

Software development and computer services, 2021

Released at 8:30 a.m. Eastern time in *The Daily*, Tuesday, March 14, 2023

The need for technology boosted the operating revenue of software development and computer services industries in 2021

The total operating revenue of the software development and computer services industries reached \$113.8 billion in 2021, up 17.6% from 2020.

The software development and computer services industries include businesses in the following industries: computer systems design and related services; software publishers; and data processing, hosting and related services.

These industries serve a wide market and an expanding customer base that operates in a quickly evolving, technology-driven economy in Canada and abroad.

Computer systems design and related services

Businesses in the computer systems design and related services industry reported total operating revenue of \$82.9 billion in 2021, up 16.6% from 2020. The largest share of operating revenue came from Ontario (50.9%), followed by Quebec (25.3%).

In line with previous years, 34.6% of the industry's sales came from information technology technical consulting services, with other custom software development services accounting for 10.1% of sales.

Businesses in Canada (59.8%) represented the largest share of the industry's client base, and activities for clients outside Canada made up 27.0%.

Operating expenses increased by 18.8% to \$74.6 billion in 2021. Salaries, wages, commissions and benefits continued to be the largest expense, making up 45.9% of total expenses. This was followed by the cost of goods sold, at 11.6%.

The operating profit margin (9.9%) decreased in 2021, compared with 2020 (11.6%).

Software publishers

Software publishers saw their operating revenue increase by 24.1% to \$18.9 billion in 2021, and application software (49.5%) generated the largest share of sales. The next largest source of revenue was website design and development services, which accounted for 12.4% of total revenue.

Following rapid expansion in 2020, e-commerce sales continued to grow in 2021, though at a slower pace: they increased to 58.1% of all sales.

A significant portion of sales in 2021 were made to clients outside Canada (69.6%), while 24.7% of sales were to businesses in Canada.

Operating expenses increased by 16.2% to \$18.2 billion in 2021, and the largest category continued to be salaries, wages, commissions and benefits (35.0%). Since operating revenues outpaced expenses in 2021, the operating profit margin returned to positive, at 3.8%.



Data processing, hosting and related services

The data processing, hosting and related services industry generated \$12.1 billion in operating revenue in 2021, a gain of 15.1% from 2020.

In 2021, hosting and information technology infrastructure provisioning services (63.9%) accounted for the largest share of sales revenue, followed by information and document transformation services (26.7%). Canadian businesses were the main clients, accounting for 60.0% of total sales, while exports made up 32.4%.

E-commerce represented 54.6% of total sales in 2021, down from 56.7% in 2020.

Operating expenses reached \$11.5 billion in 2021, an increase of 17.2% over 2020. The operating profit margin in 2021 was 4.9%, lower than 6.6% in 2020.

A look at 2022 industry trends

The Canadian economy is increasingly reliant on technology, the Internet and cloud services. In 2022, the computer systems design and related services industry continued to lead job creation in Canada, as payroll employment was up by close to 20% and accounted for half of all new jobs in professional, scientific and technical services. However, job creation was more moderate for software publishers and for data processing, hosting and related services. Detailed financial information for software development and computer services industries in 2022 will be provided following survey data collection in 2023.

Note to readers

Data for 2019 and 2020 have been revised.

Information on professional service providers' employment was taken from table [14-10-0201-01](#).

Based on the North American Industry Classification System (NAICS) 2017, the Annual Survey of Service Industries: Software Development and Computer Services includes businesses in computer systems design and related services (NAICS 54151); software publishers (NAICS 51121); and data processing, hosting and related services (NAICS 51821).

These and other data related to business and consumer services can be found at the [Business and consumer services and culture statistics portal](#).

Available tables: [21-10-0209-01](#), [21-10-0210-01](#), [21-10-0235-01](#) and [22-10-0087-01](#) to [22-10-0089-01](#) .

Definitions, data sources and methods: survey number [2410](#).

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; infostats@statcan.gc.ca) or Media Relations (statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca).