



2014 *ANNUAL REPORT*

International Centre for Electronic Navigational Charts

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CHAIRMAN'S MESSAGE

IC-ENC's implementation of the RENC concept, as part of the WEND vision, continues to prove its [suitability](#), [attractiveness](#) and [sustainability](#).

All key figures confirm the trend: membership has grown significantly, more ENC's than ever have been successfully disseminated into the market, and the number of recognized VARs is at an all-time high.

Most importantly, the core issue of [quality assurance for ENC's](#) to facilitate safety at sea works efficiently and gives our participating nations a high level of confidence in their data provision and services.



IC-ENC members are extremely satisfied with their reimbursement of ENC royalties, and the management of the IC-ENC budget and its operating surplus.

IC-ENC is now embarking on a new level of ENC production and distribution support, through strategic initiatives which have been commonly agreed by those who are in control of IC-ENC: [its members](#).

A handwritten signature in blue ink that reads "Mathias Jonas". The signature is written in a cursive, flowing style.

Dr Mathias Jonas
IC-ENC Chairman

GENERAL MANAGER'S INTRODUCTION



I am pleased to be able to introduce the inaugural IC-ENC Annual Report. The purpose of this report is to act in the same way as a company report; a declaration of IC-ENC's performance over the last year (strategic, operational & financial) and look ahead to the next 12 months.

2014 has been a successful year for IC-ENC, we have seen our [membership grow by six nations](#), Suriname, Philippines, Slovenia, Italy, Egypt and Malaysia and our ENC database grow by over [500 ENCs](#) to now stand at 5460 ENCs (Week 1, 2015). Production support and quality assurance services continue to be provided by our two office bases, in Australia and United Kingdom.

We held a successful Steering Committee meeting in September (SC15), with our largest attendance of members and observers...23 nations were represented. This was aided, in part, by our decision to support members' attendance through travel and accommodation provision. This continues for our next meeting. The Steering Committee appointed a [new Chairman](#), Dr Mathias Jonas (Germany). Mathias is supported by two Vice Chairmen, Jens Peter Hartmann (Denmark) and Ricardo Lopez Cruz (Mexico).

The Steering Committee agreed IC-ENC's 5 year strategic plan, and more detailed annual work plan for 2015. Greater explanation of both is provided in the Strategic Report section. These allow the [direction of resources to achieve our agreed vision and mission](#), and will form the basis on which future progress and success is judged.

In terms of finances, 2014 ENC [sales were ahead of forecast](#) (+7%), meaning the IC-ENC fixed fee revenue is therefore broadly in line with our financial statement made at SC15. Our 2014 [operating costs are 8% below forecast](#). These facts have validated the Steering Committee's decision to reduce the IC-ENC [fixed fee to just \\$1.00](#) per annual subscription sold...this figure of \$1 has generated revenue to within about 1% of our costs. More importantly, it has provided a definite positive message to the Hydrographic Office community that IC-ENC RENC membership is not prohibitively expensive. Full details are provided in the Financial Accounts section.

I hope you share my feeling that there is a [significant positive momentum](#) within the IC-ENC organisation. I believe this will continue as we deliver the goals set by our members in the 2015 work plan, and improve our existing services and develop new ones. Our areas of development are already taking shape, we are starting with capacity building (training and support), sales reporting and rules regarding wider use of the ENC data, and we begin the transition to the new ENC Standard, S-101.

A key challenge will be to evolve IC-ENC in a systematic and structured manner, and not lose sight of the foundations upon which our success has been built – a focus on assisting our members with [ENC production, quality assurance](#) and [distribution](#) in a cost effective way.



Mr. James Harper
IC-ENC General Manager

STRATEGIC REPORT

The IC-ENC Steering Committee, led by an elected Chairman, provides strategic direction to IC-ENC and oversees its operation. It is made up of a representative from each of the IC-ENC members.

At the last meeting of the Steering Committee, we agreed IC-ENC's vision and mission. We also defined our core services and our organisational structure.

IC-ENC VISION

To be recognised as the leading supplier of services for validation, harmonisation and global distribution of ENC's.

