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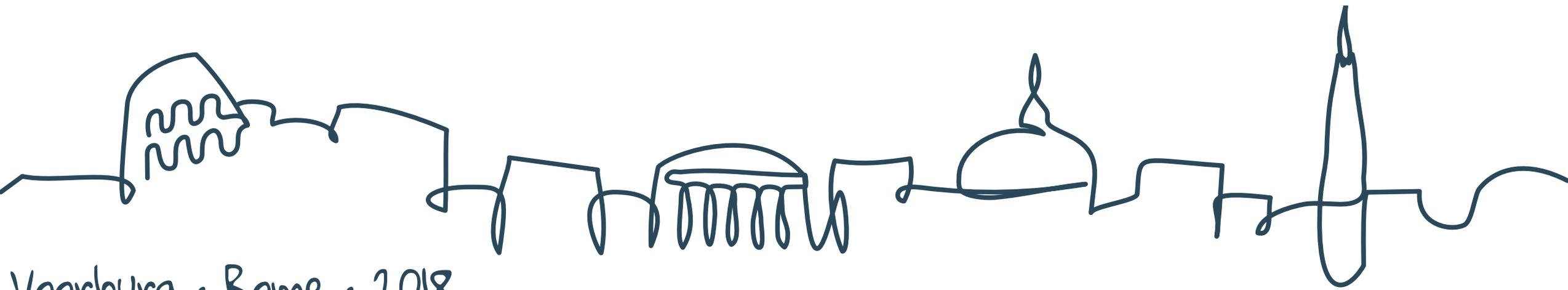
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Data processing, hosting and related activities (6311) Discussion

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Voorburg · Rome · 2018



Discussion: Issues

- ① Concentration / Consolidation / Growth
- ② Allocation of output to establishments / enterprises
- ③ Distinction between hosting of information services and provision of associated services
- ④ Enlargement of service portfolio / bundles
- ⑤ Overlap with other Information and communication industries
- ⑥ How to deal with these challenges?



Concentration / Consolidation / Growth

ISIC 6311 is not only growing measured by turnover but also by share of turnover in the communication and information sector

Need for regulation to protect personal information e.g. medical information stored in the cloud

- Turnover growing (fast)
- Services largely used by other industries
- Operating margin higher than in other industries
- In the US number of establishments decreasing in the same time
- Larger players acquire smaller companies that provide specialized services
- Increasing number of enterprises are using cloud services (66 % in Finland)



Allocation of output to establishments / enterprises

Service is not attached to a certain place

- Providers of cloud computing are global enterprises.
- Often it's not clear where the supplier is located
- Server capacity is allocated optimally amongst many server locations



Distinction between information services and provision of associated services

The boundaries between these services are intangible

Need for understandable product definitions

Classification of products, e.g. provision of applications and software publishing services should be aligned in primary statistics and NA

- Provision not only of the processing of financial transactions but the accounting, but also procurement or payroll accounting itself.
- Not only hosting websites but also offering design and development
- Provision not only of network infrastructure but also consulting, design and development
- not only provision of the streaming server but also the content
- not only provision of applications but also design and development
- Leasing services for hardware and telecommunications equipment



Enlargement of service portfolio / bundles

Collecting service products that are in scope of the survey is a challenge

- Hosting and data processing are often so closely linked to the services that these services are used for, so that a one-stop offer is almost inevitable.
- Enterprises are continuously enlarging their services especially by augmenting them by IT-services.
- Activities are constantly changing due to further technical developments.
- Demand for this kind of outsourcing services with specialized technical knowledge is increasing and so does in the same time the demand for related services like e.g. consulting on the outsourcing of processing.



Overlap with other information and communication industries

Difficulty to clearly identify enterprises engaged in primary activities of the industry

Difficulty to clearly identify enterprises for which these activities are main activity

→ Classification problems

- Hosting is frequently offered by telecommunication companies (Israel)
- companies in 63.11 frequently offer service products which are primary products of other industries → bundling (Mexico)
- Different recommendations how to classify SaaS and PaaS exist (Finland)
- Primary products generate about 70 % of the industry's turnover (Poland)
- Parts of turnover generated with these products stem from other industries



How to deal with these challenges?

Understanding of these service products requires specialized knowledge.

The rapid development of these activities requires faster adaptation of statistics and closer cooperation between stakeholders.

- Harmonization and improvement of definitions in industry and product classifications
- Regular updates of service definitions in classifications
- Coordination between surveys and NA on the allocation of products
- First studies on hedonic methods for quality adjustment



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Thank you for your attention and interest!

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