



BUNDESAMT FÜR  
SEESCHIFFFAHRT  
UND  
HYDROGRAPHIE

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### Quick scan finance model

Date  
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+ 49 (0) 381 4563 - 716  
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(please quote in your answer)  
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*Dear Floor,*

*please note my following  
comments to the questions  
raised in your letter dated  
from 4. May 2010:*

#### 1. What are the basic characteristics of the present finance model?

BSH is a fully budget-financed federal institution, governed by the Ministry of Transportation, Housing and Urban Development. The budget fully covers the annual operating costs for the premises, ships and staff. Comparable with NLHO, there is no relation between the sales revenues and the work program, however, the Ministry requests economic operation, i.e. minimising the costs and increasing revenues from products and services as best as possible.

Our figures for annual operating costs of premises, ships and staff compared to sales revenues earned are very much in proportion to those given by NLHO. Approximately twenty percent of sales revenues are based on the licensed re-use of digital data, the foreign takeover of German paper charts by means of digital repromats based on bilateral arrangements e.g. with UKHO and the ENC sales revenues from the SOLAS market.

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2. What is the influence of the European directive PSI and INSPIRE on your present finance model?

First of all: INSPIRE and PSI do not postulate free of charge provision of data by the public sector, but explicitly allow to charge customers for the use and re-use of its data. The German legislation took that fact into account for the national implementation of both directives. The national adaptation of INSPIRE and PSI by means of a series of national regulations, namely the "Informationsweiterverwertungsgesetz", requires the economic exploration of public sector geoinformation for commercial re-use based on market accepted fees.

BSH has set up a license model which follows INSPIRE and PSI as well as national legislation with a free license option for clearly outlined purposes, and an adaptation of the UKHO license model for commercial re-use on a royalty basis.

In addition, BSH has to offer its data and derived data products to any other national governmental body on request unlimited and free of charge ("Geodatenzugangsgesetz").

3. What are the basic considerations for the wholesale and retail prices of the SOLAS products

Adopted from the national regulations for the market of print media, i.e. books, charts and brochures, BSH is setting a fixed retail (market) price which is controlled bi-annually and which rises with the inflation rate. The margins for BSH distributors amount to 20 – 35 percent, depending on the product and the service they are offering to the end-user. Distributors who have our charts on stock and conduct weekly updates receive a higher discount.

4. What kind of opportunities and threats do you foresee if the Netherlands free licensing initiative will be followed by NLHO

#### Opportunities

Academia including research and development would presumably benefit from the uncharged provision of data. For the SOLAS market it is not expected that this policy would create fully new business cases. For safety reasons, SOLAS users will accept to pay for reliable data provision services. Their maintenance is costly and so will be their services. The provision of US-ENCs via chart data distributors constitutes the example.

The conclusion given above for the SOLAS market may be valid for responsible leisure boaters as well. But, open source initiatives like open-seamap will probably take a share of the market. This and comparable initiatives are based on voluntary contributions of the crowd. It is questionable if the data quality level absolutely required for the interacting

traffic of SOLAS and non-SOLAS vessels at sea can be guaranteed. If even unvalidated source data would be subject to this unleashed provision, derived navigation products with locally customised bathymetry for shallow waters may reach the leisure market but under the same safety concerns given already before.

Re-use for non-navigational purposes is currently not limited by the relatively low costs the licensees are charged for. However, the administrative effort to maintain and develop the licensing model might be reduced.

Overall, free availability will assumingly not trigger innovation considerably.

#### Threads

It would push the discussion of free data release on EU scale and would put greater pressure to all other European HO's to follow. There is a fear of a domino effect for other EU member states to trigger this discussion.

The provision of the SOLAS market legal data (ENCs) requires a distinct level of quality assurance along the whole chain of data dissemination to the market. The costs arising from that are momentarily covered by a portion of the revenue. If given away for free, this revenue portion would become extra costs for the HO.

In order to maintain the use of legal and up to date chart data on SOLAS vessels, data distributors may undergo a more rigid governmental supervision and certification. Type approval matters to guarantee the authenticity of the received data on a technical level might be affected as well.

The motivation for innovation on HO's side but even on international IHO level will be missed if there are no opportunities to refund the engagement by revenues. Moreover, each innovation requests a rise of the governmental funding level which is not very likely in this complicated economic times.

#### 5. Any other remarks or perspectives for this subject

Adoption of foreign charts based on repromats could when be done free of charges and royalties as currently agreed in Bilateral Arrangements. It would be up to the individual HO's to develop a market for products covering the territorial waters of neighboured countries if there is no consistent data policy with regard to the freedom of re-use between those countries.

BSH is not the owner of the IP-rights of all data processed for the purpose of SOLAS-products. Especially those taken from privatised port authorities to produce ENCs may not be available for unlimited public access.

It is not fully clear which sorts of data shall be delivered free of charge (see above) and to which user level the offer of SOLAS data products is assumed to be free of charge? Simply free for public download or, for example IN-RENC or Ex-RENC?

I am looking forward to further discussions on this subject at the upcoming NSTAC in Brest.

With best regards

Mathias Jonas

Director Nautical Hydrography