IC-ENC MISSION

To provide services, at a low cost, to national Hydrographic Offices that ensure their ENC's are compliant to the international standards, consistent across the global dataset, and readily available for use. This is so that shipping can navigate safely, efficiently and confidently, whilst ensuring other maritime users are using the same approved data.

IC-ENC CORE SERVICES

- ENC Production Support
- Independent ENC Validation
- Distribution
- Revenue Management

IC-ENC STRUCTURE

IC-ENC has a Headquarters office and IC-ENC Regional Office(s) report to it.

Production Support and Validation Services are carried out at each IC-ENC office, to benefit from regional expertise, knowledge, time-zone operation and language. Distribution and Revenue Management Services are concentrated centrally at HQ.

Each IC-ENC office is hosted by a national Hydrographic Office, offering economies of scale, staffing and technology advantages, meaning IC-ENC remains a low cost operation.

IC-ENC's governance rules mean that IC-ENC is autonomous, and all member nations of IC-ENC can contribute equally to strategic, financial and policy decision making. These rules, and other operating principles, are defined in the IC-ENC Cooperation Arrangement.

STRATEGIC REPORT

IC-ENC STRATEGIC OBJECTIVES

The main elements of IC-ENC's 5 year Strategic Plan and the annual Work Plan (2015) were agreed at Steering Committee Meeting 15, and finalised via correspondence (see IC-ENC Circular Letter 2014/18). Both plans are structured around the following strategic objectives:

SECTION	REFERENCE	STRATEGIC OBJECTIVE
Strategy & Management	SM1	Develop and maintain effective corporate governance and business functions
	SM2	Maintain financial sustainability
	SM3	Increase Membership and ENC Coverage
	SM4	Develop IC-ENC Structure
	SM5	Maintain effective relationships with other organisations
People	P1	Deliver Production Support Services
	P2	Deliver an Independent ENC Validation Service
Commercial	C1	Deliver the Global Distribution Service via the VAR companies
	C2	Deliver the Revenue Management Service
	C3	Deliver the IC-ENC Commercial Reporting to Members
	C4	Develop ENC Sales Rules – Non-navigation
	C5	Promote and Protect the IC-ENC Corporate Brand
Technology	T1	Deliver Production Support Services
	T2	Deliver an Independent ENC Validation Service
	T3	Maintain and Improve IC-ENC Information Technology
	T4	Develop New Services for Members

QUALITY ASSURANCE 2014

The IC-ENC Validation Team in UK and Australia has conducted over 10,000 validations during 2014, the large majority were update files, but also a significant number of new editions and new cells.

IC-ENC returns ENC files for improvement action before the file is released if:

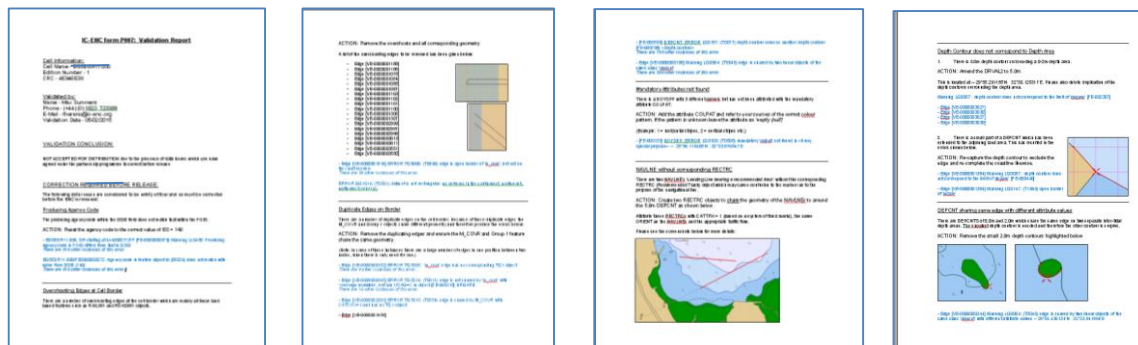
1. Safety Critical issues are identified
2. Non-safety critical issues identified, of the types the producer has agreed to correct before release, under their bespoke IC-ENC validation partnership agreement.

