



Our new business strategy was announced in April 2009 as part of the Treasury's Operational Efficiency Programme report and the Trading Funds Assessment; following considerable work during 2008–09.

The guiding principle of the Trading Funds Assessment, announced in the 2008 Budget Report and led by the Shareholder Executive with support from the Treasury and the Office of Public Sector Information, was to ensure information is made available as widely as possible for the benefit of the economy whilst making sure that customers pay a fair contribution to the costs of collection in the long term. The Met Office®, HM Land Registry®, DVLA and Companies House were among the Trading Funds included in the review.

The review concluded that the data Ordnance Survey produces was more likely to be maintained at high-quality levels under a commercial, revenue-funded model, rather than through direct funding from taxation. Our customers told the review team that the quality of the data was important to them, but they wished us to provide easier access to it so they can use it more widely in their own business or in new products for both business and consumers.

Our new business strategy is customer-focused and has been developed with Government to address these issues. It sets out a series of reforms for creating simpler and easier access to geographic data. We will continue to be self-funded and earn revenue by licensing our data, but we will make sure it is easier for customers and other businesses to access our data and services.

The strategy focuses on five key areas:

- Promoting innovation – our goal is to grow the scale and scope of use of geographic information for business, social and individual use.
- Reforming our licensing framework – so that it is much simpler to use our data and services in other applications.
- Reducing costs over time – to ensure that we continue to offer value for money.
- Supporting the sharing of information across the public sector – to enable better public policy and services.
- Creating an innovative trading entity – to explore commercial opportunities around providing a better platform for users to access our products.

The May 2009 launch of the enhanced free-to-use OS OpenSpace service marked a milestone in the strategy's implementation. OS OpenSpace now provides everyone access to our mapping to allow experimentation with digital information and a clear path from this service to greater commercialisation. As well as new terms that allow businesses to use the service, boundary information is also available for the first time, making it possible for users to display information based on administrative regions.

We are also creating an 'innovation network', called GeoVation. This will help individuals as well as small and large organisations to develop ideas and deliver projects through making connections with other network members who can help them with the development of technology, services, products and financial backing.

The Government has set key milestones for delivery of the strategy over the next year and the Shareholder Executive and the Office of Public Sector Information, in consultation with the Office of Fair Trading, will be regularly reviewing progress.

The strategy represents the opening of the next exciting chapter in our long history. We are committed to both maintaining the highest quality geographic data, which will continue to underpin our daily lives, as well as increasing opportunities for innovative new consumer and business ideas.

Strategic context

The strategic context in which we work is affected by a number of developments in government policy at both national and European level. We played a significant role in the development of *Place Matters: The Location Strategy for the United Kingdom* published in November 2008. This will provide a consistent framework to assist national, regional and local initiatives and service delivery and sets out government policy on geographic information to maximise its value to the public and private sectors.

The preparation and drafting of the strategy was a key focus for the UK GI Panel, chaired by Vanessa Lawrence, our Director General and Chief Executive. The panel has now been closed as Defra is leading the delivery of both the UK Location Strategy and the INSPIRE Directive. INSPIRE is timetabled for transposition into UK law this year and lays down general rules that aim to establish the infrastructure for spatial information in the European Community for environmental policies and activities.



With the potential to power a town the size of Paisley, Black Law is now the largest operating wind farm in the UK. This remarkable project has helped regenerate this landscape, transforming an old open-cast coal mine into a development providing clean, renewable energy. It symbolises our determination to turn Scotland into a powerhouse of renewable energy.

Nicol Stephen, former Enterprise Minister



Iain Wright MP, UK
Parliamentary
Under-Secretary of
State for Communities
and Local Government
and The Scottish
Finance Secretary,
John Swinney,
sign the Scottish
Government's One
Scotland Agreement,
which covers local and
central government as
well as some health
organisations.



As a responsible and authoritative player in the geographic information industry, we continue to contribute positively to the realisation of these initiatives by providing resources and expertise. Vanessa Lawrence is a key member of the Location Council, the common governing body coordinating their delivery, and Keith Murray, our Head of GI Strategy, has been seconded to Defra to help with implementation. At EU level we have provided significant resources to develop the detail of INSPIRE – particularly the technical elements concerning how it will actually work – to help avoid duplication and ensure the alignment of national policies.

While this participation enables us to ensure our activities, products and services are aligned to UK and EU location policies and deliver better value to stakeholders, it is too early to say what exact impact these initiatives will have on our work. We are, however, ensuring that we not only comply with our statutory requirements, but also anticipate and meet customer demands and continue to seek opportunities to realise benefits in line with our new business strategy announced in April 2009.

The creation of the Department of Energy and Climate Change (DECC) gives even greater focus to solving the twin challenges of climate change and energy supply. Formed in response to *The Pitt Review – Lessons Learnt from the 2007 Floods*, this new department is raising awareness of the importance of good quality geographic information in collaborative initiatives, such as Atlantis, which is looking at better flood management.

