



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

FORM  
**BRD-1(S)** (11-05-2013)

## 2013 BUSINESS R&D SURVEY

OMB No. 0607-0912: Approval Expires 01/31/2015

### DUE DATE:

#### Need help or have questions about filling out the form?

**Visit** [econhelp.census.gov/brdscr](http://econhelp.census.gov/brdscr)  
Here, you can access helpful tools, get question-by-question detailed instructions and learn more about the survey.

**Call** 1-800-772-7851, between 8:00 a.m. and 5:00 p.m. Eastern time, Monday through Friday. Choose option '1' for English, then option '5' to speak with a survey specialist.

**Or write** to the address below. Include your 11-digit ID printed on the mailing label.

**Please file your form electronically** (see details below).

**Or mail your completed form to:**

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

**INFORMATION COPY ONLY**

*(Please correct any errors in this mailing address)*

**YOUR RESPONSE IS REQUIRED BY LAW.** Title 13, United States Code, requires businesses and other organizations that receive this questionnaire to answer the questions and return the report to the U.S. Census Bureau. Respondents are not required to respond to any information collection unless it displays a valid approval number from the Office of Management and Budget (OMB). The OMB number appears at the top of this page.

**YOUR RESPONSE IS CONFIDENTIAL BY LAW.** Title 13, United States Code, requires that your response be seen only by persons sworn to uphold the confidentiality of Census Bureau information and may be used only for statistical purposes. Further, copies retained in respondents' files are immune from legal process.

#### Why did your company receive this survey?

The Census Bureau surveys a broad cross section of U.S. businesses to better identify which companies engage in R&D activities. Even companies that have no R&D activity are required to complete the survey. The data all companies provide are used to produce economic indicators related to sales, employment and patenting.

**INTERNET REPORTING OPTION AVAILABLE – We encourage you to complete this survey online at: [econhelp.census.gov/brdscr](http://econhelp.census.gov/brdscr)**

**User ID:**

**Password:**

You may submit your survey online via a secure website. Online submission allows you to save the data on secure Census Bureau servers as you go, so you can save, exit, and resume later without losing any of your data. It also allows you to save a paper or electronic copy of your completed survey.

*~ This survey is jointly conducted by the U.S. Census Bureau and the National Science Foundation ~*



## What is Research and Development (R&D)?

R&D is planned, creative work aimed at discovering new knowledge or developing new or significantly improved goods and services. This includes a) activities aimed at acquiring new knowledge or understanding without specific immediate commercial applications or uses (basic research); b) activities aimed at solving a specific problem or meeting a specific commercial objective (applied research); and c) systematic use of research and practical experience to produce new or significantly improved goods, services, or processes (development).

The term R&D does NOT include expenditures for:

- Costs for routine product testing, quality control, and technical services unless they are an integral part of an R&D project
- Market research
- Efficiency surveys or management studies
- Literary, artistic, or historical projects, such as films, music, or books and other publications
- Prospecting or exploration for natural resources

## Does R&D include development of software and Internet applications?

Only development of software and Internet applications that include an element of uncertainty and that are intended to close gaps and meet scientific and technological needs should be reported as R&D on this survey.

R&D activity in software includes:

- Development of new software
- Significant improvement of existing software based on new/novel methods and applications
- Construction of new theories and algorithms in the field of computer science

R&D activity in software does NOT include:

- Creation of new software based on known methods and applications
- Support for existing systems
- Conversion or translation of existing software and software languages
- Adaptation of a product to a specific client, unless knowledge that significantly improved the base program was added in that process
- Routine debugging of existing systems and software

## Reporting unit

The reporting unit is your company, including all subsidiaries and divisions. Include subsidiary companies where there is more than 50 percent ownership.

## Reporting period

Report data for the calendar year 2013, if possible, or for your company's fiscal year ending between April 2013 and March 2014.

## Estimates are acceptable

Please report all items to the best of your ability.

