

The View of the VARs

Licensing, Pricing, SENC Distribution and other issues

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Agenda

01 Role of VARs (Data Service Provider)

02 SENC distribution

03 Licensing

04 Pricing

05 The Dynamics of Innovation

06 Recommendations



Role of VARs (Data Service Provider)

Implications of the term VAR = Value Added Reseller

- Product is distributed by a “Reseller”
- “Resellers” are no partners, but “only” distributors
- Adding value is unspecified

Understanding of the “VARs”

- ENC are no products, only the consolidation of the ENC data sets build a product
- VARs understand themselves as partner of HOs in supply chain
- VARs see themselves rather as “Data Service Provider” (DSP)
- Customers relying on DSP for all their data needs (ENC, real-time weather, tides and currents information...)
- End-user expect complete coverage, not for primary navigation when no ENCs are available
- End-Users expect DSP to ensure data is working on all different platforms

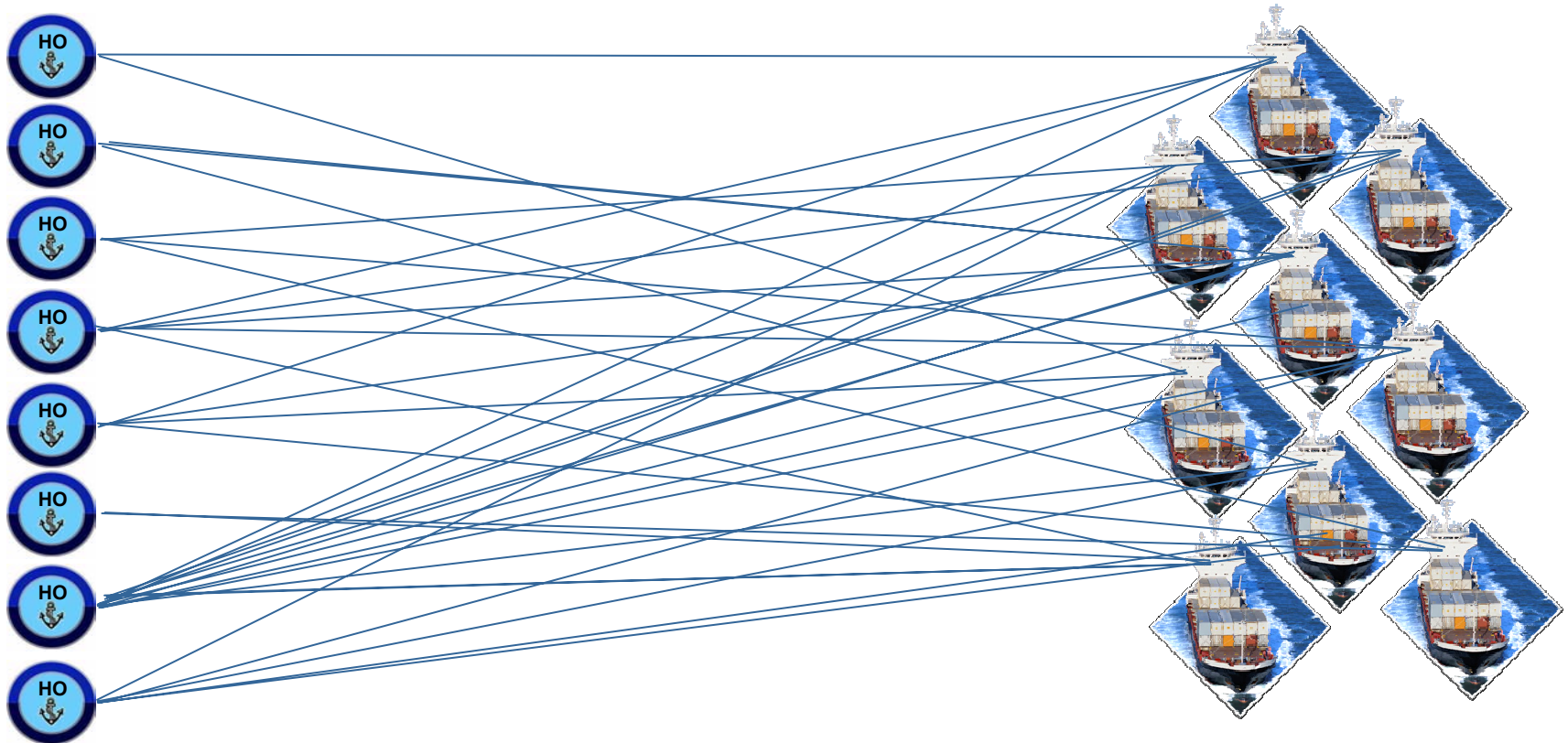
Why DSP rather than VAR



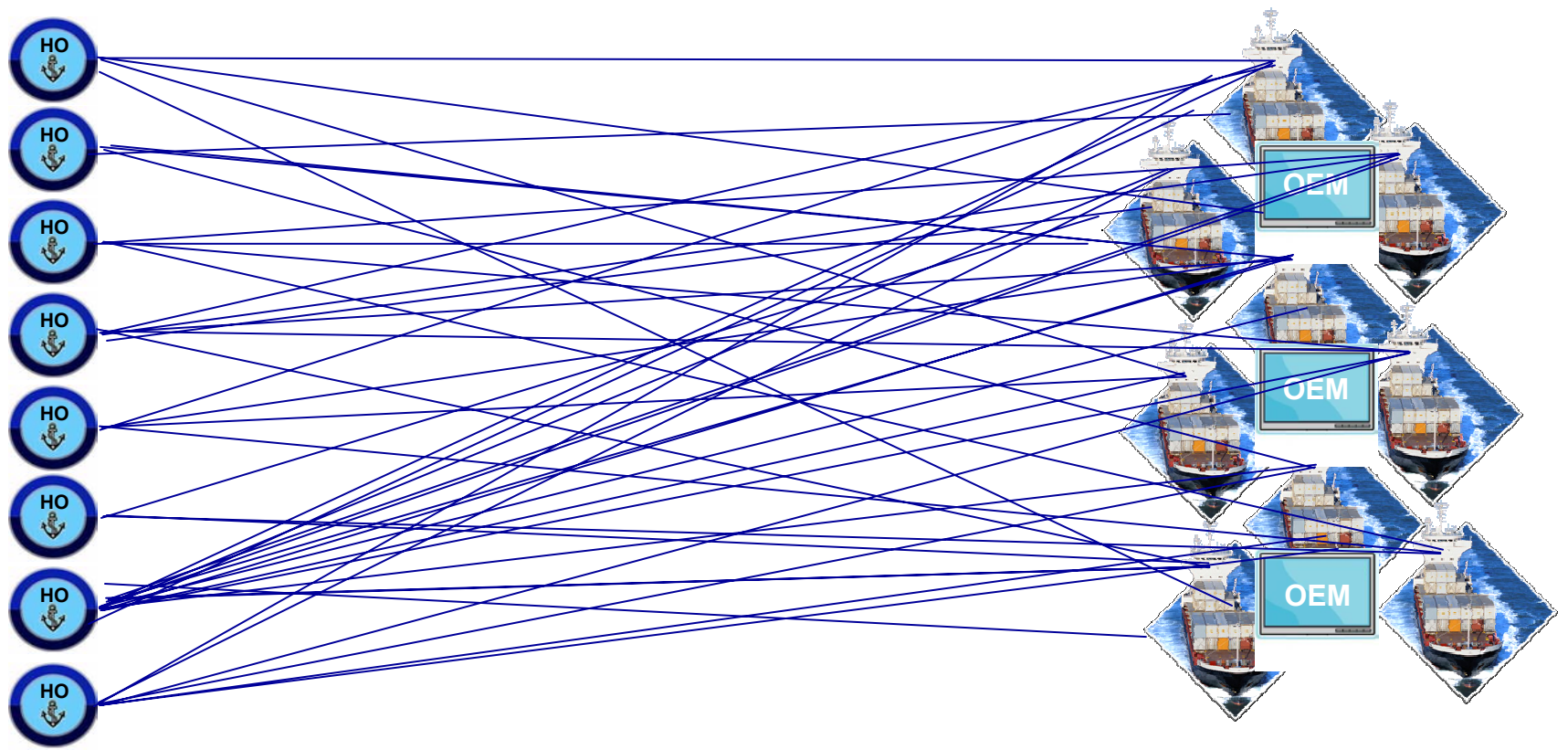
The complexity of the Data Supply Chain



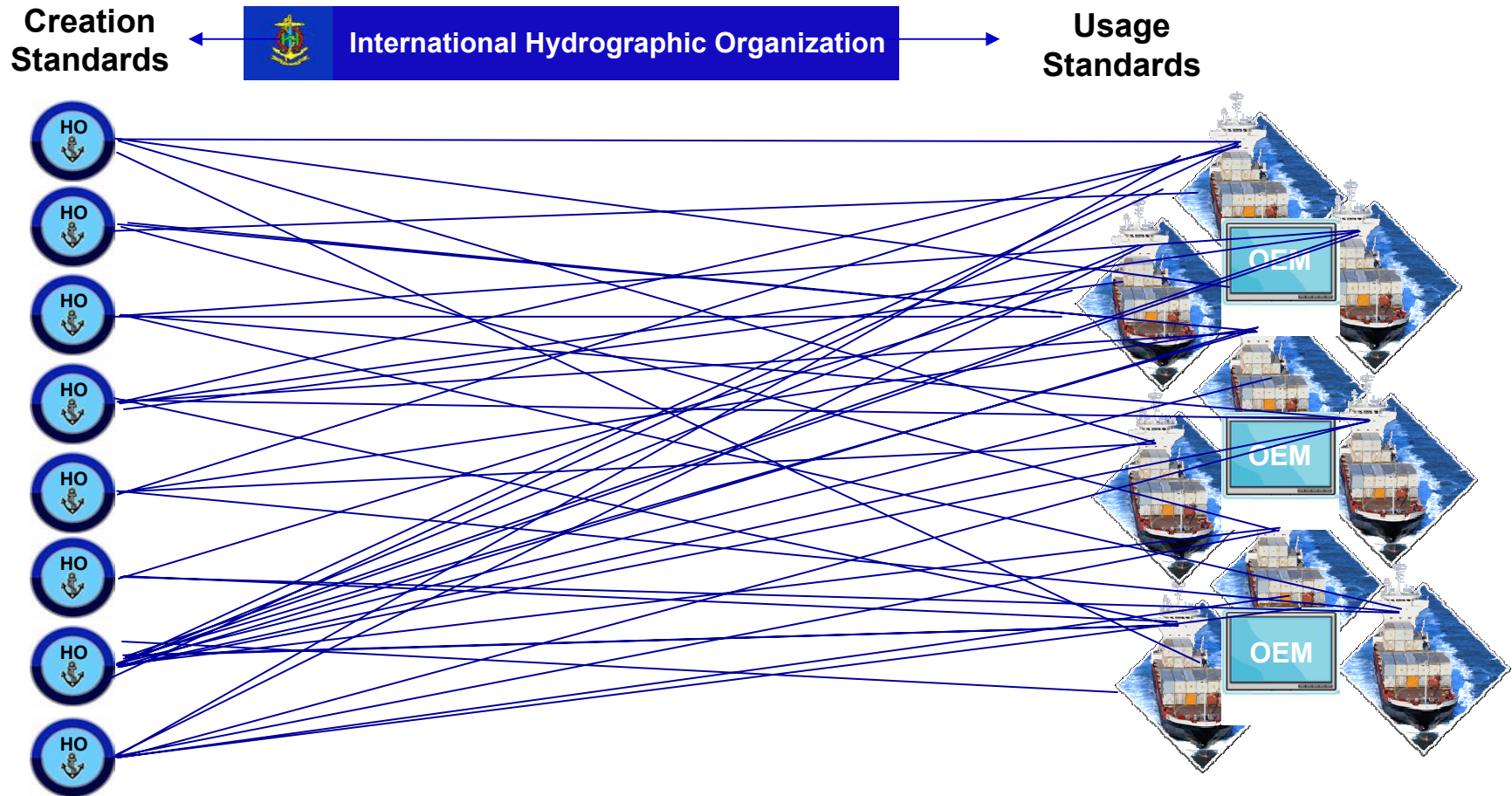
A “many to many” relationship



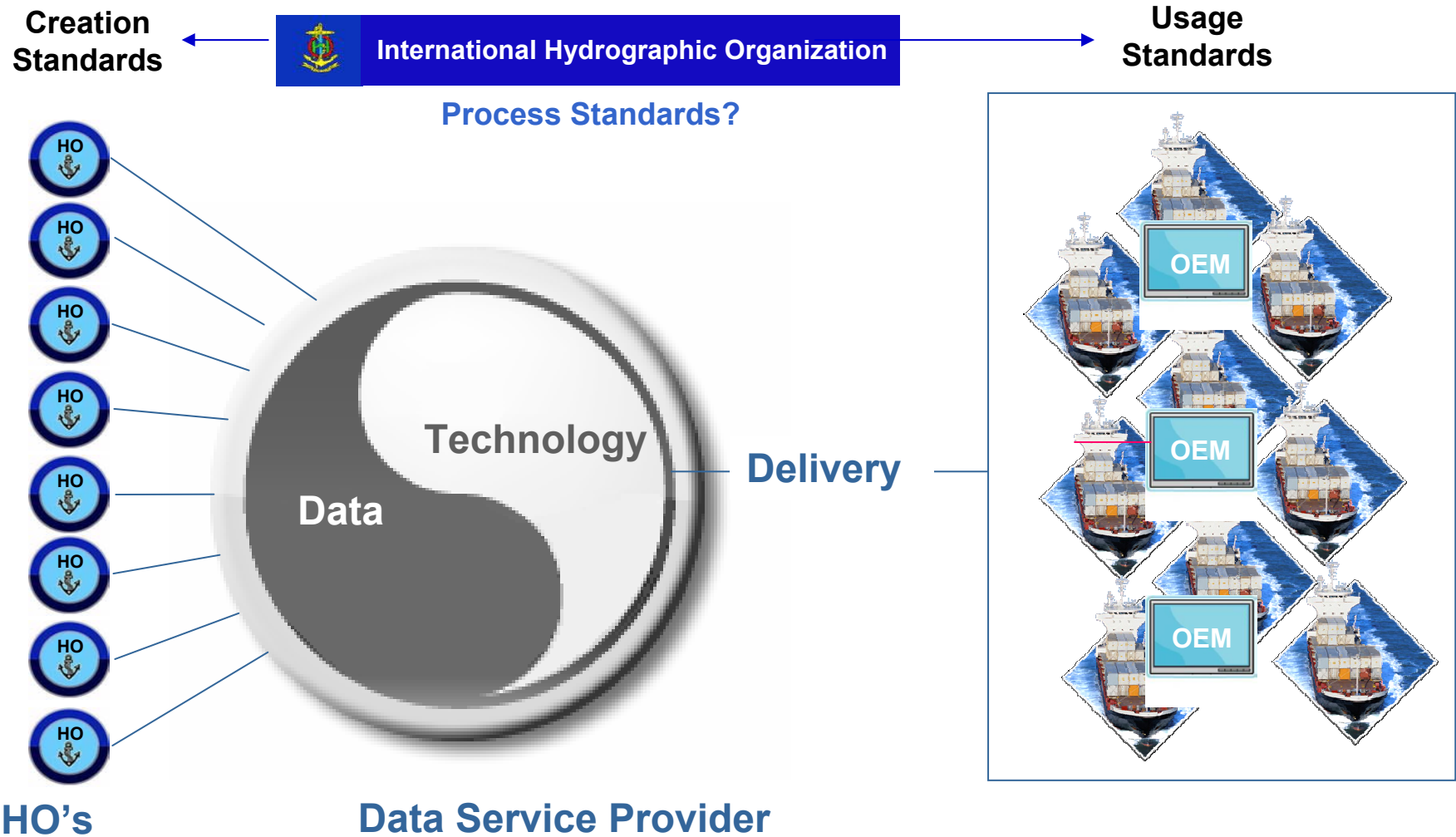
Add "digital"



