



A NEW WAY OF SELLING SERVICES

GEOFF SWAYER REPORTS ON WORK BY EARSC TO DEVELOP A POTENTIAL MARKETPLACE FOR EARTH OBSERVATION SERVICES FOR EUROPEAN AND AFRICAN COMPANIES

In October last year, EARSC took an idea to the European Space Agency (ESA) and to the European Commission (EC). We wanted to help set up a Marketplace Alliance for EO Services (MAEOS). ESA agreed and we conducted a short and intense study into what this could look like, with the EC setting up a proper access service to Copernicus data and information. These two steps will help the European industry move forward into what are perceived as new markets opening for information services.

The business of EO services is changing rapidly. Data is becoming a commodity and start-ups are competing to find new business models to launch satellites and bring more data to the market. Downstream, the business is changing as well. To date, the market has primarily been for bespoke services, with a specific product generated for and sold to one customer. But most commentators and companies are betting that in the future, this one-to-one model will change to become one-to-many, with a product generated through company investment and sold to as many customers as possible.

Furthermore, most of the EO services market today is for either business (B2B) or government (B2G), with the most recent EARSC industry survey showing 65% of sector revenues comes from the latter. This should not necessarily be considered abnormal, as government is

an important user of EO data and services; this, in turn, justifies the large public sector investment in the technology.

Nevertheless, the industry expects to see strong growth in B2B and applications that meet consumers' needs (B2C). This will come from the digital revolution, where new Big Data techniques and IT systems are driving innovation and new business models.

Levels of co-operation

However, our study showed there are questions concerning MAEOS and what stakeholders would like to see. We surveyed 107 companies involved in the EO services business and three things stood out from the results:

- Companies overwhelmingly support the need to act.
- Companies believe the industry is shifting towards online services.
- Companies want EARSC to act but not directly operate a marketplace.

This leads us to present a picture where companies will be able to decide between three levels of co-operation:

1. A singular approach where they can benefit from EARSC actions as they do today.
2. A closer but loose co-operation whereby they establish a common marketing identity.

3. A tighter co-operation whereby they pool resources addressing the market. Whilst the goal is to promote the use of online services as they develop, we must also not forget that most business today is one-to-one. Respondents estimated that less than 10% of their business is carried out through online processing and delivery, so more than 90% is therefore bespoke or project-based.

EARSC has a tool to help companies promote this business called eopages (www.eopages.eu). We are looking to develop eopages further, to provide a more efficient and effective user interface. We are also aiming to make it a tool for finding business partners and we have recently added an African partner search to it, based on a survey conducted by the African Association of Remote Sensing for the Environment. We look forward to developing this further over the next few weeks.

Whilst eopages is designed to serve customers looking for suppliers of bespoke services, MAEOS will provide the same facility for online services (fully or semi-automatic). We are now looking at the legal and business implications, to make propositions to industry this month. Those looking for tight co-operation will be able to receive prior insight into what they will need to do, such as setting up a new company or a co-operative structure. The legal issues with each and other structures will be examined.

The biggest challenge

But the biggest challenge comes with the business plan. In the time we have, we do not expect to develop a fully-fledged plan, but we do expect to be able to look at the bigger picture and identify what can underpin the business model. Our starting point is the common picture now agreed with all the stakeholders, which shows the marketplace sitting on four other layers (see Figure 1).

- An EO services tier where companies produce and sell specific information services.
- A platform tier where there are EO providers offering software as well as algorithms and toolboxes, software providers, and brokers, along with those offering other platform services.
- The data tier where suppliers provide the raw material for the service providers in the platform tier – data. Our focus is satellite data but this is complemented by data from other sources. In time, the richness of data available should lead to new and sustainable products and services.
- The infrastructure tier, which provides the necessary tools for storing and accessing the data. Note this is considered a commodity and not specific to EO.