2014 VALIDATION STATISTICS

	UPDATES	NEW EDITIONS	NEW CELLS	TOTAL
VALIDATIONS	8062	1626	766	10454
RETURNED FOR IMPROVEMENT ACTION BEFORE RELEASE	160	74	48	282
PERCENTAGE (%)	2.0%	4.5%	6.3%	2.7%

In addition to the ENC files returned for improvement action before release, a comprehensive validation feedback report is provided for every ENC file submitted for validation. For almost all new editions and new cells, product improvement recommendations have been made which are kept on file and will be actioned by the producer when possible.

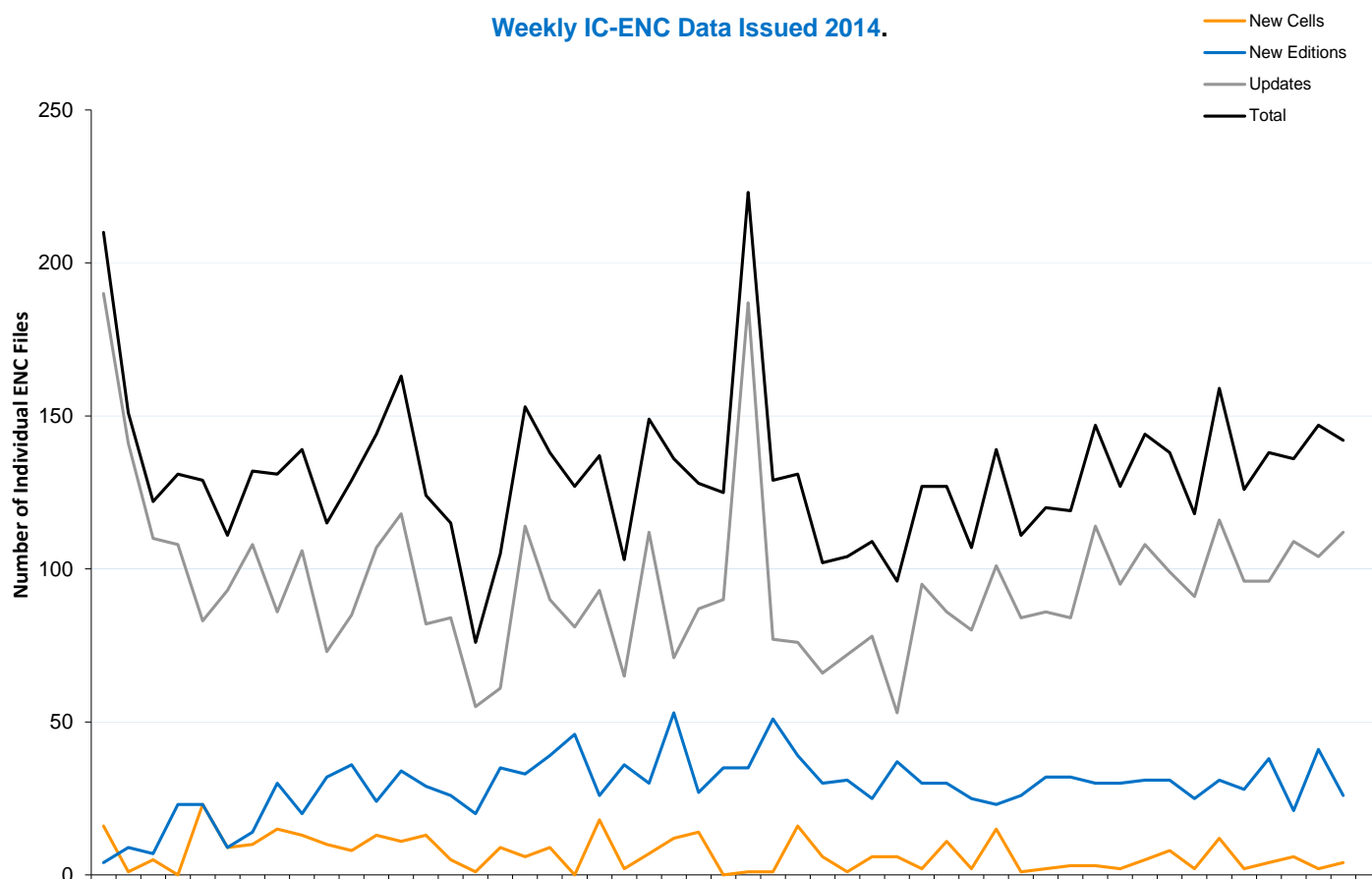
EXAMPLE IC-ENC VALIDATION FEEDBACK REPORT



