Internet service providers have the equipment and telecommunication network access required for a point-of-presence on the Internet.

Exclusion(s): Establishments primarily engaged in:

- offering direct on-line access to information that they publish or compile (except Internet)
- publishing databases
- publishing or broadcasting exclusively on the Internet
- offering limited Internet connectivity at establishments usually known as Internet cafés and combination of other services such as facsimile services, training, rental of on-site personal computers for word processing, games rooms, or food services
- developing databases for the purpose of credit reporting

Web Search Portals (NAICS 518112)

This Canadian industry comprises establishments primarily engaged in operating web search portals. Establishments in the industry operate web sites that use a search engine to generate and maintain extensive databases of Internet addresses and content in an easily searchable format. Web search portals often provide additional Internet services, such as e-mail, connections to other web sites, auctions, news, and other limited content, and serve as a home base for Internet users.

Section 2 - Form of Organization

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, 2005 and March 31, 2006**.

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) Internet Service Provision (ISP) and Related Services

Internet access - narrowband (Dial up access)

This service consists of a direct connection to the Internet, both wired and wireless, at speeds not exceeding 64Kbps. The Internet Service Provider (ISP) may also provide free services along with Internet access such as e-mail, space for the customer's web page, tools for simple web page design, chat, technical support, etc. This service may also include remote access or other types of Internet access and package upgrades such as international roaming, extra e-mail boxes, etc., usually for additional costs to customers.

Internet access - broadband (cable, wireless, XDSL)

This service consists of a direct connection to the Internet, both wired and wireless, at speeds exceeding 64Kbps. The Internet Service Provider (ISP) may also provide free services along with Internet access such as e-mail, space for the customer's web page, tools for simple web page design, chat, technical support, etc. This service may also include remote access or other types of Internet access and package upgrades such as international roaming, extra e-mail boxes, etc., usually for additional costs to customers.

Internet backbone services

This service consists of the carriage of Internet traffic by one ISP for another ISP (generally known in the industry as peering and transit charges).

Internet telecommunication services

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

Sale of on-line advertising space

The sale of space for online advertisements.

Sale of content to be distributed over the Internet

Selling or licensing the rights to reproduce all or part of a work of intellectual property for distribution over the Internet.

b) Computer Systems Design and Related Services

Revenue from services that are not related to the primary activities of Internet Service Providers. Include services such as: the provision of advice on technical matters related to computer systems; conducting feasibility studies on implementation of a system; providing specifications for a database design; providing technical expertise for hardware and software integration, systems consulting, custom software programming, etc.

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 is also included here.

Web site design and development services

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

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 of creating software to meet the specific needs of the clients.

IT technical support services

The provision of technical expertise to solve problems for the client in using software, hardware, or entire computer systems.

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.

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.

Section 7 : Projected Operating Revenues

The purpose of this question is to estimate the company's projected revenues over the next 2 years.

Section 8 : 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 p), "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 equipment

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

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) Telecommunications expenses

- i) Leased line charges from upstream provider.
- ii) Telephone and other telecommunications expenses (include dial-up line and equipment charges)

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) 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.

l) Management fees, development charges, royalties and similar payments

m) Royalties paid to a third party

n) 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.

o) 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.

p) 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

q) Total expenses

This total is the summation of all the detailed expense items given in Section 8, questions a) to p).

Section 9 : 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 10: Capital Expenditures

This question is designed to estimate the gross expenditures on capital assets (construction, machinery and equipment) for use in your organization or lease or rent to others.

Section 11: 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 12: 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 13 : Total Internet Access Subscribers

This question is designed to estimate the number of narrowband and broadband subscribers the industry has in Canada, the US and all other countries (for your fiscal year reported in Section 3).

Section 14: Network Capacity and Customer Usage

This question is designed to determine the breakdown of Internet use by business vs residential (home) Internet users and also obtain information about current industry trends in Network Capacity.

Section 15: Dial-up Services and Connection Options

This question is designed to estimate the percentage of subscribers using the following services: xDSL, Dial-Up, ISDN, Cable and Wireless service.

Section 16: Factors Impeding Growth

This question is designed to ascertain the obstacles that ISP's confront in their growth.

Section 17: 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 internet service providers and other related services.

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 comments section of the questionnaire

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