SPPI for NACE 58.29 Other software publishing - Germany

- 28th Voorburg Group Meeting in Tokyo
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Outline

- Definition of the service
- Pricing unit of the service
- Market conditions
- Classification structure
- Pricing methods
- Quality adjustment
- Summary
Definition of the service

- **CPA 58.29 Other software publishing:**
  - publishing of ready-made (non-customised) software for operating systems and business and other applications

- **Related services:**
  - CPA 46/47 wholesale and retail trade services of software
  - CPA 62.01 Computer programming (designing and writing computer code for non-ready-made software)
  - CPA 62.02 Computer consultancy services (installation of software and training)
Pricing unit of the service

Predominantly:
- Software package
- Software package per user

Note: No actual sale of software, but of licenses. Substantial changes of the license agreement generate a new service to be priced.
Market conditions

- Highly concentrated market
- Closely related to other IT industries (NACE 62 & 63)
- Service is not mainly produced in its core industry

![Weighting patterns of SPPIs for IT services in %]

10 bil. 0.23 bil.

- CPA 58.29 Other software publishing services
- CPA 62.03 Computer facilities management services
- CPA 62.01 Computer programming services
- CPA 63.11 Data processing, hosting and related services
- CPA 62.02 Computer consultancy services

Statistical Classification of Economic Activities in the European Community (NACE), Rev. 2 (2008) and Statistical Classification of Products by Activity in the European Economic Community (CPA), 2008
Evaluating the classification structure

■ CPA (2008) 58.29 without subcategories:

58.29 Other software publishing services
   58.29.1 Systems software, packaged
   58.29.2 Application software packaged
   58.29.3 Software downloads
   58.29.4 On-line software
   58.29.5 Licensing services for the right to use computer software

■ Evaluation:

■ Relation to other IT industries seems to be higher than to other publishing services

■ Separation in distribution channels not feasible (at least for price statistics)
Pricing methods

- Software packages
  - pricing of repeated services

- Problems for price measurement
  - Identification of price determining characteristics
  - Index publication in a concentrated market
  - Treatment of changes in license agreements
  - Integration of discounts
  - Targeting price representatives (main producers outside of industry NACE 58.29)
    - In Germany: IT industry-spanning price collection for CPAs with NACE specific weighting patterns
Example: Price collection in Germany

- **Questionnaire design:**
  - Transaction prices
  - Charge-out-rates
  - Main activity fields and typical services chosen in close contact with respondents

- **Non-regulated market: cut-off survey with sampling**
  - Turnover below 250,000 €: not questioned
  - Turnover between 250,000 € and 25 million €: sample
  - Turnover above 25 million €: exhaustive
Quality adjustment

- Quality adjustment methods:
  - Software update: no adjustment
  - New version: link-to-show-no-price-change (bias?)

- Other quality controls:
  - Treatment of new item bias (NIB) in questionnaire design
  - Precise definition of the service

- Rarely cases in Germany so far
Thank you

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