Copernicus represents a significant investment by the European governments. EARSC has argued for many years that specific measures are required for the industry to

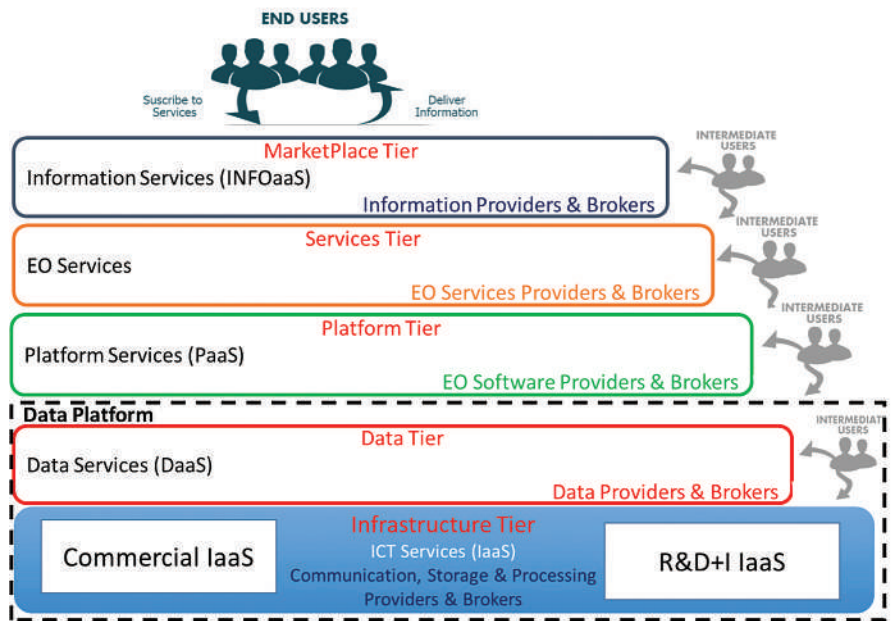


Figure 1. The four tiers on which the EO services marketplace would sit

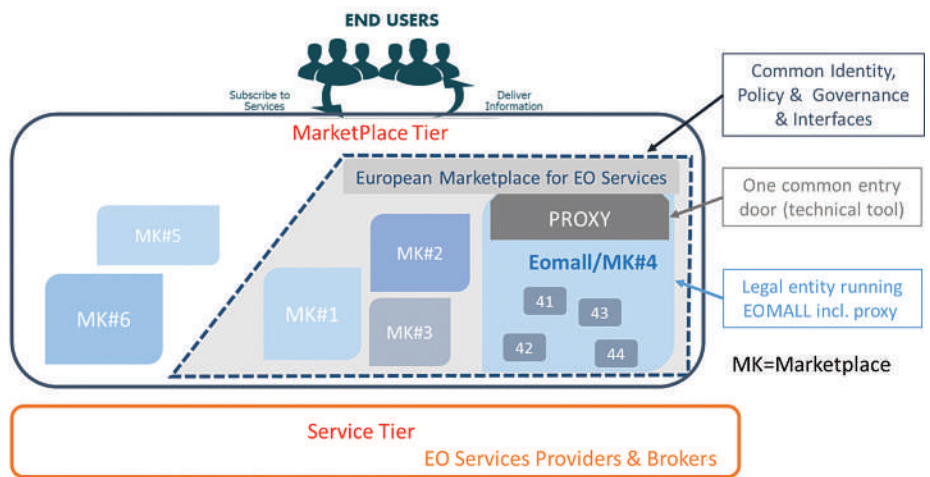
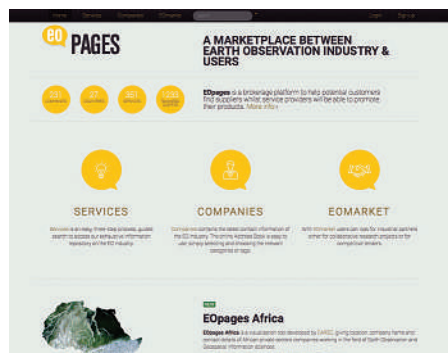


Figure 2. A potential model of the EO services marketplaces with 'eoMall'



The eopages portal

grow because of this investment. Until now, the benefits have been felt by the upstream industry and the public bodies dealing with the Copernicus Services. Industry involvement in delivering the land service and the emergency service has been welcome, but it will not be enough to deliver the large benefits envisaged in the various studies carried out.

EARSC is committed to working on behalf of its members to develop the MAEOS so companies can decide if they wish to work closer together in an 'eoMALL' (see Figure 2) and to study what further measures will be needed for the industry benefits to be delivered. These include a common IT platform and market development, as well as a good understanding of the relationship between the private and public sectors.

THESE TWO STEPS WILL HELP THE EUROPEAN INDUSTRY MOVE FORWARD INTO WHAT ARE PERCEIVED AS NEW MARKETS OPENING FOR INFORMATION SERVICES

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