

2006 Annual Services Report Service Annual Survey

Internet Service Providers

U.S. DEPARTMENT OF COMMERCE
Economics and Statistics Administration
U.S. CENSUS BUREAU



FORM

SA-518111

138 SAS_I
518111

REPORT DUE

Any questions call **1-800-772-7851**
M-F, 8:30 a.m. to 5:00 p.m. EST.

Please correct any error in the name, address, or ZIP Code.

YOUR RESPONSE IS REQUIRED BY LAW

Title 13, U.S. Code, requires businesses and other organizations that receive this questionnaire to answer the questions and return the report to the Census Bureau.

YOUR RESPONSE IS CONFIDENTIAL BY LAW

Title 13, U.S. Code, requires that your response may be seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used only for statistical purposes. The law also provides that copies retained in your files are **immune from legal process.**

YOUR RESPONSE IS IMPORTANT

The services industries account for nearly 70 percent of all economic activity. We conduct this survey to obtain timely, comprehensive and consistent measures needed by policy-makers, businesses, and the public to accurately assess domestic economic performance.

Annual Services Report

- This report should be completed and returned on or before the due date in the preaddressed envelope provided.
- If filing within the required time frame will cause an undue burden and you would like an extension, or if you have any questions, please write to:

U.S. CENSUS BUREAU
1201 East 10th Street
Jeffersonville, IN 47132-0001

or call a Census Bureau Representative at 1-800-772-7851, weekdays from 8:30 a.m. to 5:00 p.m., eastern standard time.

1 Report Coverage

This report covers all domestic locations operated by your company and its subsidiaries primarily engaged in providing clients access to the Internet 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 are known as Internet service providers and 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.

Does the above coverage describe this firm's business activity?

- 0001 1 Yes – Go to 2
- 2 No – Specify the firm's business activity and complete the report where applicable beginning with 2. →

0002

2 Report Periods

What periods of time will this data represent?

- Report data for the 2006 calendar year if possible.
- For locations that were sold or acquired during a year, only report for the periods that this firm operated the locations.

- 0006 1 2006 calendar year – Go to 3
- 2 Other than calendar year – Enter the periods this report will cover.
 (e.g., fiscal years, periods with less than a full calendar year).

		2006		
		Month	Day	Year
0007	From			
0008	To			

3 Operating Revenue

Report the total operating revenue for this firm's locations defined in 1 for the following categories.

- Enter "0" where applicable.
- Estimates are acceptable.

Exclude:

- Transfers made within the company.

		2006 Operating Revenue					
		Bil.	Mil.	Thou.	Dol.		
1.	Internet access service – Providing a direct connection to the internet (e.g., broadband, dial-up access) through wired (e.g., telephone, cable, optical networks) or wireless (e.g., cellular, Wi-Fi) routes.	6019	\$				
2.	Online advertising space – Provision of space for electronic advertising distributed over the Internet (e.g., banner ads, buttons, text links, interstitials, rich media ads, and streaming audio and video ads).	6014	\$				
3.	Internet backbone services – Carriage of Internet traffic for other Internet Service Providers (ISPs).	6341	\$				
4.	Internet telephony – Providing a direct connection to the Internet, wired or wireless, for the transmission of voice or data to fixed local telephone locations on the public switched telephone network (e.g., voice over internet protocol (VOIP)).	6020	\$				
5.	Website hosting services – Providing the infrastructure to host a customer's website and related files.	6031	\$				
6.	Information technology design and development services – Providing technical expertise to design and develop an IT solution (e.g., custom applications, networks, and computer systems).	6032	\$				
7.	All other operating revenue – Revenue not reported in lines 1–6. If this item is greater than 20% of the total operating revenue, specify the primary source of revenue here ↗	1560					
		1799	\$				
8.	TOTAL OPERATING REVENUE – Sum of lines 1–7.	1800	\$				

4 Source of Internet Access Revenue

Report the percent of internet access revenue (3 line 1) by type of customers.

- Enter "0" where applicable.
- Estimates are acceptable.

		Source of Internet Access Revenue	
		2006	
1.	Government – local, state, or federal governments	6342	%
2.	Business firms and not-for-profit organizations	6343	%
3.	Household consumers and individual users	6344	%
		+	%
		100%	

5 Operating Expenses

Report operating expenses for this firm's locations as defined in 1 for the following categories.

- Enter "0" where applicable.
- Estimates are acceptable.

