



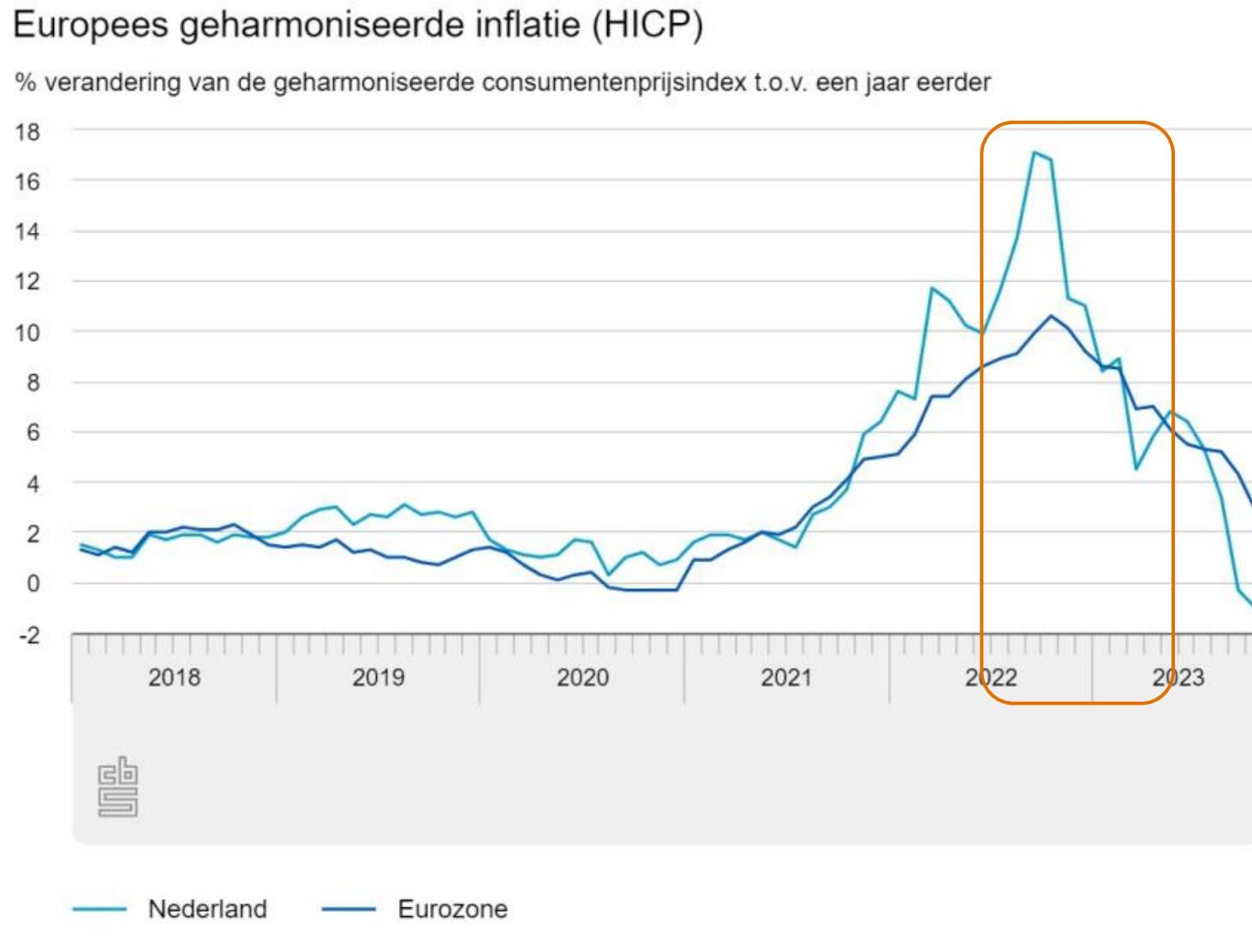
Business models under financial stress

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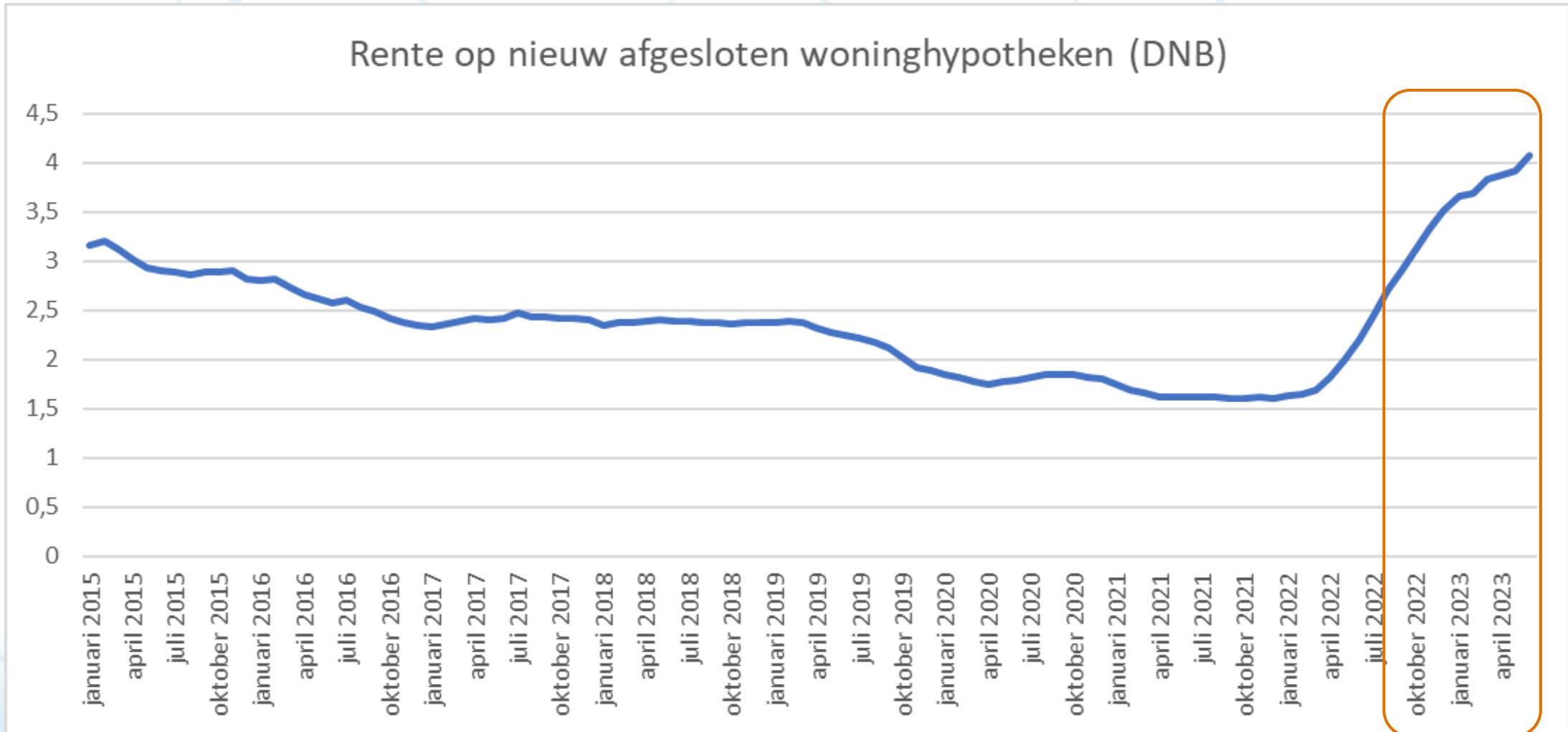