QUALITY ASSURANCE 2014

ENC VOLUMES

IC-ENC's weekly output of files to its VARs varies considerably week-on-week. This graph shows the weekly figures:



OTHER KEY ACHIEVEMENTS 2014

CAPACITY BUILDING - ENC VALIDATION TRAINING COURSE

IC-ENC developed our external ENC Validation Training course programme, material and delivery methods. We tested it via a pilot course to three delegates. The feedback was very positive, but also provided some structured improvement ideas. Budgetary approval was given at SC15 to hold three courses during 2015; in Europe, in Australia and in Latin America.



NEW TEAM MEMBER – COMMERCIAL MANAGER



IC-ENC appointed a Commercial Manager, Mr Richard Northover, in March. Richard's background is based on the commercial aspects of technical products and services. He has specialised in the marine sector, focusing on data provision services and ECDIS. In addition, he has held professional command and navigation roles on a variety of vessels. During 2014 one of his key tasks was the development and implementation of the new IC-ENC Business System, Real Time Reporting.

INTERNATIONAL PRESENCE

During 2014, IC-ENC was represented at various Regional Hydrographic Commission meetings, contributing to the ENC production and distribution discussions. IC-ENC also attended several IHO technical and co-operative commissions and working groups, and many individual Hydrographic Office visits and inbound visitors. The culmination of our international collaboration activity was our Steering Committee meeting, recording its highest attendance level and a strong number of observer countries. Most of these observers have now completed, or are about to complete, the joining process.

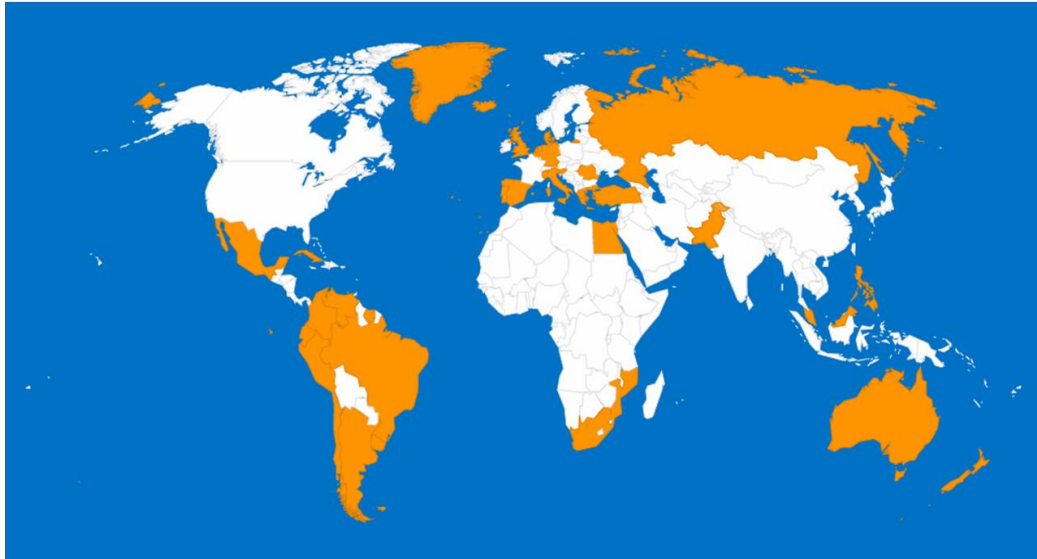


IC-ENC Steering Committee 2014

OTHER KEY ACHIEVEMENTS 2014

IC-ENC MEMBERSHIP

IC-ENC has welcomed six new nations as members during 2014: Suriname, Philippines, Slovenia, Italy, Egypt and Malaysia, **taking the total to 34 members**. Work continues on finalizing the distribution arrangements for Philippines and Malaysia, and our team worked hard to seamlessly incorporate over 250 Italian ENC's into the IC-ENC folio. Production support continues with Slovenia and Egypt, with new ENC's expected in early 2015.



