

kadaster



Bert Beentjes – 8 februari 2024
Bert.Beentjes@kadaster.nl

Business models under financial stress

Before 2023

- Strategic planning on product improvement
- Increasing effort on digital regulations
- More money than we can spend

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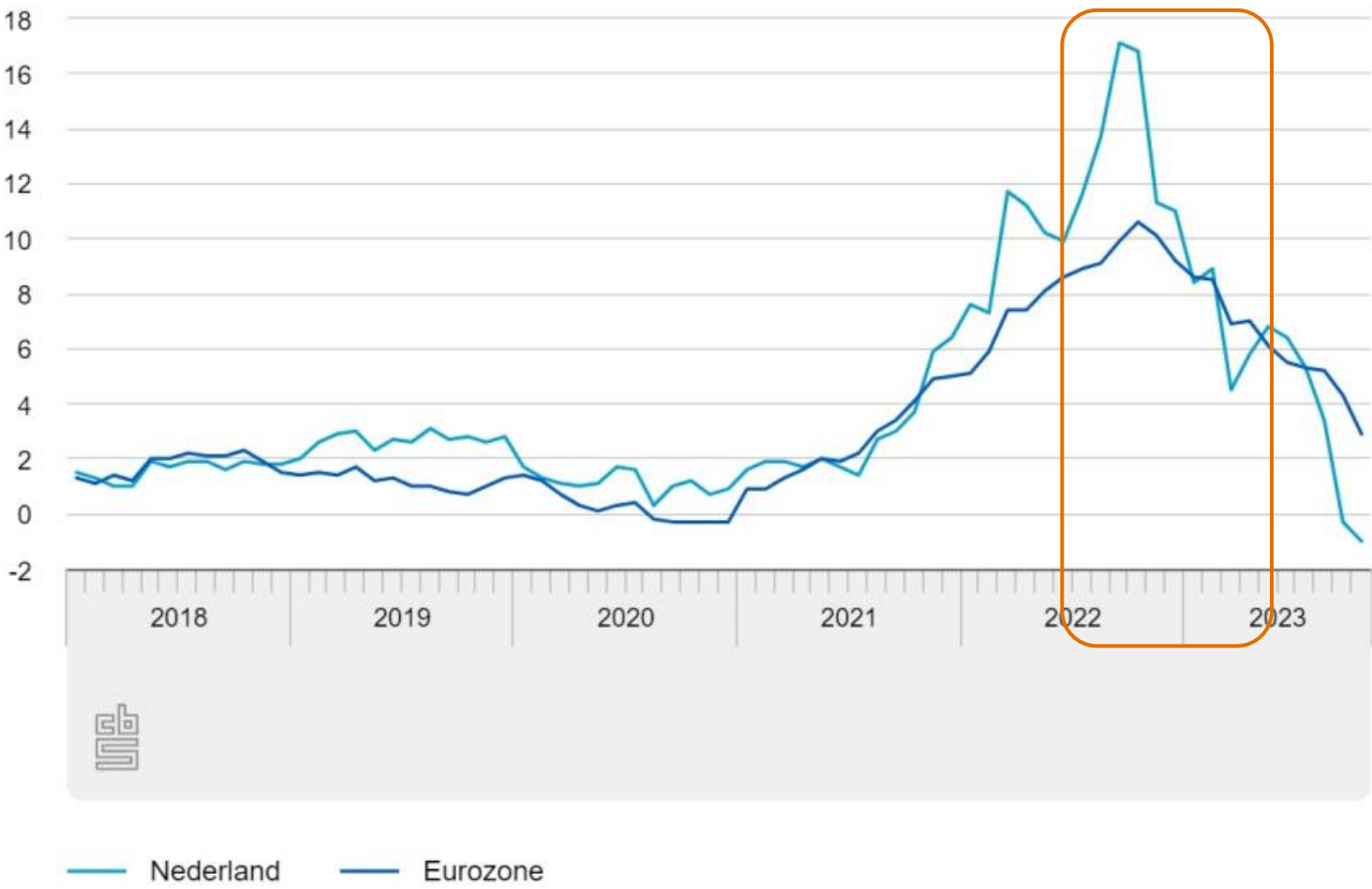
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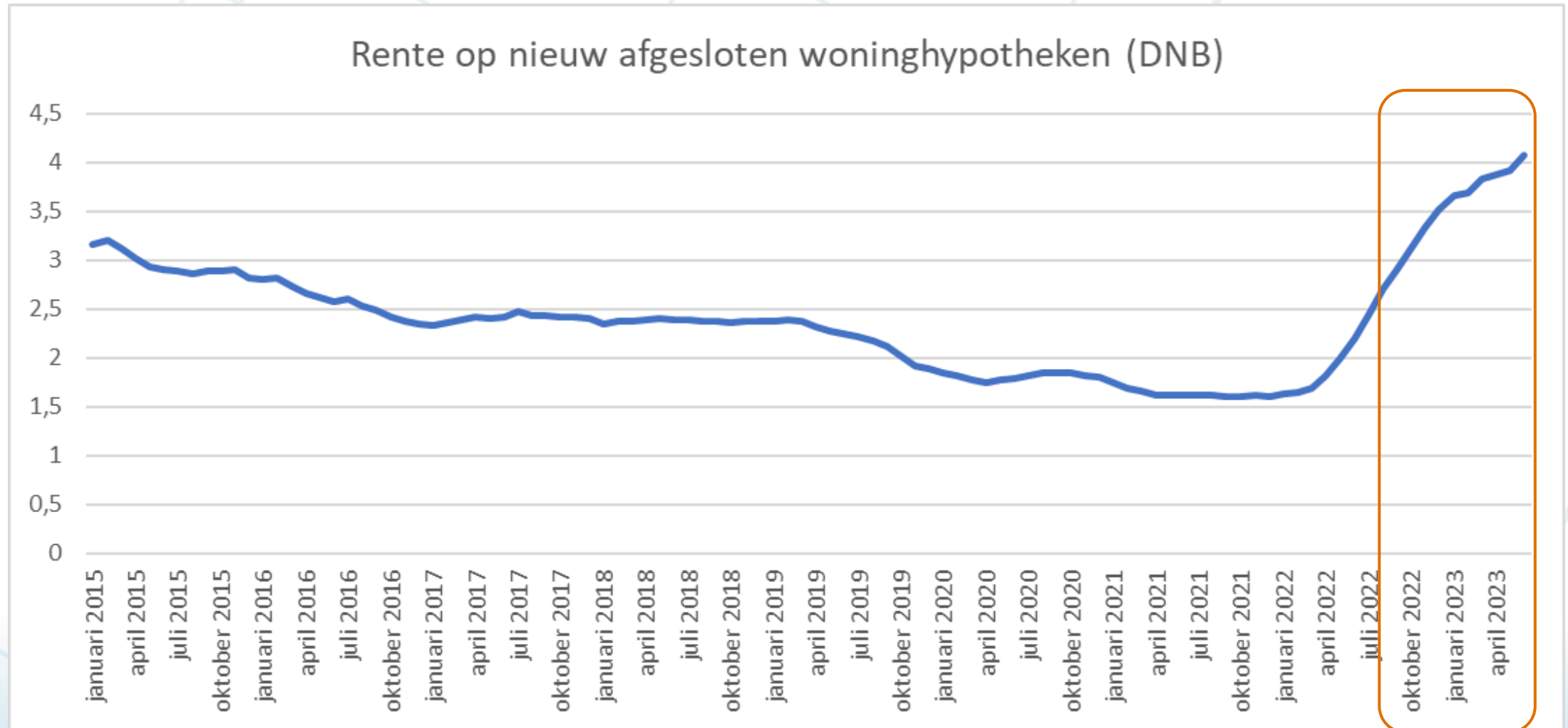
Budget 2023 approved, and then... inflation soars