Before 2023

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

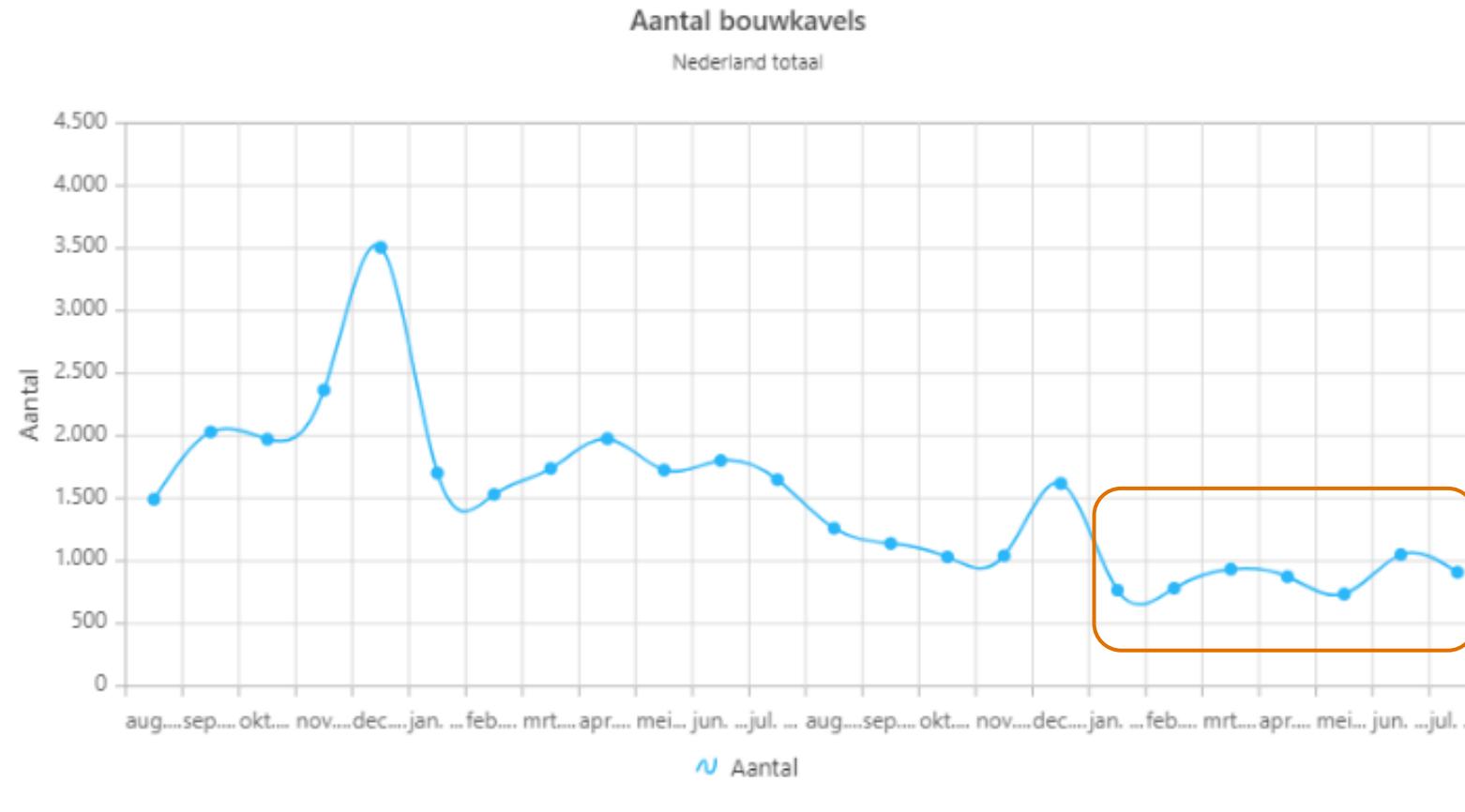
Budget 2023 approved, and then... inflation soars