For further instructions, please visit: [econhelp.census.gov/brdscr](http://econhelp.census.gov/brdscr)



**Company Information**

**1 Please provide the name and phone number of the person completing this survey.**

Name

20 input boxes for name

Telephone

Area code      Number

Extension

3 input boxes for area code

7 input boxes for number

4 input boxes for extension

E-mail address

30 input boxes for e-mail address

**2 Did another company other than a holding company own more than 50 percent of your company during 2013?**

Yes → **Please provide the following information:**

Name of parent company

20 input boxes for parent company name

(MM)      (DD)      (YYYY)

Date parent company purchased your company

3 input boxes for month, 2 for day, 4 for year

**Is your Parent Company located outside the United States?**

Yes (foreign owner) → **Please follow these instructions:**

**REPORTING INSTRUCTIONS FOR FOREIGN-OWNED COMPANIES:**

If your company is foreign-owned, the reporting unit for the survey is your U.S.-based company, including all its majority-owned subsidiaries and divisions regardless of location. For reporting purposes, your foreign owner and any other foreign affiliates your company does not own should be treated the same as any other customer or business partner you do not own.

If you pay your foreign owner for R&D services, those costs should be included in your response to Question 7.

If your foreign owner pays or reimburses your company for R&D services, the costs for this R&D should be included in your response to Question 12, line a.

No (U.S. owner) → **Please provide the following information:**

EIN of parent company (9 digits)

9 input boxes for EIN

**REPORTING INSTRUCTIONS FOR U.S.-OWNED COMPANIES:**

If your company was purchased between April 1, 2013 and December 31, 2013, report only for the period January 1, 2013 to the date of purchase. If your company was purchased before April 1, 2013, return this form to the Census Bureau – you are not required to complete the rest of this survey.

*Disregard these instructions if your owner instructs you to complete this survey.*

No



**3 Has your company ceased operations?**

Yes → **Please provide the following information:**

(MM) (DD) (YYYY)

Date your company ceased operations

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**REPORTING INSTRUCTIONS:**

If your company ceased operations between April 1, 2013 and December 31, 2013, report only for the period January 1, 2013 to the date your company ceased operations. If your company ceased operations before April 1, 2013, return this form to the Census Bureau – you are not required to complete the rest of this survey.

No

**4 Please describe your company's primary business activity during 2013.**

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**5 What was the amount of your company's worldwide sales and revenues during 2013?****Include:**

- Sales and operating revenues for discontinued operations

\$Bil. Mil. Thou.

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**6 How much of the amount reported in Question 5 was attributable to or originated from domestic operations?****Include:**

- Sales and operating revenues to foreign customers, including foreign subsidiaries

**Example:** US Manufacturing Corporation sells parts to customers around the world. However, because all its operations are located inside the United States it reports 100% of its sales in this question.

\$Bil. Mil. Thou.

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**R&D paid for by your company****7 What was the total worldwide R&D expense for your company in 2013?**

**If your company is publicly traded,** this amount is equivalent to that disclosed on SEC Form 10-K as defined in FASB ASC Topic 730, Research and Development (FASB Statement No. 2, "Accounting for Research and Development Costs.")

**If your company is foreign-owned,** refer to the instructions on page 3. Additional guidance, such as for **privately owned companies,** is available online at [econhelp.census.gov/brdscr](http://econhelp.census.gov/brdscr).

**NOTE:** Report your company's R&D expense even if the amount is not considered material for your company's financial statements.

\$Bil. Mil. Thou.

