



November BEA Advisory Committee Meeting

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Underestimating investment in technology and productivity growth

- **“Enterprise information and communications technology software pricing and developer productivity measurement”** by Martin Fleming
 - **Big changes in information and communication technology (ICT) since 2000**
 - **Price indices should shift to measure a bundle of capital services prices**
 - **2015-2021: current NIPA methodology for ICT found an average annual decline of -2%; this paper’s new estimate found -6.4% (an additional decline of 4.4 percentage points)**
 - **→ this means that investment spending, productivity growth and real GDP growth have been underestimated**
 - **GDP growth: 0.1 percentage point underestimate**
- **Integrate BEA data with IDC data (been around for 60 years)**

Other issues

- **GenAI adoption by businesses**
 - **Variation by industry**
 - **Pulse survey likely underestimating**
 - **Relationship between investment and productivity**
- **GenAI requirements for energy grids**
 - **Stressing existing grids at same time as extreme weather events increasing in intensity and impacting grids**
 - **Growth in data centers**
 - **Geographically dispersed (e.g., northern Virginia and northern California)**

Thank you

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