Add standards:



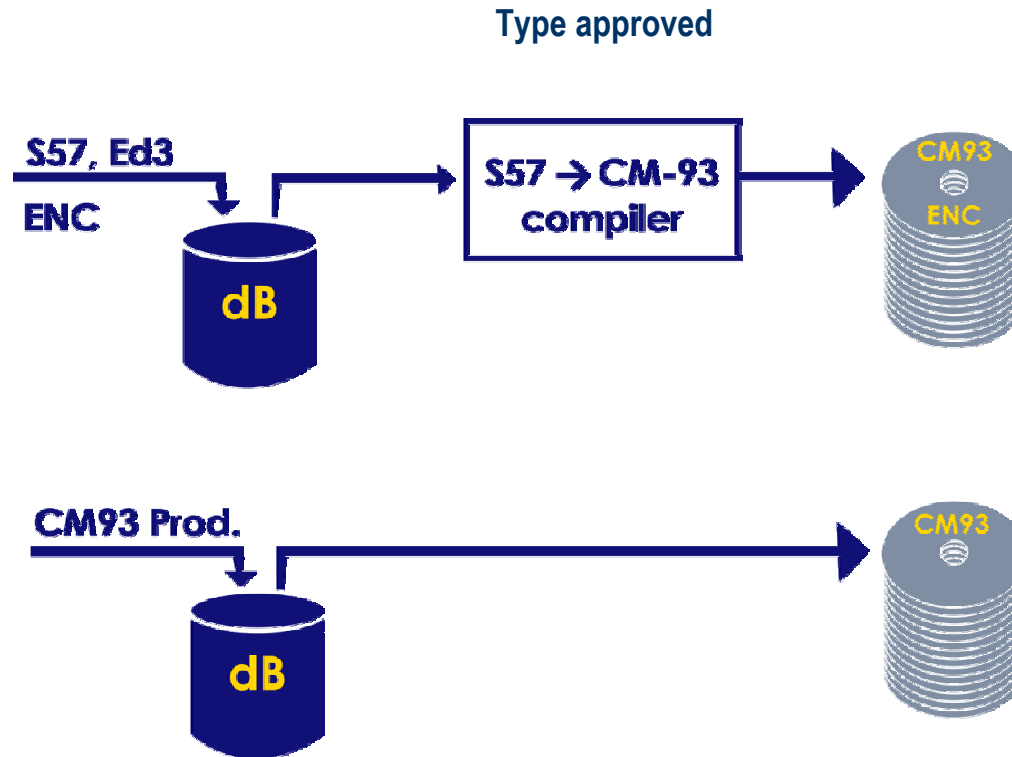
Fusion of Content and Technology



SENC Distribution

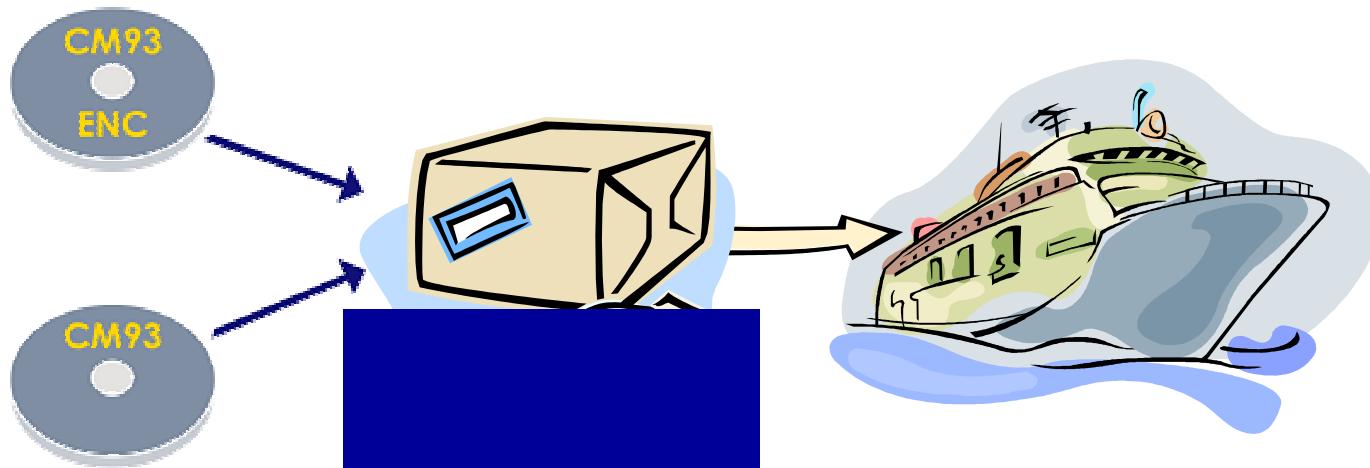
- SENC is the internal database in the ECDIS
- ENC is compiled and encrypted in the SENC format
- SENC distribution simplifies the installation and update procedures of chart data in the ECDIS system