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**8 Is the amount entered in Question 7 greater than zero?**

Yes → **Continue with Question 9**

No → **Skip to Question 12 on page 6**



**9 Does the amount reported in Question 7 include any of the following costs?**

- a. Collaborative research and development that was reimbursed by business partners, such as through cost-sharing agreements . . . . .  Yes  No
- b. R&D paid for by government or private foundation grants . . . . .  Yes  No
- c. Technical services not an integral part of an R&D project (such as product support provided by R&D employees) . . . . .  Yes  No
- d. Bid and proposal costs . . . . .  Yes  No
- e. Expense your company claimed resulting from the acquisition of another company with unfinished R&D projects (in-process R&D) . . . . .  Yes  No

**10 If you answered "Yes" to any of the costs in Question 9, what was the amount of these costs that was included in your response to Question 7?**

\$Bil.	Mil.	Thou.
<input type="text"/>	<input type="text"/>	<input type="text"/>

**11 Subtract Question 10 from Question 7 and enter the result here. This is the total R&D paid for by your company in 2013.**

\$Bil.	Mil.	Thou.
<input type="text"/>	<input type="text"/>	<input type="text"/>



**R&D paid for by others**

**12** What were your company's total worldwide costs (both direct and indirect) in 2013 for the following that were funded, paid for, or reimbursed by others not owned by your company?

**Exclude:**

- Costs that were paid for by your company, such as those reported in Question 11
- Payments in excess of the actual cost of the work performed (such as profit or fees)

	\$Bil.	Mil.	Thou.
a. R&D that was reimbursed by your company's foreign parent (if you are owned by a foreign parent) . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
b. Collaborative R&D that was reimbursed by business partners, such as through cost-sharing agreements. . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
c. R&D paid for by government or private foundation grants . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
d. Defense RDT&E goods or services (including DOD 6.1 through 6.7 funding), provided as a prime or as a sub, to the government and/or government contractors . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
e. Medical nonclinical R&D services provided to others not owned by your company. . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
f. Medical clinical trial Phase I-III services provided to others not owned by your company (include pass-through costs) . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
g. Nondefense custom software development and/or computer systems designed for others not owned by your company. . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
<b>Exclude:</b>			
<ul style="list-style-type: none"> <li>• Software development that does not depend on a scientific or technological advance, such as adding functionality to existing application programs, debugging systems, and adapting existing software</li> </ul>			
h. Prototype development, production, and testing for customer's products prior to their introduction to the market (excluding defense-related prototyping reported in line d) . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
i. All other R&D services, not included above, provided to the Federal Government or to others not owned by your company. . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
j. <b>Total</b> . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Employees**

**13** What was the total number of worldwide employees working at your company for the pay period that included March 12, 2013?

**Include:**

- Full- and part-time employees

**Exclude:**

- Leased or temporary employees and on-site consultants

**Number**



**14 How many of the employees reported in Question 13 were employees of your company's domestic operations and foreign operations?**

**Domestic operations employees** include all employees whose payroll was reported on the first quarter filing of IRS Form 941, Employer's Quarterly Tax Return.

	(1) Domestic operations	(2) Foreign operations	(3) Total employees
Employees . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>

Total equals Question 13

**15 How many employees reported in Question 14 were R&D employees and how many were all other employees?**

**R&D employees include** all employees who work on R&D or who provide direct support to R&D, such as researchers, R&D managers, technicians, clerical staff, and others assigned to R&D groups. **Exclude** employees who provide only indirect support to R&D, such as corporate personnel, security guards, and cafeteria workers.

	(1) Domestic operations	(2) Foreign operations	(3) Total employees
a. R&D employees . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
b. All other employees . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>
c. <b>Total employees</b> . . . . .	<input type="text"/>	<input type="text"/>	<input type="text"/>

Total line equals Question 14

**16 Of the domestic R&D employees reported in Question 15, line a, what was the number of full-time equivalent (FTE) R&D employees working at your company for the pay period that included March 12, 2013?**

**Full-time equivalent (FTE) R&D employees** are an estimate of the manpower devoted to R&D activities. Count each full-time R&D employee as 1 FTE and all other employees based on the fraction of their time devoted to R&D. These amounts may be less than those reported in Question 15, line a.

