

Guidance on Digital Economy Questions for the 2019 BE-10 Benchmark Survey of U.S. Direct Investment Abroad

The Bureau of Economic Analysis (BEA) added questions on digital economy activities to the 2019 BE-10 survey. These questions will contribute to BEA's efforts to measure the digital economy. Additional information on these efforts is available at <https://www.bea.gov/data/special-topics/digital-economy>.

These questions appear on page 8 of the [BE-10A](#) and page 12 of the [BE-10B](#) forms. While some of the activities, such as cloud computing or digital intermediation services, are likely to be applicable to entities within certain industries, the checkbox questions on digital ordering or delivery can be applicable to entities in many industries. This document provides additional guidance on digital ordering and digital delivery and on what it means for digital intermediary platforms not to take *economic ownership* of the goods and services being sold.

I. What does it mean for a product or service to be *digitally ordered* or *digitally delivered*?

For a product (good or service) to be considered *digitally ordered*, its sale must be conducted remotely over computer networks by methods specifically designed for the purpose of receiving or placing orders. Digital ordering is also known as e-commerce.

For a service to be considered *digitally delivered*, it must be delivered remotely in an electronic format, using computer networks specifically designed for the purpose of delivering the service.

Both digital ordering and digital delivery must be performed:

1. Over computer networks, including:
 - the web/internet (including via a mobile device),
 - extranet or via electronic data interchange (EDI),
 - or any other online system,
2. and by methods specifically designed for the purpose of remotely receiving/placing orders or delivering a service.

Digital ordering and digital delivery cannot be performed by talking or texting via telephone, or by fax, manually typed email, or in-person.

Whereas both goods and services can be digitally ordered, only services are digitally deliverable.

Digital ordering and digital delivery are not mutually exclusive; many, but not all, services transactions are both digitally ordered and digitally delivered.

Note on timing considerations

For many products, ordering and delivery can be identified as specific discrete events that take place in a single fiscal year and that can be easily isolated and classified as digital or nondigital. For other products, it may be difficult to discern how a good or service was ordered, or a service delivered, because of timing considerations.

- For *ordering*, relationships with certain customers may have been established prior to the fiscal year. For these cases, please report your best estimate of the share of total sales in fiscal year 2019 that were attributable to orders placed digitally.
- For *delivery*, provision of a service may take place over many periods or on a continuous basis. In this case, the determination of the share of services that are digitally delivered should not necessarily be based on the provision of the final product or last installment of the service, but rather on an accrual basis according to how services were performed within fiscal year 2019.

Examples

Examples of digital ordering include, but are not limited to:

- Material inputs are ordered from another firm via an EDI.
- A pair of shoes is ordered by a consumer via an ecommerce website.
- A hotel stay is booked by a consumer via a website.
- Cloud computing services are ordered online by other firms or consumers.

Examples of digital delivery include, but are not limited to:

- Accounting services are provided online to another firm and all documents are provided to the purchaser via a web portal.
- Music streaming services are provided to a consumer.
- Cloud computing services are provided online to other firms or consumers.

II. What does it mean for digital intermediary platforms to not take *economic ownership*?

International guidelines for economic statistics distinguish the concept of *economic ownership* from *legal ownership*. Economic ownership focuses on the entity that derives the risks and rewards of ownership.

For an online seller to be considered a digital intermediation platform, it must not take economic ownership of the products or services that it sells.

- A digital intermediary platform for goods does NOT own the goods being sold.
- A digital intermediary platform for services does NOT provide the final service to the consumer, but rather acts only to bring together the provider and consumer of the service.

- A digital intermediary platform for digital content—that is, intellectual property products including books, music, recorded or live performances and events, and computer software including games—only facilitates transactions between the owner of the content and the consumer of the content; it does NOT first itself acquire ownership of the content rights.

Operators of digital intermediation platforms that also sell their own products on the platform should exclude revenues for their own products from the digital intermediation questions on the survey.

4/8/2020

Please note that while BEA's surveys are mandatory and businesses are required by law to respond, the contents of these guidance documents do not have the force and effect of law and are not meant to bind the public in any way. These documents are intended only to provide clarity to the public regarding existing requirements under the law or Department policies.