Europees geharmoniseerde inflatie (HICP)

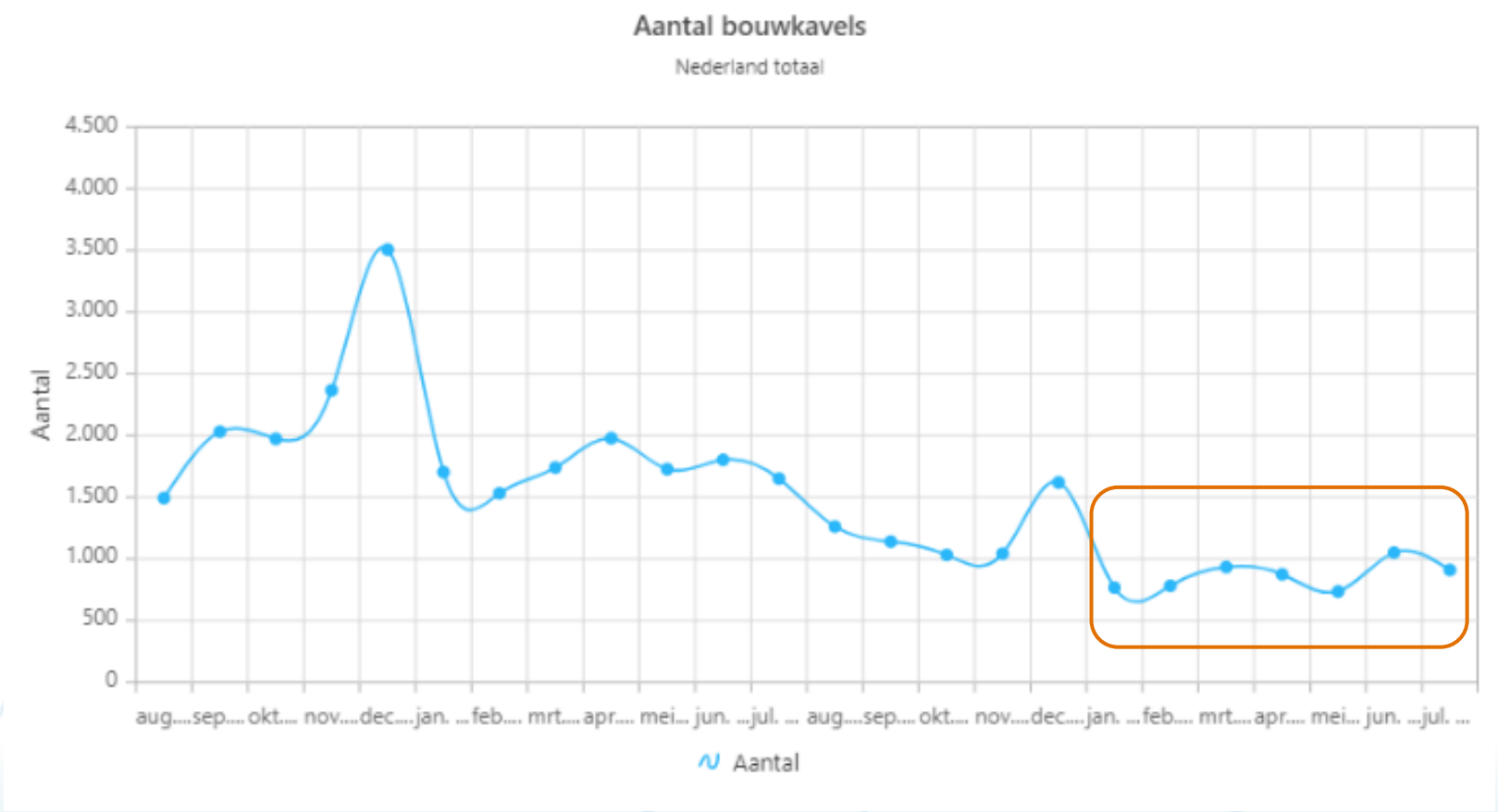
% verandering van de geharmoniseerde consumentenprijsindex t.o.v. een jaar eerder