Exclude:

- Transfers made within the company
- Capitalized expenses
- Interest
- Bad debt
- Impairment
- Income tax

Personnel Costs

2006 Operating Expenses

Bil. Mil. Thou. Dol.

- | | | | | | | |
|---|------|----|--|--|--|--|
| <p>1. Gross annual payroll – Total annual Medicare salaries and wages for all employees as reported on your firm's IRS Form 941, Employer's Quarterly Federal Tax Return, line 5(c) for the four quarters that correspond to the survey period.</p> | 1821 | \$ | | | | |
| <p>2. Employer's cost for fringe benefits – Employer's cost for legally required programs and programs not required by law. Include insurance premiums for hospital plans, medical plans, and single service plans (e.g., dental, vision, prescription drugs); premium equivalents for self-insured plans and fees paid to third-party administrators (TPAs); defined benefit pension plans; defined contribution plans (e.g., profit sharing, 401K and stock option plans); and other fringe benefits (e.g., Social Security, workers' compensation insurance, unemployment tax, state disability insurance programs, life insurance benefits, Medicare). Exclude employee contributions.</p> | 1822 | \$ | | | | |
| <p>3. Temporary staff and leased employee expense – Total costs paid to Professional Employer Organizations (PEOs) and staffing agencies for personnel. Include all charges for payroll, benefits, and services.</p> | 1823 | \$ | | | | |

Expensed Materials, Parts and Supplies (not for resale)

- | | | | | | | |
|---|------|----|--|--|--|--|
| <p>4. Expensed equipment – Expensed computer hardware and other equipment (e.g., copiers, fax machines, telephones, shop and lab equipment, CPUs and monitors). Report packaged software in line 6. Report leased and rented equipment in line 8.</p> | 1824 | \$ | | | | |
| <p>5. Expensed purchases of other materials, parts, and supplies – Materials and supplies used in providing services to others; materials and parts used in repairs; office and janitorial supplies; small tools; containers and other packaging materials; and motor fuels.</p> | 1825 | \$ | | | | |

Expensed Purchased Services

- | | | | | | | |
|--|------|----|--|--|--|--|
| <p>6. Expensed purchases of software – Purchases of prepackaged, custom coded, or vendor customized software. Include software developed or customized by others, web-design services and purchases, licensing agreements, upgrades of software; and maintenance fees related to software upgrades and alterations.</p> | 1826 | \$ | | | | |
| <p>7. Purchased electricity and fuels (except motor fuels) – If the cost of electricity and heating fuels (e.g., natural gas, propane, oil, coal) are included in lease or rental payments, report in line 8</p> | 1827 | \$ | | | | |
| <p>8. Lease and rental payments – For land, buildings, offices, structures, machinery, equipment, and other tangible items. Include lease and rental of transportation equipment without operators; and penalties incurred for broken leases. Exclude capital and financing lease agreements and licensing/leasing of software.</p> | 1828 | \$ | | | | |

5 Operating Expenses – (Continued)

Report operating expenses for this firm’s locations as defined in 1 for the following categories.

- Enter "0" where applicable.
- Estimates are acceptable.

Exclude:

- Transfers made within the company
- Capitalized expenses
- Interest
- Bad debt
- Impairment
- Income tax

Expensed Purchased Services – (Continued)

9. **Purchased repair and maintenance** – Include expensed repair and maintenance to buildings and integral building components (e.g., elevators, heating and cooling systems), structures, offices, machinery, vehicles, equipment, and computer hardware. **Exclude** materials, parts, and supplies used for repair and maintenance performed by this firm’s employees. Report janitorial and grounds maintenance services in line 13. 1829

2006 Operating Expenses			
Bil.	Mil.	Thou.	Dol.
\$			

10. **Purchased advertising and promotional services** – Include marketing and public relations services. 1830

\$			

Other Operating Expenses

11. **Depreciation and amortization charges** – Include depreciation charges taken against tangible assets owned and used by your firm, tangible assets and improvements owned by your firm within leaseholds, tangible assets obtained through capital lease agreements, and amortization charges against intangible assets (e.g., patents, copyrights). **Exclude** impairment. 1831

\$			

12. **Governmental taxes and license fees** – Payments to government agencies for taxes and licenses. **Include** business and property taxes. **Exclude** income taxes, and sales and excise taxes collected from customers. 1832

\$			

13. **All other operating expenses** – Report all other operating expenses not reported above, unless specifically excluded in the general instructions at the top of the page. **Exclude** purchases of merchandise for resale and non-operating expenses. 1899

\$			

14. **TOTAL OPERATING EXPENSES** – Sum of lines 1–13. 1900

\$			

6 Not Applicable

7 Sales Tax

Were sales taxes or other taxes (i.e. amusement occupancy, use, etc.) collected from customers and forwarded directly to taxing authorities?