IC-ENC Members: 34

EXTRAORDINARY INTERNATIONAL HYDROGRAPHIC COMMISSION

IC-ENC exhibited at the EIHG conference in October, alongside the PRIMAR organisation through a shared stand area. It was a good opportunity to strengthen our working relationship with existing members, and to describe IC-ENC services to others. In the conference itself, a joint presentation was made to the forum by our Vice Chairman, Ricardo Lopez Cruz, and a PRIMAR representative. Ricardo's delivery in his native tongue, Spanish, was received well by the international audience.



The team at the stand with Vice Chair (Ricardo Lopez Cruz) and our colleagues from The Netherlands.

GOALS FOR 2015

The Steering Committee has approved IC-ENC's 2015 work plan. The Managers' responsible for delivering each section of the plan identify the key goals for the IC-ENC organisation for 2015:

STRATEGY & MANAGEMENT

IC-ENC General Manager, Mr James Harper

- Achieve independent ISO9001 accreditation for IC-ENC (whole organisation) to underpin our all of our services.
- Build on the success of SC15, with the next meeting set for Munich, Germany in September. It is planned that feedback from the previous meeting will mean improvements to the meeting documentation, discussion and structure.
- Reach positive conclusions on membership discussions with prospective members, and continue IC-ENC's international presence (conferences, meetings etc) in order to generate further prospective members.
- Maintain the sound working relationship with PRIMAR and IHB, via new RHSG ToRs adopted by WEND (March).
- Identify new specialist staff for IC-ENC to support new IC-ENC services for its members and ensure continuity of production support and validation services during the transition to S-101.

PEOPLE

IC-ENC Data Manager, Mr Mike Hawes

- Enhance the internal training material and IC-ENC training delivery skills to maintain the skill set of IC-ENC's quality assurance technical team
- Deliver three international training courses to directly support our members' ENC production teams

COMMERCIAL

IC-ENC Commercial Manager, Mr Richard Northover

- Deliver the Real Time Reporting VAR sales system and then improve the members' sales reporting options
- Research and prepare a balanced business case for Steering Committee review on use of ENCs beyond SOLAS navigation

TECHNOLOGY

IC-ENC Technical Manager, Mr Richard Fowle

- Continue to deliver the high quality and valued ENC Validation Service. Deliver Production Support Services to our members who require it.
- Improve IC-ENC's Information Technology by maximising the use of Microsoft's cloud-based systems to deliver benefits to members and better and more efficient internal processes.

IC-ENC STATUS

IC-ENC Folio at Week 1, 2015:

COUNTRY	CODE	Wk1 2014	Wk1 2015	Actual Change	% Change	Comment
Argentina	AR	61	66	5	8.2	
Australia	AU	842	841	-1	-0.1	
Belgium	BE	7	7	0	0.0	
Bahrain	BH	4	4	0	0.0	
Brazil	BR	131	136	5	3.8	
Chile	CL	186	197	11	5.9	
Colombia	CO	36	36	0	0.0	
Cuba	CU	8	15	7	87.5	
Germany	DE	154	155	1	0.6	
Denmark	DK	130	149	19	14.6	
Ecuador	EC		0			Production support on-going
Egypt	EG		0			Active production (Suez Canal)
Spain	ES	165	228	63	38.2	
Utd. Kingdom	GB	1467	1558	91	6.2	
Greece	GR	285	287	2	0.7	
Iceland	IS	70	70	0	0.0	
Italy	IT		253	253	n/a	New member with large folio
Malaysia	MY					72 ENC's, pending distribution
Mexico	MX	99	116	17	17.2	
Mozambique	MZ		0			
Netherlands	NL	71	85	14	19.7	
New Zealand	NZ	201	230	29	14.4	
Peru	PE	122	122	0	0.0	
Philippines	PH					17 ENC's, imminent release
Pakistan	PK	5	6	1	20.0	
Portugal	PT	89	89	0	0.0	
Romania	RO	1	3	2	200.0	
Russian Fed	RU	430	443	13	3.0	
Slovenia	SI		0			1st ENC expected release Q2/2015
Suriname	SR	4	4	0	0.0	
Turkey	TR	259	259	0	0.0	
Uruguay	UY	16	26	10	62.5	
Venezuela	VE	17	18	1	5.9	
South Africa	ZA	56	57	1	1.8	
TOTAL		4916	5460	544	11.1	