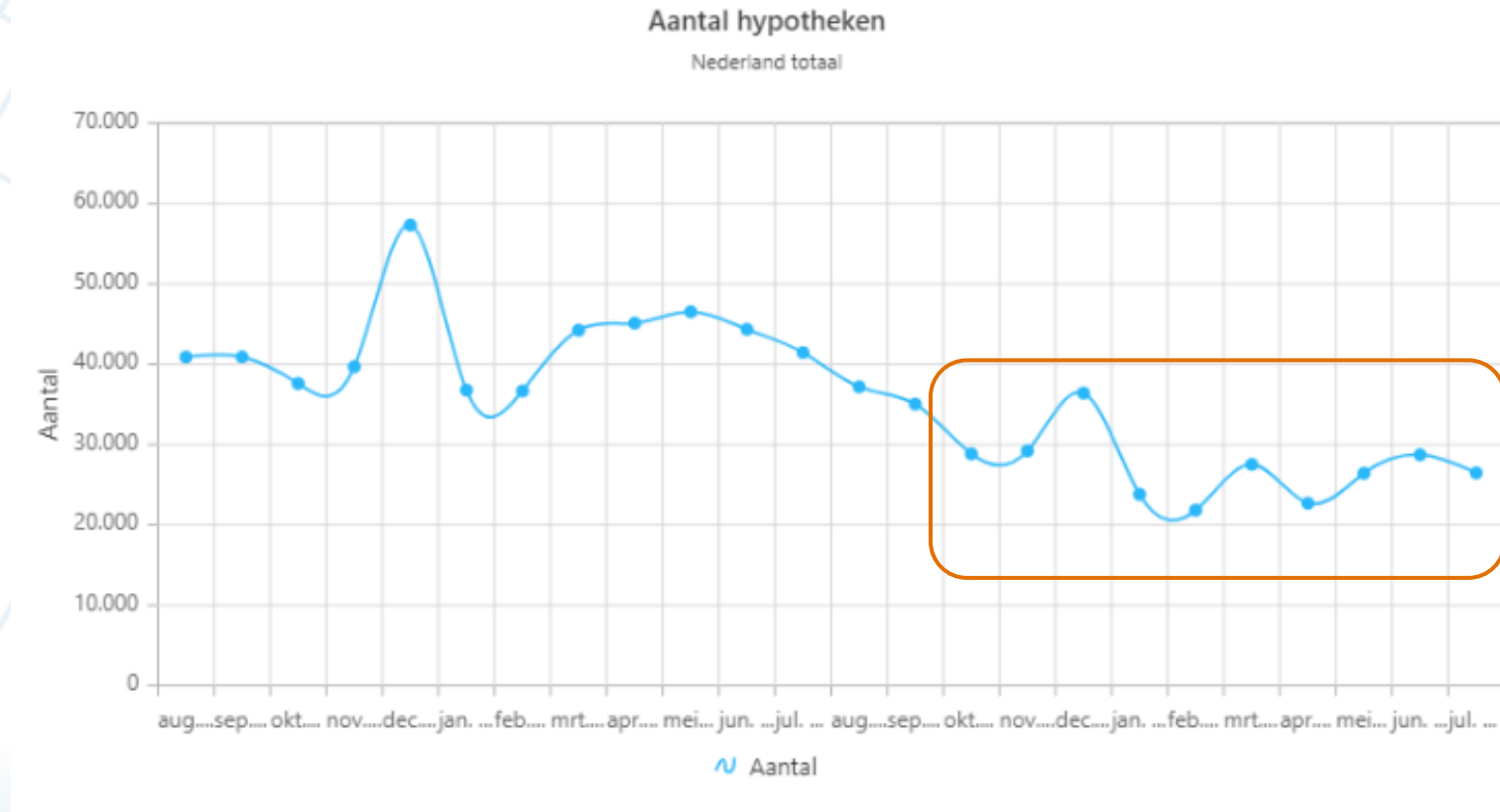
Interest rates on mortgages rise



New home development slows down



Mortgage renewal rates go down



What to do?

Business model 1 – consumer product pricing

Land administration – registration, surveying, cadastral information

- a) Use reserves – €80M reserve to compensate for economy
- b) Increase prices – once a year, first possible moment is 1-1-2024
- c) Reduce costs – 1:10 flexibility in production; IT maintenance vs development; overhead and support; contract costs