- 0032 1 Yes – **What was this firm’s sales taxes?**
- 2 No – Go to **8**

2006 Sales Taxes			
Bil.	Mil.	Thou.	Dol.
2200			
\$			

8 E-Commerce Revenue

E-commerce includes sales and receipts from any transaction completed over an Internet, extranet, EDI network, electronic mail or other online system. Transactions are agreements between buyers and sellers to transfer ownership of, or rights to use, goods or services. Payment for these goods and services may or may not be made online.

Did the revenue reported in **3** include any e-commerce revenue?

- 0011 1 Yes – **What was this firm’s e-commerce revenue?**
- 2 No – Go to **9**

2006 E-Commerce Revenue			
Bil.	Mil.	Thou.	Dol.
2000			
\$			

9 Export Revenue

An exported service is a service performed for a customer or client (individual, government, business establishment, etc.) located outside the United States (i.e., outside the 50 States, District of Columbia, U.S. Commonwealth Territories, or U.S. possessions).

Include:

- Services performed for unaffiliated and affiliated foreign firms (i.e., foreign parent firms, subsidiaries, branches, etc.).

Exclude:

- Services provided to domestic subsidiaries of foreign firms.

Did the revenue reported in **3** include any revenue from exports?

- 0009 1 Yes – **What was this firm’s revenue from exports?**
- 2 No – Go to **11**

2006 Export Revenue			
Bil.	Mil.	Thou.	Dol.
2100			
\$			

10 Not Applicable

General Instructions

- Report data on an accrual basis, except for payroll.
- Dollars should be rounded to the nearest dollar.
- If a figure is \$1,030,280,456 it should be reported as →

Bil.	Mil.	Thou.	Dol.
1	030	280	456

Item Specific Instructions – All Firms

Item 3 – Operating Revenue

Include:

- Report gross billings, **except** where noted elsewhere on the form.
- Dues and assessments from members and affiliates.

Exclude from operating revenue:

- Taxes collected directly from customers or clients and paid directly to a local, state, or federal tax agency.

Instructions for Taxable Firms

Item 3 – Operating Revenue

Include:

- Amounts received for work subcontracted to others.
- For locations that were sold or acquired during a year, only report for the periods that this firm operated the locations.
- Revenue from services performed by domestic locations of foreign parent firms, subsidiaries, branches, etc.

Exclude:

- Rents from and revenue of separately operated departments, concessions, etc., which are leased to others.
- Commissions from vending machine operators.
- Revenue of foreign subsidiaries (those located outside the U.S., i.e., outside the 50 states, District of Columbia, U.S. Commonwealth Territories, or U.S. Possessions).

Instructions for Tax-Exempt Firms

Item 3 – Operating Revenue

Include:

- Program service revenue for services provided in 2006, whether or not payment was received in 2006.
- Gross sales of merchandise minus returns and allowances.
- Income from interest, dividends, gross rents (including display space rentals and share of receipts from departments operated by other companies), royalties, and other investments.
- Gross contributions, gifts, and grants (whether or not restricted for use in operations).
- Commissions earned from the sale of merchandise owned by others (including commissions from vending machine operators).
- Gross receipts from fundraising activities.

Exclude:

- Gross receipts of departments or concessions operated by other companies
- Amounts transferred to operating funds from capital or reserve funds.

Item Specific Instructions – All Firms

Item 5 – Operating Expenses

Line 1 – Gross annual payroll

Include salaries and wages, commissions, dismissal pay, bonuses, employee contributions to Social Security, income tax withholding, union dues, group insurance premiums, savings bonds, cash equivalent in-kind, allowances, holiday pay, vacation pay, sick leave, stock purchase plans, and employee contributions to pension plans. **Exclude** the cost of leased employees, employer's cost for fringe benefits, temporary staff obtained from temporary help services. For unincorporated businesses, **exclude** profit or other compensation of proprietors or partners.

All other operating expenses

Include travel and entertainment; postage, shipping or delivery services, warehousing, and storage services; royalties; security services; janitorial and grounds maintenance services; purchased transportation with operators; and other expenses not reported elsewhere.