FINANCIAL ACCOUNTS

IC-ENC FINANCIAL RESULTS 2014

The financial results cover the period 1st January 2014 to 31st December 2014, following IC-ENC's transition to a financial year based on a calendar year.

TYPE (CURRENCY US DOLLARS \$)	2014 FORECAST	2014 ACTUAL	VARIANCE AGAINST FORECAST	COMMENTS
COSTS				
Staff Wages	-756,000	-718,657	-5%	IC-ENC UK Validator transferred to UKHO in-year, validation workload meant call-on arrangement established rather than full-time replacement.
Staff Activities	-272,000	-231,450	-15%	Cost effective options used
Information Technology	-220,000	-199,439	-10%	DMD replacement project begun, \$25k budgeted, costs to carry forward to 2015.
Accommodation	-44,000	-46,068	5%	
Financials	4000	6000	50%	
TOTAL COSTS	-1,288,000	-1,189,613	-8%	
REVENUE				
IC-ENC Fixed fee Value	\$1	\$1		
Annual Sales Volume	1,080,000	1,164,301		Forecast assumed no increase in the IC-ENC membership, and only moderate volumes of new ENC's issued by existing members (clearly a 'worst case scenario')
Annual IC-ENC Revenue	1,080,000	1,177,586		Includes adjustment from end of 2013
FINANCIAL POSITION				
2014 Annual Balance	-208,000	-12,027		Revenue minus costs
2014 Extra Ordinary Settlement	0	0		
IC-ENC Cumulative Operating Balance	1,071,341	1,267,313		IC-ENC's cumulative financial position. Higher revenue and lower costs, have resulted in higher than forecast operating balance at end of 2014.

GENERAL COMMENTS

The \$1 fixed fee has generated revenue broadly equivalent to the IC-ENC annual cost of operation.

The IC-ENC Cumulative Operating Balance is larger than forecast, confirming IC-ENC's financial sustainability and provides service improvement options – to be presented to the Steering Committee.

FINANCIAL ACCOUNTS

IC-ENC FINANCIAL FORECAST 2015

The IC-ENC 2015 Budget Summary has been presented to the IC-ENC Steering Committee for comment and approval via IC-ENC Circular Letter 2014/16.

TYPE (CURRENCY US DOLLARS \$)	2015 FORECAST	COMMENTS
COSTS		
Staff wages	-779,000	
Staff Activities	-413,000	2015 agreed Work Plan items
Information Technology	-114,000	Running costs for existing IT provision, No new IT projects included (to be included in work plan if approved)
Accommodation and Support	-120,000	
Financials	2500	
TOTAL COSTS	-1,423,500	
REVENUE		
IC-ENC fixed fee value	\$1	Set at SC15
Annual Sales Volume	1,274,400	Sales forecast based on phased mandation of ECDIS and other market trends Assumes no increase in the IC-ENC membership, and only moderate volumes of new ENC's issued by existing members (a 'worst case scenario')
Annual IC-ENC Revenue	\$1,274,400	Assumes IC-ENC fixed fee remains at \$1.00
FINANCIAL POSITION		
2015 Annual Balance	-\$149,100	2015 Revenue minus costs
2015 Extra Ordinary Settlement	\$0	As per decision at SC15
IC-ENC Operating balance	\$1,118,213	At end of 2015. Consideration to be given at SC16 to making an Extra Ordinary Settlement payment to members.

ORGANISATION INFORMATION

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