	(1) Domestic operations
FTE R&D employees . . . . .	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

**Patents**

**17 How many patents did your company apply for in 2013 from the U.S. Patent and Trademark Office (USPTO)?**

Number
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

**18 How many patents were issued to your company in 2013 by the USPTO?**

Number
<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>



19

**Approximately how long did it take to complete this survey?**

Hours		Minutes	
<input type="text"/>	<input type="text"/>	:	<input type="text"/>

**Remarks** (Please use the space below for any explanations that may help us understand your reported data.)
**Thank You – Your Response is Important**

Accurate and timely statistical information could not be produced without your continued cooperation and goodwill. Thank you.

We estimate that it will take from .5 to 6 hours to complete this form, with 1.5 hours being the average. This includes time to read instructions, develop or assemble materials, conduct tests, organize and review the information, and maintain and report the information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to:

Paperwork Project 0607-0912  
 U.S. Census Bureau  
 4600 Silver Hill Road  
 AMSD-3K138  
 Washington, D.C. 20233

You may e-mail comments to [Paperwork@census.gov](mailto:Paperwork@census.gov); use "Paperwork Project 0607-0912" as the subject.

PLEASE MAKE A COPY OF THIS FORM FOR YOUR RECORDS AND RETURN THE ORIGINAL



# **2013 BRDS - Guidelines**

## **General guidelines for reporting inter-company transactions in this survey:**

**Reporting for “worldwide activities”-** The reporting unit is your company, including all domestic and foreign subsidiaries that are more than 50% owned by your company for financial reporting purposes. All transactions between subdivisions within this reporting unit should be eliminated as inter-company transactions. For reporting purposes, your foreign parent (if you are foreign owned) and any foreign affiliates your company does not own by more than 50% should not be treated as part of ‘your company’ in your report. Transactions with these units should be treated the same as with any unrelated third parties such as business partners, customers, or suppliers you do not own.

**Reporting for “domestic operations”-** In this survey “domestic operations” refers to your company’s operations located in the 50 United States and D.C. When reporting for your domestic operations, include transactions with foreign subsidiaries. For example, Question 6 asks how much of your company’s total sales and revenues were from your company’s domestic operations. All revenue from the domestic operations, including sales to subsidiaries or affiliated companies overseas, should be reported in this question.

## **Company Information**

### **1 Please provide the name and phone number of the person completing this survey.**

The survey coordinator is the person who is in charge of managing your company’s responses to this survey and submitting the survey to the U.S. Census Bureau. The survey coordinator will need to collaborate with employees from other divisions/departments within your company such as the product development, R&D, human resources, finance and legal departments.

#### Why is this important?

This information gives the Census Bureau a single point of contact at each company surveyed in case questions arise about survey responses. The point of contact for this survey may differ from that for other Census Bureau surveys.

### **2 Did another company other than a holding company own more than 50 percent of your company during 2013?**

Question 2 asks about the ownership of the company receiving the survey. Special reporting instructions apply to companies that have been acquired by another company. If your answer is “No” skip to question 3. If your answer is “Yes” continue with question 2.

## **Is your Parent Company located outside of the United States?**

If your company is owned by a foreign company, check “Yes” and follow these instructions: If your company is foreign-owned, the reporting unit for this survey is your U.S.-based company, including all its majority-owned subsidiaries and divisions regardless of location. For reporting purposes, your foreign owner and any foreign affiliates your company does not own should be treated the same as any other customer or business partner you do not own.

If you pay your foreign owner for R&D services, those costs should be included in your responses as “costs for purchased R&D services.”

If your foreign owner pays or reimburses your company for R&D services, the costs for this R&D should be included in your responses as “costs funded, paid for, or reimbursed by others.”

Report your survey data using U.S. generally accepted accounting principles (U.S. GAAP) as recognized by the Financial Accounting Standard Board (FASB). If your company follows International Financial Reporting Standards (IFRS), we request that you make adjustments in order to conform to U.S. GAAP.

