Federation of Tax Administrators Conference
Minneapolis, Minnesota
September 26, 2001

- Measurement Framework
- Measurement Activities Overview
  Present, Future & Unfunded
- Lessons Learned
- Opportunities to Help
- E-business processes of interest because
  - change the ways organizations operate and conduct business
  - lower transaction costs, improve efficiency
  - change relationships with suppliers and customers
  - change industry structure
  - affect economic measures
• The value of goods and services sold online
  
  Payment does not have to be made online
  Will not measure transactions without a price
  Collect e-commerce data from the seller perspective

• Online includes electronically linked devices communicating interactively over open and closed networks.
  
  Devices include computers, personal digital assistants, cable TV, internet-enabled cellular phones, and interactive telephone systems.
  Includes Internet, intranets, extranets, and Electronic Data Interchange networks.
- Produce first official measures of retail e-commerce – initial release 3/2/2000
- Provide baseline e-commerce measures for key sectors – 1999 3/7/2001
- Produce baseline manufacturing business process use information 6/8/2001
- Research re how e-business processes are changing supply chains
- See [link] for data and papers

(Data in millions of dollars. Not adjusted for seasonal, holiday and trading–day differences.)

<table>
<thead>
<tr>
<th>Period</th>
<th>Retail Sales</th>
<th>E-commerce as a Percent of Total Sales</th>
<th>Quarter-to-Quarter Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>E-commerce</td>
<td>Total Sales</td>
</tr>
<tr>
<td>1st Quarter 2001</td>
<td>765,227</td>
<td>6,994</td>
<td>-10.6</td>
</tr>
<tr>
<td>4th Quarter 2000</td>
<td>856,234</td>
<td>8,672</td>
<td>5.4</td>
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<tr>
<td>3rd Quarter 2000</td>
<td>812,158</td>
<td>6,393</td>
<td>-0.4</td>
</tr>
<tr>
<td>2nd Quarter 2000</td>
<td>815,677</td>
<td>5,526</td>
<td>9.1</td>
</tr>
<tr>
<td>1st Quarter 2000</td>
<td>747,934</td>
<td>5,240</td>
<td>-8.9</td>
</tr>
<tr>
<td>4th Quarter 1999</td>
<td>821,351</td>
<td>5,198</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Monthly survey is now SIC–based. Data will be shown on NAICS basis, effective with the May data release on June 13. First NAICS quarterly retail economic release will be available August 30, 2001.

NA = Not available. r = Revised. p = preliminary
Online orders account for 12% of all shipments
Online purchases account for 11% of total cost of materials
87% of responding manufacturing plants had computer network in place
84% of responding plants had Internet access
Plus information on:
- online payments
- online customer support
- type of network used for accepting orders
- e-mail communication with vendors and customers and with employees

Manufacturing e-business process use
- analytic studies -- Fall 2001

E-Stats 2000 E-commerce Multisector Report
- Wholesale EDI separately identified
- February/March 2002

Internet reporting will be offered to 3.5 million businesses in 2002 Economic Census

E-Gov data for 2002 Census of Governments
- Infrastructure expenditures
- IT staffing resources
- E-gov processes
• Continue manufacturing e-business process use data for post-1999 or extend to other sectors
• Conduct supply chain survey
• Cover B2B e-markets and other nonmerchant wholesalers annually
• Implement e-business infrastructure measures

• Definitions and concepts are important
  more examples the better
  technical jargon vs. language clear to non-technicians
  cognitive interviews useful
  network and “steal shamelessly”
• Measures can be problematic
  e-commerce measures for services tougher
e-business processes measurement challenges
  • little experience
  • processes vary by sector
  • use measure straightforward
  • process impact/effects complicated
  infrastructure measures -- just getting started

• Statistical unit/survey instruments place significant constraints on what you can collect
  accountants not familiar with processes
  infrastructure measures more likely available for company, not establishment
  longstanding reporting arrangements can complicate delivery of targeted surveys
• E-business Research
  contract with experts, not generalists
  cross-sectoral supply chain research has paid major dividends
  translating research findings into programs not straightforward

• NAICS 2002 does good job of identifying e-businesses, but won’t fully describe what they are doing – need product data

• Start modestly, leverage existing resources
  can do something with existing instruments
  expansion will require additional resources

• Don’t expect lots of feedback on measurement priorities or measures
  rapid changes occurring
  no definitive source of expertise
• Improved Infrastructure Measures
  identify data needs
  establish priorities

• E–Gov Measures
  feedback on questions
  priorities

• Supply Chain Analysis
  identify existing studies
  what chains should we target
  methodology suggestions