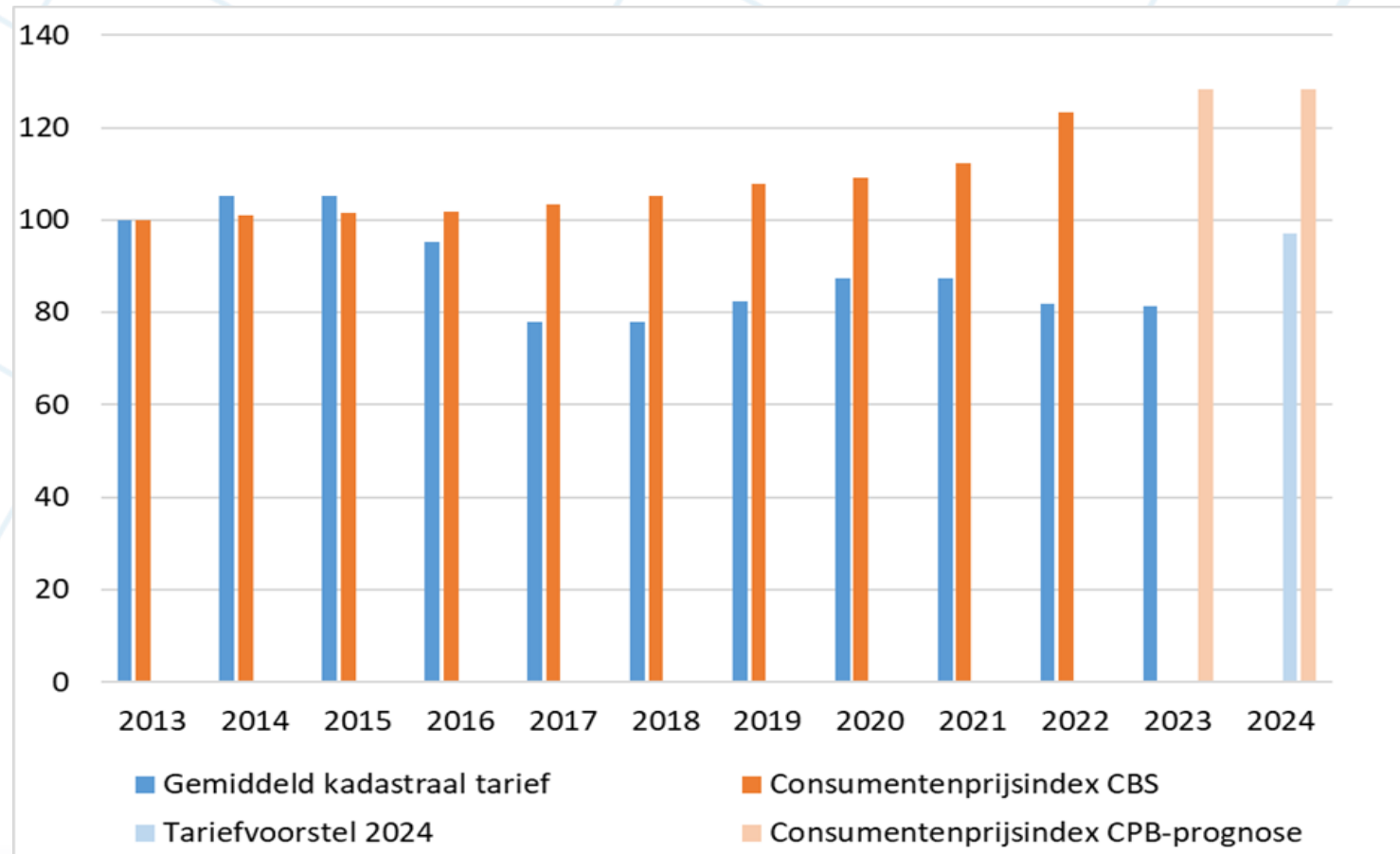
Primary option: reserves

Secondary option: costs

Long term option: pricing

Not possible: increasing sales, immediate price increase, reducing quality

Operational excellence – pricing vs consumer price index



What to do?

Business model 2 – consumer hour pricing

Data analysis, projects and consultancy services

- a) Use reserves**
- b) Increase prices – once a year, first possible moment is 1-1-2024**
- c) Reduce costs – limited flexibility in production; limited IT costs; overhead and support**

Primary option: reserves

Secondary option: reduce overhead

Not possible: increasing sales, immediate price increase, reducing quality

What to do?

Business model 3 – budget based

Base registries with geo data

- 1) Increase budget – ask more budget; budget approval once a year, first possible moment is 1-1-2024
- 3) Reduce costs – limited flexibility in production; prioritize IT maintenance over development; reduce overhead and support ; cost reduction by employing instead of hiring

Primary option: cost reduction of development, hiring

Secondary option: increase budget

Not possible: reducing service level, reducing quality, reserves (not for this purpose)

Vulnerabilities

- Time between budget approval, planning and realisation
- Low income stability
- Slow and limited possibilities for price or budget increases, changes always after the fact
- Limited cost flexibility in production processes
- No flexibility in quality of work or service levels
- Limited flexibility in work force and contracts
- Rebuilding time of reserves
- Overhead has no or limited flexibility and relative overhead increases

Sustainability and flexibility

- business model 1, product pricing, is sustainable with:
 - reserves
 - price flexibility
 - cost flexibility
 - resilient pricing models
- business model 2, hour pricing, is sustainable with:
 - volume
 - in practice, we combine this business model with business model 1
- business model 3, budgets, is sustainable with:
 - workload and workforce flexibility
 - budget flexibility for inflation (though this is admittedly difficult)
 - alternative revenue streams, e.g. (open) data provider, user, grants

And a combined model is more resilient than each model on its own.

Lasting effects

- reduced investment in improvements leads to slower implementation of regulations and policies
- reduced investment in infrastructure leads to vulnerabilities
- change from hiring to employing limits future flexibility

And positive changes:

- more realistic budget agreements
- improvements in internal governance

Mitigation of financial stress

- Financial reserves help to survive the period between the onset of financial stress and mitigation through price or budget increases
- Cost flexibility is largest in IT development and projects, but limiting developments can have long term consequences for product development or compliance with digital government regulations
- Cost flexibility in other parts of the work force has to be organised and taken into account in contracts and governance

Questions?

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Focus on business model budget based

- National mapping