INSEE

INSTITUT NATIONAL
DE LA STATISTIQUE
ET DES ÉTUDES
ÉCONOMIQUES

SESSION ON IT INDUSTRIES
TURNOVER/OUTPUT IN FRANCE
INSEE – VOORBURG GROUP 2007

Benjamin CAMUS

September 2007

DEFINITION OF SERVICE BEING COLLECTED

› Moving towards new classifications for IT Industries

- – 72 (ISICRev. 3) > 62 (ISIC Rev. 4)
- – Computer and related industries > IT and computer services

› Some well-defined services :

- – mainly consultancy, engineering and maintenance
- – but often combined in a mix service...

INSEE

UNIT OF MEASURE TO BE COLLECTED

⟩ Annual accounting turnover in Euros

⟩ Collected through Annual survey of businesses

– sampling survey : 5200 units with sampling rates from 40 to 1

– questionnaire asking for a breakdown of turnover according to 62 items

- IT services (43)
- Other industries (19)

INSEE

MARKET CONDITIONS in France
(for IT services in the wide sense : ISIC Rev.3 72)

> A market that is growing strongly
> - 2006 : + 6.2 % in volume, +0.6 % for prices
> Sector :
> - 44,000 enterprises
> - 368,000 employees
> - €50 billion of turnover in 2005
> - Heterogeneous industry
>   - Major computer manufacturers
>   - Consultancy firms
>   - Computer engineering services companies
> - Problem of captives units (1/4 of turnover)
> Important professional association : Syntec-Informatique
> - Regular meetings for validation of classifications and prices indices

STANDARD CLASSIFICATION STRUCTURE AND PRODUCT DETAIL / LEVELS

> European CPA (Classification of Products by Activity)

– Nowadays : 22 items for IT industries (in the wider sense)

– In the future : 11 items for IT industries (in the restricted sense)

> 62.01.11 IT design and development services for applications
> 62.01.12 IT design and development services for networks and systems
> 62.01.21 Computer games software originals
> 62.01.29 Other software originals
> 62.02.10 Hardware consultancy services
> 62.02.20 Systems and software consultancy services
> 62.02.30I T technical support services
> 62.03.11 Network management services
> 62.03.12 Computer systems management services
> 62.09.10 Installation services of computers and peripheral equipment
> 62.09.20 Other information technology and computer services n.e.c.

STANDARD CLASSIFICATION STRUCTURE AND PRODUCT DETAIL / LEVELS

> Collection classification much more detailed and with an activity-based approach :

- IT activities (43 items)
  - Consultancy (2)
  - Engineering (6)
  - Creation of standard software (8)
  - Outsourcing (5)
  - Data processing (3)
  - On-line publishing,development of databanks, and web portals (17)
  - Other IT services(2)

- Other activities: wholesale of computers, management consultancy,.... (19 items)

EVALUATION OF STANDARD vs. DEFINITION AND MARKET CONDITIONS

> Collection classification in accordance with the development of businesses and markets

> Main results for 2005:

– Consultancy-engineering (6202) : € 29 billion

  - of which outsourcing : € 2.9 billion

– Technical support (6201)   : € 3.4 billion

– Other IT services (6209)   : € 0.1 billion

NATIONAL ACCOUNTS AND MEASUREMENT ISSUES

⟩ Nowadays 5 SUPPLY and USE EQUATIONS for the whole branch 72

- – Main source : Annual survey of businesses
- – Production : 64 billion € in 2006
- – SPPI used for deflation since 2002 instead of wage cost
  - – Productivity rising from - 0.5 % to + 4.1 % over 2002-2004

EVALUATION OF COMPARABILITY OF TURNOVER/OUTPUT DATA

> 43 Product lines for turnover for IT services

- Consultancy
- Engineering
- Outsourcing….

> 6 SPPI :

- Consultancy,system integration and technical assistance
- Software publishing
- Outsourcing
- Data Processing
- Database activities
- Maintenance and repair

INSEE

CONCLUSIONS

> Moving towards new classifications in line with ISIC Rev 4 will be an improvement in 2008

> A much more detailed collection classification carried out in accordance with professional organization (43>22)

> 6 SPPI available for national accounts levels

> Some remaining questions :

  – How to deal with captive units ?

  – How can we ensure more sensitive breakdown of comprehensive services ?

  – Is international outsourcing a problem ?

  – How to deal with production of original sofware on its own account ?

INSEE