- ENC data is never unprotected & in an open format as with S63 encryption of S57 data
- SENC distribution facilitates supply and use of 'multi-fuel' data in the ECDIS

SENC compilation – Jeppesen Marine Example



ENC in SENC distribution – Jeppesen Marine Example

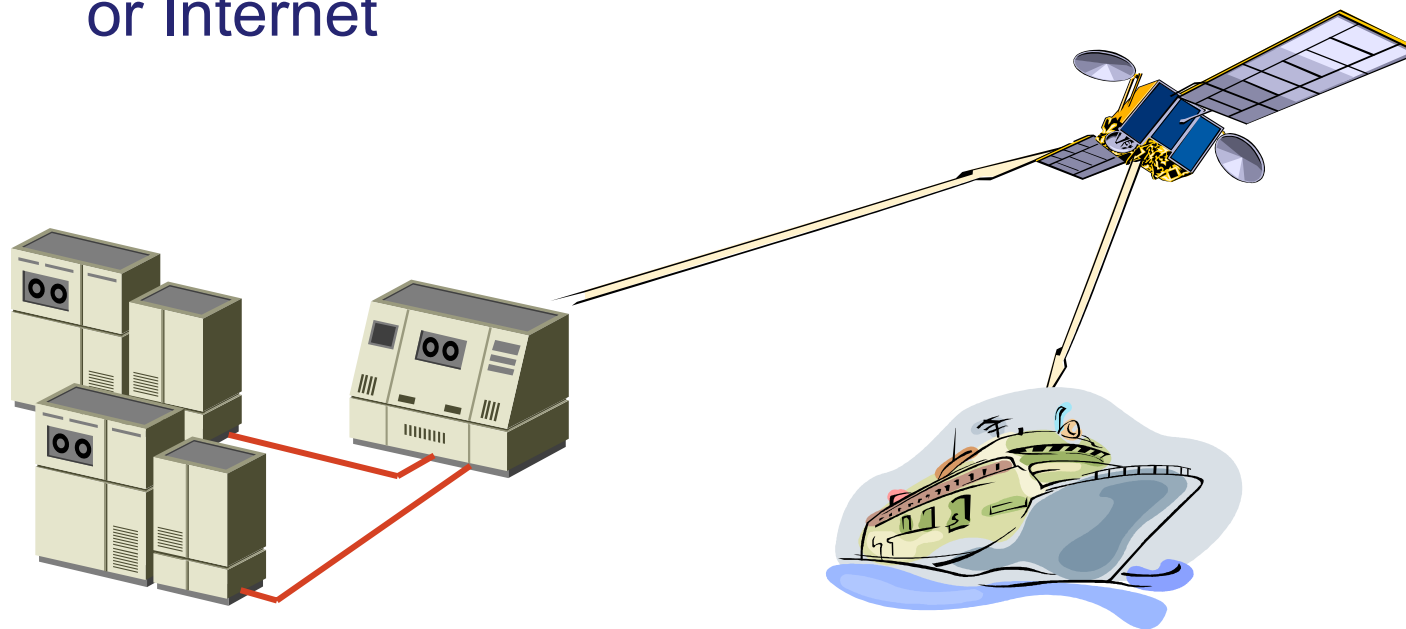
- DNV Type Approved SENC distribution infrastructure



