SWISSTOPO

ANALYSIS OF THE SWISS MARKET OF GEOINFORMATION

Summary
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SUMMARY

In recent years geoinformation have become an important element of the economy in most industrialized countries. By the means of geoinformation added values are produced in the private sector, public administration and applications in everyday uses. The Swiss Government wants to facilitate and promote the use of geoinformation. For this reason a national strategy to merchandise geoinformation was implemented and a new geoinformation law came into effect on 1st of July 2008. Next to the state-controlled impacts the Swiss market of geoinformation was also influenced by the world wide market dynamics. In particular the products from Google Inc. revolutionized the market. With the appearance of Google maps geoinformation became freely accessible to everyone. In regard of these influences the Federal Office of Topography (swisstopo) commissioned an update of the market analysis from the year 2002. The present market analysis focuses on four aspects:

› Verification of the structure of the Swiss geoinformation market
› Verification of the market volume
› Analysis of the market dynamics during the last 5 years
› Prognoses for future market dynamics

The market analysis relies on a survey (written questionnaire) sent to 370 Swiss companies dealing with geoinformation and personal interviews with selected market leaders. Furthermore a literature research was carried out to compare the Swiss market to foreign markets.

The present market analysis focuses on the **private market** of geoinformation in Switzerland (incl. export from Swiss companies). We define the market volume as the total of all revenues obtained with geoinformation data, including digital geoinformation products, software developments and services. However, the sales of printed geoinformation products are not included and the costs of the production of public geoinformation were adopted from the 2002 study.

We estimate the **market volume** of the private geoinformation market to amount up to 500 million Swiss francs per year (Figure 1). In comparison to the estimates in 2002 the market volume increased by 300 million francs. This increase can be explained as follows: based on the new findings we estimate that the market volume in 2002 was underestimated by about 100 million francs. About 70 million francs can be attributed to growth of sales of existing companies (equivalent to 5% growth per year) and about 130 million francs are

produced by new companies established after 2002. Altogether the annual market value of geoinformation grew since 2002 by about 200 million francs.

PRESENT MARKET VOLUME OF PRIVATE GEOINFORMATION IN SWITZERLAND

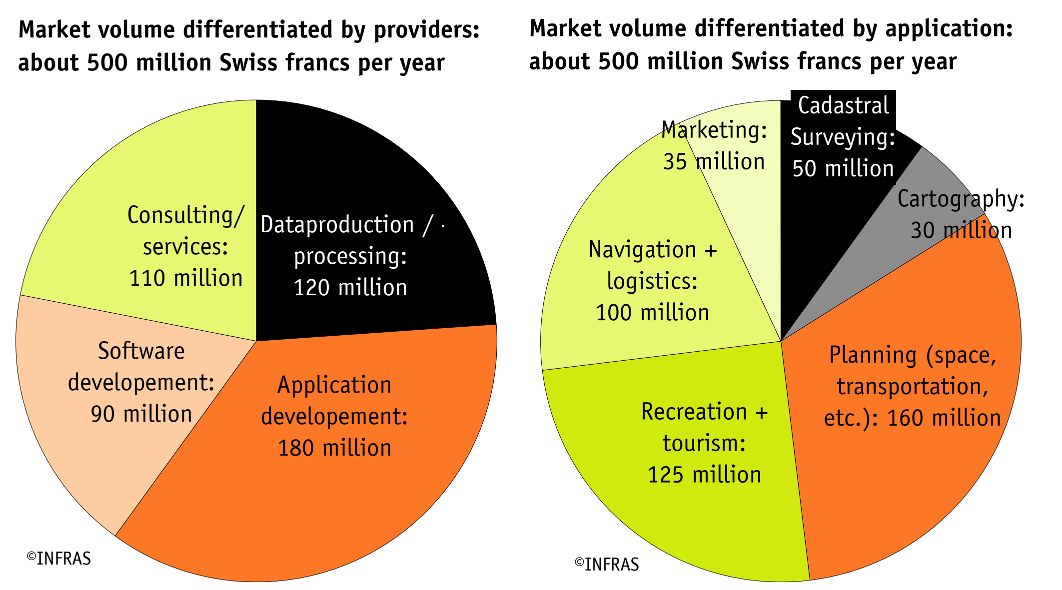

Figure 1 Present market volume segmented into providers (left) and applications (right).