If your company is owned by a U.S. based company, check “No” and enter the owner’s EIN. If your company was purchased before April 1, 2013, stop here and return the survey to the Census Bureau. If your company was purchased between April 1, 2013 and December 31, 2013, report only for the period January 1, 2013 to the date of purchase.

Example 1: Company A was acquired by Company P (a US company) on Feb. 1, 2013. Because Company A was acquired by a US company prior to April 1, 2013, Company A is not required to complete this survey. Company A will stop here and return the form to the Census Bureau.

Example 2: Company B is acquired by Company P (a US company) on July 1, 2013. Because Company B was acquired by a US company on or after April 1, 2013, Company A is instructed to complete the survey, reporting data for the period January 1, 2013 through July 1, 2013.

### Why April 1?

The Census Bureau has determined that for this survey the benefit of collecting data from a company for a period less than one quarter of a year does not outweigh the burden placed on the company to report the data.

### Why is this important?

Companies are asked this question for three reasons: to eliminate double counting in cases where both parties in a business acquisition receive the survey; to guide foreign-owned companies to special instructions; and to reduce the burden on companies who would otherwise be reporting data for a period less than one quarter of the year.

### **3 Has your company ceased operations?**

Scenario 1: Your company ceased operations before April 1, 2013. Complete questions 1 through 3 and return the survey to the Census Bureau.

Scenario 2: Your company ceased operations between April 1, 2013 and December 31, 2013. You should complete the survey as instructed and report for the period from January 1, 2013 to the date your company ceased operations.

#### Why April 1?

The Census Bureau has determined that for this survey the benefit of collecting data from a company for a period less than one quarter of a year does not outweigh the burden placed on the company to report the data.

#### Why is this important?

Data from companies that have ceased operations during 2013 are needed in order to accurately measure the total activity of companies operating in the United States during 2013.

### **4 Please describe your company's primary business activity during 2013.**

This information is needed in order to tabulate more accurate and useful industry-level data.

### **5 What was the amount of your company's worldwide sales and revenues during 2013?**

Your company's worldwide sales and revenue would include sales by your foreign operations and subsidiaries, as well as, revenues from domestic operations. If your company is owned by a foreign parent, report sales to your parent and those affiliates not owned by your company.

Include sales and operating revenues for discontinued operations.

Exclude non-operating income such as dividends and interest as well as excise, sales, and other revenue-based taxes.

### **6 How much of the amount reported in Question 5 was attributable to or originated from domestic operations?**

Question 6 asks for the company's sales and revenues generated by domestic operations regardless of where the customers are located. "Domestic sales" does not mean sales to customers located in the United States. If your company is owned by a foreign parent, then sales to your parent and those affiliates not owned by your company are included

## R&D paid for by your company

### 7 What was the total worldwide R&D expense for your company in 2013?

Question 7 requests total worldwide R&D expense. The reporting unit is your company, including all domestic and foreign subsidiaries that are more 50% owned by your company for financial reporting purposes. All transactions between subdivisions within this reporting unit should be eliminated as inter-company transactions. Total worldwide R&D expense also includes payments by your company for R&D services performed by (i) unrelated third parties, (ii) affiliates for which your company has less than a 50% ownership stake and/or (iii) your foreign parent, if your company is foreign owned.

Scenario 1: Your company is publicly traded. Report worldwide R&D expense as reported on SEC Form 10-K as defined in FASB ASC Topic 730, Research and Development (FASB Statement No. 2, “Accounting for Research and Development Costs.”)

Scenario 2: Your company is foreign-owned. Report the R&D expense figure of the U.S.-located company and domestic and foreign subsidiaries that are more than 50% owned by your U.S.-located company, if any. Do not include expenses by your foreign parent or by any foreign affiliate your U.S.-located company does not own. For reporting purposes, these entities should be treated the same as any unrelated third party such as a customer or supplier you do not own.