Changing markets

The current economic climate is impacting on almost all our key sectors, with

organisations focusing on cost control and maximising return on investment. Trading conditions are challenging, but the downturn is creating opportunities as well as potential losses to our revenue streams. Revenue from the public-sector market has fallen, largely as a result of a reduction in surveys carried out on behalf of HM Land Registry due to the downturn's impact on the land and property market. Gains were achieved, however, in the transport, personal navigation, and banking, finance and insurance sectors.

Public-sector customers remain under pressure to reduce expenditure, while protecting or improving services to citizens. We firmly believe, however, that access to high-quality geographic information has an important part to play in the cost-effective delivery of government policy.

Ordnance Survey operates primarily in data provision. Our core market proposition is the currency, accuracy and completeness of our information and we continue to focus on improving our information in line with customer needs.

Our role is to meet the demand for high-quality nationwide data that can be shared among many users to agreed standards, while continuing to serve the national interest.

Our key sectors: public sector, utilities, commercial and consumer

Public sector

We supply information to the public sector through four collective agreements, including local government, central government and the NHS. A one-year extension to the Mapping Services Agreement for local government was

signed in March 2009. Ordnance Survey and its partners will supply our information under the new four-year Pan Government Agreement, which started in April 2009. This provides a strong platform to increase central government's use of geographic information for the benefit of the public. Also signed in 2009 was the Scottish Government's One Scotland Agreement, which covers local and central government as well as some health organisations.

We have been actively supporting one of our partners, Dotted Eyes, in their servicing of an agreement to supply the NHS with products based on our data. Other activities during the past year have included providing advice and consultancy to help local authorities manage their positional accuracy improvement programmes. The current economic climate is having an impact on public-sector spending.

Utilities

In the utility sector capital investment spend is aimed at meeting the regulatory cycles. The Traffic Management Act is underpinning a need for accurate and up-to-date large-scale geographic information. The economic downturn therefore has not yet had a significant impact on our revenue stream from this market.

Increasing regulatory pressure to improve services is a key driver for the market. Others include reducing costs for the customer, identifying faults more rapidly, improving emergency planning and responding to customer needs more efficiently. Our highly detailed data facilitates a consistent and flexible exchange of information and is used to support customer management, the planning and maintenance of infrastructure networks and coordinating street works.



As a direct result of mergers and acquisitions within the utility industry, we have provided advice and consultancy to new companies, helping them to de-duplicate and manage their data holdings and migrate to OS MasterMap® Topography Layer.

We have worked with BT and QinetiQ® on a joint TSB®-funded intelligent transport system (ITS) proposal under the applied technology stream of the Department for Business, Enterprise and Regulatory Reform (BERR) match funding. With a global demand for ITS, it is hoped that demonstrating its success in one of the most congested parts of the world will provide the ideal stepping stone for UK companies to tap into the international market.

Commercial

Banking, finance and insurance

The financial sector is seeing increased merger and acquisition activity as a result of the current economic climate. While we believe that a renewed focus on cost control will make investment in data and new systems challenging, there are opportunities for the use of our data in areas such as fraud reduction, flood modelling and risk accumulation. We have held a number of marketing events to highlight these benefits to the insurance sector and our detailed addressing information is now being used on an enterprise basis by five of the large insurers. This demonstrates both the need for accurate address data at an individual property level and our ability to work with partners to deliver location-enabled solutions.



Land and property

Government plans to bring forward spending on major infrastructure projects has boosted activity for some large contracting companies and, while there are indications that the decline in property transactions is beginning to level off, trading conditions for the residential housing and commercial development markets remain difficult. Our partners serving these sectors have been most affected by the downturn.

Economic conditions mean that it has become imperative for those holding property portfolios to manage their assets to maximise investment returns. We have worked successfully with housing associations and large estates to provide appropriate information to complement their existing data holdings. We have also carried out a marketing campaign to raise awareness of the benefits of licensed data, which we hope will reduce unlicensed/grey market data use over the coming years.

Transport

The current economic climate means customers are looking to maximise investment in vehicle fleets and reduce operating costs by minimising journey times. In addition, environmental concerns, such as carbon emissions, continue to have an influence on fleet operators. We have been demonstrating the advantages of using our information, including OS MasterMap Integrated Transport Network™ Layer, to meet these challenges.

Consumer market

Outdoor leisure

The outdoor leisure sectors have been extremely challenging. Retailers and wholesalers remain under pressure to reduce costs, for example, by making improvements to their supply chains, and consumers are cutting their discretionary spend.

While Nielsen BookScan data shows that across all map and atlas categories volumes of sales fell by an average of 16.6% in 2008, our paper map sales declined by 5.8% to outperform the rest of the sector.

Personal navigation

Although providing significant growth over the last few years, the personal navigation market has been affected by the global recession and has seen a number of alliances, mergers and acquisitions. The total number of personal navigation devices (PNDs) shipped worldwide in the second half of 2008 was much lower than in the first half.

The shift in technology continues, through convergence and interoperability, as more mobile phones come with GPS capability and the market dynamics change in favour of mobile providers. The demand for increased functionality and data content also continues to rise. We have been working with content aggregators to make our data available in portable devices under licensing terms and prices that are acceptable to the market.