The Swiss geoinformation market can be segmented into categories of providers and categories of applications. The biggest segment of the **providers** is the application development. Companies operating in the application- or software development denoted most frequently annual growth rates over 10%. These companies also forecast the highest growth rates for the future. The consulting segment has also increased above average since 2002.

Navigation and logistics, as well as *recreation and tourism* denote the greatest increases since 2002 of all **applications**. The segment *Planning* remains the biggest segment, even though it lost importance compared to the estimates of 2002. The two segments *Cadastral Surveying* and *Cartography* registered rather stagnating sales figures and appear to be saturated.

Compared to the private market volume the **production costs of public geoinformation** products have barely changed since 2002. National and regional governments spend between 200 and 240 million francs for production and processing of public geoinformation data. A recent price reduction for public geoinformation data had little effect on sales figures. However, sales figures of *colored orthophotos* (SWISSIMAGE) indicate that a bigger price reduction can lead to significant market reactions.

The volume of the Swiss geoinformation market (about 0.11% of the Swiss GDP) is comparable to other **European geoinformation markets** (e.g. the German market). The geoinformation market in the US and Japan amount up to 0.18% of the respective GDP and are therefore still more important than the market in Switzerland. These two countries pursue a liberal strategy in providing geoinformation to the public.

Based on the survey, the most important **influencing factors** for the private market of geoinformation during the last five years were the efforts of the national government, the internet, development of new technologies and the liberalization of the market (Figure 2). Public authorities are still the most important client for many companies dealing with geoinformation. Although in the future private clients may increase, public authorities will remain a major client for geoinformation products.

Most companies predict optimistic growth rates for the coming five years. The mean growth rate for the coming five years is estimated to vary around 3 to 4% per year. The liberalization of the market is considered as the biggest influencing factor in the future. The role of the national government is also considered as very important by most companies. More than half of the questioned companies believe the efforts of the government to promote and facilitate commerce with geoinformation are insufficient. In particular the federal system of Switzerland appears to be a hampering factor for a Federal Spatial Date Infrastructure (FSDI). Companies appreciate the efforts of the Swiss government but point out that the implementations of a nation wide geoinformation strategy has to be established faster to meet the needs of the market.

IMPACT FACTORS ON THE PRIVATE GEOINFORMATION MARKET IN SWITZERLAND

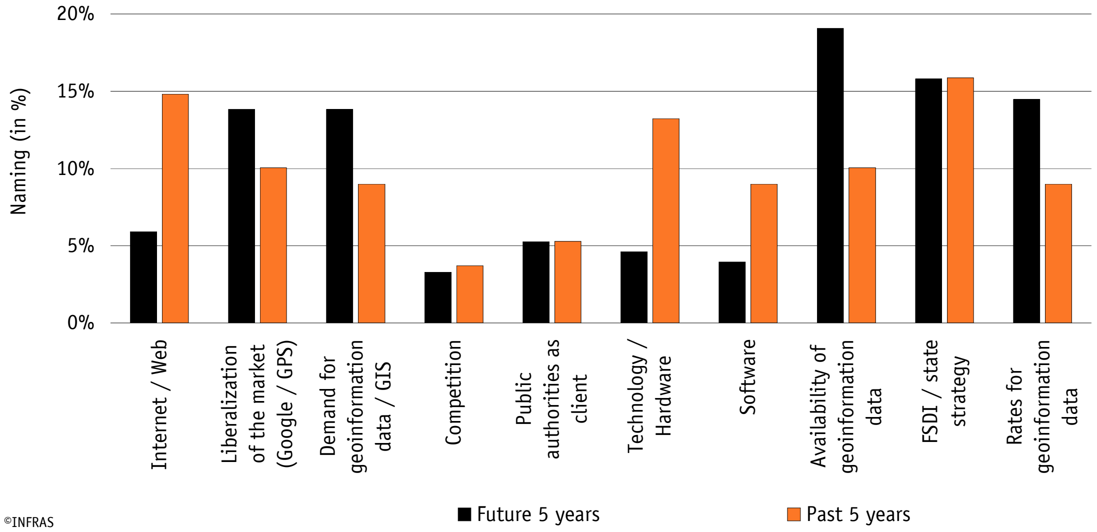

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Figure 2 „Which two factors will or have influenced the Swiss market of geoinformation in the past/future 5 years? " (Each company could name two factors; N = 110 companies; 150 respectively 190 answers).