Scenario 3: Your company is privately owned. You should follow the same procedures as public companies when reporting R&D expense and follow the guidance in FASB ASC Topic 730, Research and Development (FASB Statement No. 2, “Accounting for Research and Development Costs.”). Privately held companies that cannot report on this basis should note reporting principles and difficulties in the space for "Remarks" at the end of the survey.

The following are examples of activities that typically would be **excluded** from research and development in accordance with FASB Statement No. 2, “Activities Constituting Research and Development” (<http://www.fasb.org/pdf/fas2.pdf>) :

- a. Engineering follow-through in an early phase of commercial production.
- b. Quality control during commercial production including routine testing of products.
- c. Trouble-shooting in connection with break-downs during commercial production.
- d. Routine, on-going efforts to refine, enrich, or otherwise improve upon the qualities of an existing product.
- e. Adaptation of an existing capability to a particular requirement or customer's need as part of a continuing commercial activity.
- f. Seasonal or other periodic design changes to existing products.
- g. Routine design of tools, jigs, molds, and dies.
- h. Activity, including design and construction engineering, related to the construction, relocation, rearrangement, or start-up of facilities or equipment other than (1) pilot plants (see paragraph 9(h)) and (2) facilities or equipment whose sole use is for a particular

research and development project (see paragraph 11(a)).

- i. Legal work in connection with patent applications or litigation, and the sale or licensing of patents.

Exclude from worldwide R&D expense:

- Costs for R&D that was paid for by a 3rd party such as R&D performed under contract.
- For medical products companies, exclude costs for phase IV clinical trials since these trials take place after products have achieved technical and market feasibility.

Research and development activity in software:

Does R&D include development of software and Internet applications?

- Yes, as long as the research and development activities include an element of uncertainty, are intended to close knowledge gaps, and meet scientific and technological needs.
- Report in this survey all software R&D as defined here regardless of the eventual user (internal or external).

R&D activity in software includes:

- Software development or improvement activities that expand scientific or technological knowledge
- Construction of new theories and algorithms in the field of computer science

R&D activity in software EXCLUDES:

- Software development that does not depend on a scientific or technological advance, such as:
  - supporting or adapting existing systems
  - adding functionality to existing application programs, and
  - routine debugging of existing systems and software
- Creation of new software based on known methods and applications
- Conversion or translation of existing software and software languages
- Adaptation of a product to a specific client, unless knowledge that significantly improved the base program was added in that process

For further guidance on accounting for software development costs see FASB Statement No. 86 (Accounting for the Costs of Computer Software to Be Sold, Leased); and FASB Interpretation No. 6 (Applicability of FASB Statement No. 2 to Computer Software).

**8** Is the amount entered in Question 7 greater than zero?

Question 8 instructs the company to skip to Question 12 on page 6 if its response to Question 7 is zero.

**9 Does the amount reported in Question 7 include any of the following costs?**

Although most companies share a general framework for R&D, we request that certain items be excluded for the sake of consistency. Certain costs and expenses are to be reported in Question 12 reflecting your company's R&D activities that was paid for by others.

Question 9 asks whether the company's R&D expense figure reported in Question 7 included costs for five specific categories:

- a. Collaborative research and development that was reimbursed by business partners, such as through cost-sharing agreements
  - o These agreements are very common in the biotechnology and pharmaceutical industries, but less so in other industries.
- b. R&D paid for by government or private foundation grants
  - o Examples include Small Business Innovation and Research (SBIR) grants, Department of Energy demonstration grants, and Gates Foundation research grants.
- c. Technical services not an integral part of an R&D project (such as product support provided by R&D employees)
  - o This category most often applies to software and service companies where R&D staff also provide technical support and/or services to customers
- d. Bid and proposal costs
  - o This category represents the costs a company incurs applying to win a contract. Some government contractors group these costs with their R&D spending.
- e. Expense your company claimed resulting from the acquisition of another company with unfinished R&D projects (In-process R&D).

Why is this important?

