

## Director General and Chief Executive's statement



This has been a year of significant growth in the use of Ordnance Survey data across both the public and private sectors, with applications impacting on more aspects of national life than ever before.

From e-government services and innovative telecommunications applications to transport networks and educational initiatives to inspire the citizens of tomorrow, our maps and data now underpin a whole range of vital services.

Our trading revenue for the year topped £100 million for the first time, with all market sectors showing increases. Overall, there has been an 8% increase in sales, while the prices for our digital products have not increased. This success reflects the hard work of our staff and commercial partners, and the foresight of our customers who are increasingly seeing the benefits that geographical information (GI) can offer.

As sales have been driven up, day-to-day running costs have been cut and business investment has continued unabated. The overall result is that during the year we achieved an operating surplus of £5.6 million, which we will reinvest in further improvements to meet the growing demand for

our data and for speeding its supply to users. This year's surplus has contributed to meeting the stretching 9% five-year Return on Capital Employed (ROCE) target set by the Treasury when we first became a Trading Fund in 1999.

### Investment

Our customers are at the centre of every business activity, and our sustained investment programme is an important strand in meeting their needs now and in the future. Being a Trading Fund has allowed us to reinvest surpluses in improving data quality and enhancing our supporting infrastructure, setting a firm platform for future growth. This continuing investment programme is vital if we are to retain business agility and customer focus in a fast-moving marketplace.

In particular, we have continued to invest significant resources in a single, seamless data maintenance and storage system, streamlining our internal processes and improving both customer service and data delivery. This will also allow us to maintain the very high levels of data quality and integrity that our customers need and value. Investment, too, in the Digital National Framework™ (DNF®), underpinning our massive geospatial database,



has complemented our investment in the content of the next generation of OS MasterMap®. Already this year we have seen encouraging adoption by customers of the new Address, Imagery and Integrated Transport Network™ (ITN) Layers, in addition to the existing Topography Layer.

Furthermore, the ongoing task of replacing our IT legacy systems will generate a more robust infrastructure and help improve our customer relationship management.

Looking ahead, this financial commitment will continue with planned investments of more than £70 million in the next three years.

### Delivering a national standard

We are committed to driving down costs across the organisation and, in particular, are now realising significant efficiencies in our data collection activities.

Investing in data capture, content and quality allows us to deliver a national standard in intelligent geographic data for a range of customers and applications. We have seen major advances across all our markets this year. In particular, our thriving partner community is developing commercial applications and

software solutions that are at the cutting edge of the location-based services (LBS) industry.

A number of organisations have also signed new supply contracts during the year, including Norwich Union®, Network Rail and The National Trust®, who is migrating to OS MasterMap's Topography Layer to meet its large-scale mapping needs. We have also secured a major four-year copyright agreement covering use of our data by a whole range of utilities, including gas, electricity, water and telecommunications companies.

Across the public sector we have seen tremendous growth in the use of our data to deliver joined-up services and modernise government at national, regional and local levels.

We currently have 204 signatories to the Pan-government agreement, opening up access to our datasets for those departments, agencies and other public bodies registered in the Civil Service Yearbook under an umbrella agreement with the Office of the Deputy Prime Minister. This is a major advance on the position only two years ago, when fewer than 50 such bodies used our data to underpin policy making and



enhance their services. Recent signatories include the Department for Constitutional Affairs, the Department for Education and Skills, Cairngorms National Park Authority, Sport England, Visit Britain and the Welsh Cancer Intelligence & Surveillance Unit. We will continue to work closely with government customers to help them maximise their GI use, improving their data management and supporting policy decisions.

At the same time, more than 500 local government organisations – including county, district and unitary authorities, some emergency services and all national park authorities – have access to a range of our maps and data. Examples of existing use within local government include highly detailed address data helping to process benefit claims and determining school catchment areas, topographic data for planning and environmental services, and road network data for transport and road maintenance planning.

In schools the next generation of geographical information systems (GIS) users have also benefited this year. The second year of our Free maps for 11-year-olds initiative was even more successful than the first, with more than 776 000

schoolchildren across Great Britain receiving their own Explorer™ map. We have announced our intention to run the scheme for a third year.

### Working in partnership

With our Licensed Partners, we are working hard to understand and meet the longer-term needs of our customers. We positively encourage customer feedback so we can continue to provide products that are needed, through processes that are desired rather than imposed. We have introduced new pricing and licensing terms and improved the online delivery of OS MasterMap as a result of this communication. Our OS Insight™ programme promotes an even closer working relationship with our partners throughout our products' life cycles and is playing a significant part in the development of the next generation of OS MasterMap data and services.

We liaise with other national mapping agencies to share best practice and progress GI on an international scale. We again hosted the four-yearly Cambridge Conference for National Mapping Organisations during summer 2003, bringing together delegates from across the globe. Representatives from mapping agencies worldwide have also visited us at our Southampton head



office. These events, along with international visits we ourselves make, provide an ideal opportunity to share expertise and grow the GI industry.

As well as providing advice on geodesy to a range of academic, public and private organisations, staff in our data collection and management areas have also worked closely to build cross-government relationships. These include working with Land Registry®, English Heritage® and the Met Office®.

### Structuring our business

Early in the year we realigned our business groups to better reflect and support our end-to-end processes and evolving customer needs. This saw our digital and graphic brands areas merge to create two new business groups – Sales and Market Development, and Programmes and Products.

In addition, we continued to adjust our skills base across the organisation in response to technological and business change. This year saw the conclusion of a major voluntary release scheme, announced in October 2002. The scheme was based on releasing staff from jobs that are no longer required, significantly reducing long-term costs and ensuring that Ordnance Survey remains innovative and agile.

More than 350 staff left in the period to March 2004 – almost 20% of our workforce.

At Board level, we welcomed Alastair Matthews into the new post of Finance Director in July. Also joining – as a Non-Executive Director – was Michael Sommers, following the end of Lynn Mathieson's four-year term. Within Government we also underwent change, as Yvette Cooper MP was appointed as the Parliamentary Under-Secretary of State with ministerial responsibility for Ordnance Survey, succeeding Tony McNulty MP.

During the past five years we have established Ordnance Survey as a successful and thriving Trading Fund. The extension of this status is allowing us to continue to invest in the development of our business and the evolution of our data, providing even more benefits to our customers in both the public and private sectors.

A handwritten signature in black ink, reading 'Vanessa V. Lawrence'. The signature is written in a cursive style with a long, sweeping underline.

Vanessa V Lawrence  
Director General and Chief Executive