- When installed in the ECDIS system, technology ensures that ENC data is always given priority

On-Line Updating Service – Jeppesen Marine Example

- On-line, direct access updating service available to subscribers at no cost
- Enables the chart database on board to be updated on line with official ENC's in SENC format via e-mail or Internet



Licensing

Assumptions:

- ENC's should be owned and produced by the HOs for their territorial waters only
- Some HOs distribute through RENCs -> Licensing is through RENCs without involvement of owning HOs
- In the RENC concept the DSP partner is the RENC, no longer the HO
- RENCs only are allowed to act in “current conditions”
- End-User do not care about differences in licensing conditions. They expect DSP to solve this and make it transparent

Questions:

- Who is the owner if “HOs” are producing ENC's for other waters?
- How can advanced innovations on marine safety and efficiency being introduced if the RENC licensing is restrictive but negotiation with RENCs are prohibitive?
- How to handle conflicting licensing terms which prevents DSPs to harmonize services? Examples:
 - Request for promoting Data supplier on end-user media
 - Different, conflicting liability terms

Pricing

In ENC and derivation different pricing themes exist:

- % Calculation
- Access fees
- Flat fees
- Minimum fees
- “Recommended Product costs”

General Pricing Conditions:

- Pricing must be acceptable to the market:
never pricing navigational products out of the reach of navigators.
- Fair and equal pricing
guarantee fair and equitable licensing arrangements, whereby all licensees are subject to identical conditions

- **The Paradigm shift**
 - The “Analog” paradigm requires a product to issue data.
 - The “Digital” paradigm enables the separation of data and product
- **Need for high precision data**
 - “Analog” data does not support easy comparison and overlap
 - “Digital” data requires higher level of harmonization
 - High precision on-screen positioning (DGPS) highlights deficiencies in cartographic data
- **Need for additional data**
 - Increasing density of traffic and increasing risk (e.g. ship size) requires additional data to gather necessary information
 - New methods are enabling new data streams to ship masters (sensors, real-time weather, AIS, LRIT...)
 - Additional data enables higher precision of situational awareness and prediction
- **Need for data aggregation**
 - New data streams can easily overload ship masters
 - Data aggregation is needed to convert data into information using situational analysis
- **Adapt to speed of technology innovation**
 - Technological innovation is doubling speed every five years
 - Innovative new products will increase safety and efficiency
 - Hydrographic data presentation and products using hydrographic data cannot “sit back”

- **Standards will have to adopted to speed of innovation**
 - S-100 a solution for rapid adaption for new objects and features
- **New Standards need to be flexible for integration**
 - S-100 as an option to integration IALAs (Universal)- Marine Data Model (U-MDM)
- **IHO has the opportunity to be the “Gate-Keeper”**
- **Innovations will not stop**
- **Stakeholders can either “join the journey” or “miss the train”**

Recommendations

- **IHO to focus on developing “Process Standards”**
- **IHO to partner with various stakeholders as “Gate-Keeper” for new integrated standards.**
- **Data Service Provider (DSP) to fully accept data ownership by HOs for their territorial waters**
- **DSP to fully cooperate with HOs**
- **HOs and DSP to cooperate in defining fair and acceptable pricing models**
- **HOs as data providers are accepting DSP as partners in the supply chain, allowing real value addition (SENC distribution, new innovative Products...)**
- **DSP to be ready for quality certification once standard for “Data Supply Chain Certification” is ratified**
- **HOs to cooperate with DSP to improve safety and efficiency at sea**



THANK YOU !