Not all companies treat the five cost categories listed in this question consistently with respect to their inclusion or exclusion from R&D expense figures. This question allows the survey to measure and correct for these inconsistencies.

**10 If you answered "Yes" to any of the costs in Question 9, what was the amount of these costs that was included in your response to Question 7?**

Question 10 asks the company to estimate the amount of its R&D expense figure reported in Question 7 that was from the categories listed in Question 9.

Why is this important?

The five cost categories listed in Question 9 are not treated consistently by all companies with respect to their inclusion or exclusion from R&D expense figures. This question allows the survey to measure and correct for these inconsistencies.

See also: Question 9, Question 11

**11 Subtract Question 10 from Question 7 and enter the result here. This is the total R&D paid for by your company in 2013.**

Question 11 asks the company to subtract the amount reported in Question 10 from the amount reported in Question 7. This survey refers to this amount as “total R&D paid for by your company”.

Why is this important?

The five cost categories listed in Question 9 are not treated consistently by all companies with respect to their inclusion or exclusion from R&D expense figures. This question allows the survey to measure and correct for these inconsistencies.

See also: Question 9, Question 10

## R&D paid for by others

**12 What were your company’s total worldwide costs (both direct and indirect) in 2013 for the following that were funded, paid for, or reimbursed by others not owned by your company?**

Costs should be considered “funded, paid for, or reimbursed by others” if the company has been or expects to be paid for the costs by a customer, business partner, or grant-making organization.

Note: Foreign-owned companies should reports costs that are funded, paid for, or reimbursed by their foreign owner in this question.

Exclude payments in excess of the actual cost of the work performed (such as profits or fees).

Costs that were reported in Question 11 should not be double counted in this question.

If your company administers a federally-funded research and development center (FFRDC) for an agency of the federal government, all such R&D costs should be excluded for reporting to this survey. For a complete list of FFRDCs, see <http://www.nsf.gov/statistics/ffrdclist/>.

The categories in this question, listed below, define what the survey terms, “R&D paid for by others”:

- a. R&D that was reimbursed by your company’s foreign parent (if you are owned by a foreign parent)
- b. Collaborative R&D that was reimbursed by business partners, such as through cost-sharing agreements
  - o These agreements are very common in the biotechnology and pharmaceutical industries, but less so in other industries.
- c. R&D paid for by government or private foundation grants
  - o Examples include Small Business Innovation and Research (SBIR) grants, Department of Energy demonstration grants, and Gates Foundation research grants.

- d. Defense RDT&E goods or services (including DOD 6.1 through 6.7 funding), provided as a prime or as a sub, to the government and/or government contractors
  - o This category most often applies to defense contractors and subcontractors performing tasks such as designing, building, and testing prototypes of new military weapon systems and developing custom software for defense applications.
  - o Include all defense R&D funded by the Department of Defense (DOD), the Department of Energy's weapons programs, the Department of Homeland Security, and other Federal agencies.
  - o R&D funds from DOD include all funds for research, development, test, and evaluation (RDT&E) activities (6.1 through 6.7 budget appropriations).
  - o Include defense R&D performed as a prime contractor and/or as a subcontractor.
- e. Medical nonclinical R&D services provided to others not owned by your company
  - o Nonclinical (also known as preclinical) research and development involves research on potential medical products that does not involve human subjects. This R&D consists of both *in vitro* studies as well as studies using animal subjects.
- f. Medical clinical trial Phase I-III services provided to others not owned by your company (include pass-through costs)
  - o This category involves the testing of potential medical products in human subjects. Phase I – III clinical trials must be successfully passed in order for a product to be approved for use in the general population.
  - o Exclude costs for Phase IV clinical trials because these trials take place after a product has been approved for sale.
- g. Nondefense custom software development and/or computer systems designed for others not owned by your company
  - o See definitions in "Research and development activity in software" under guidance for Question 2-1.
  - o This category includes the development of new or significantly improved software, both as an end product and for use embedded in other products.
  - o Exclude: Software development that does not depend on a scientific or technological advance such as adding functionality to existing application programs, debugging systems, and adapting existing software.
  - o Software development for defense-related applications should be reported in line d.
- h. Prototype development, production, and testing for customer's products prior to their introduction to the market (excluding defense-related prototyping reported in line d)
  - o Exclude quality control testing and other testing services for products already on the market.
- i. All other R&D, not included above, provided to the Federal Government or to others not owned by your company

## Employees

### **13** What was the total number of worldwide employees working at your company for the pay period that included March 12, 2013?

Question 13 asks the company to report its total number of employees (both R&D and non-R&D employees) for all locations, both foreign and domestic. In order to collect consistent data from all companies, the employment figure reported should be for the pay period that included March 12, 2013. If this is not possible, companies should report employment for the date closest to March 12, 2013 possible.

Leased and temporary employees and consultants should be excluded from this question because this survey does not consider them employees of the reporting company.

### **14** How many of the employees reported in Question 13 were employees of your company's domestic operations and foreign operations?

Question 14 asks the company to report, of the employees reported in Question 13, the number of employees employed by domestic operations and the number of employees that were employed by operations outside of the United States.

### **15** How many employees reported in Question 14 were R&D employees and how many were all other employees?

Question 15 asks the company to report how many of its employees were R&D employees.

R&D employees include employees who work on R&D or who provide direct support to R&D such as researchers, R&D managers, technicians, clerical staff, and others assigned to R&D groups.

R&D employees exclude employees who provide indirect support to R&D, such as corporate personnel, security guards, and cafeteria workers.

**16** Of the domestic R&D employees reported in Question 15, line a, what was the number of full-time equivalent (FTE) R&D employees working at your company for the pay period that included March 12, 2013?

Question 16 asks the company to report the number of full-time equivalent employees engaged in R&D using the same reference period as the earlier employee questions. The headcount of full-time equivalent R&D employees should be adjusted to account for employees who work part time as well as those employees who split their time between R&D and other activities. The purpose of this question is to accurately measure the amount of effort employees are devoting to R&D in the business sector.

## Patents

**17** How many patents did your company apply for in 2013 from the U.S. Patent and Trademark Office (USPTO)?

Question 17 asks the company to report the number of U.S. patents it applied for in 2013. The intent of this question is to gather information about the output of companies' patenting activities. It is recognized that companies do not attempt to patent every invention, and that not every patent application results from an organized R&D activity.

Exclude the following types of continuing patent applications that do not add subject matter claimed in the parent patent application: continuation applications, requests for continued examination, divisional patent applications, and reissue applications. These types of patent applications are excluded to avoid double counting applications for the same subject matter. Continuation-in-part applications should be included because they add subject matter not claimed in the parent patent application.

Exclude provisional patent applications.

Foreign-owned companies that apply for U.S. patents on behalf of their foreign parents should only report the patent applications originating from its own operations. Patents filed on behalf of others not owned by the company (such as a foreign parent) should be excluded. In general, the company should only report patent applications for which it (the reporting company) is an assignee.

**18** How many patents were issued to your company in 2013 by the USPTO?

Question 18 asks the company to report the number of U.S. patents it was granted in 2013. The intent of this question is to gather information about the output of companies' patenting activities. It is recognized that companies do not attempt to patent every invention, and that not every patent application results from an organized R&D activity.

Foreign-owned companies that apply for U.S. patents on behalf of their foreign parents should only report the patent grants that originated from its own operations. Patents filed on behalf of others not owned by the company (such as a foreign parent) should be excluded. In general, the company should only report patents for which it (the reporting company including its subsidiaries) is an assignee.

**19** Approximately how long did it take to complete this survey?

Question 19 asks you to estimate the time in hours and minutes that it took to complete this survey. This helps us understand the amount of burden the survey averages for companies.