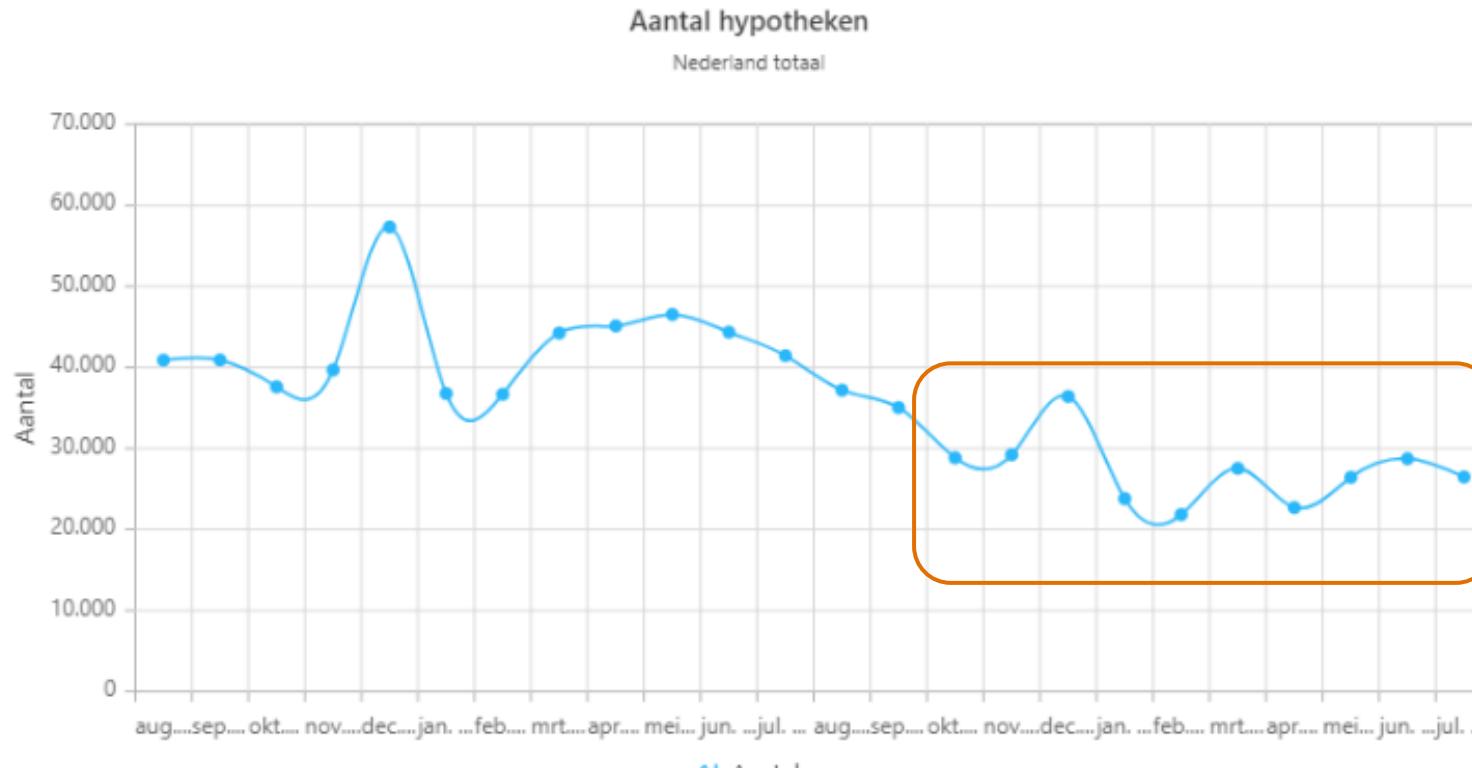
Interest rates on mortgages rise



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

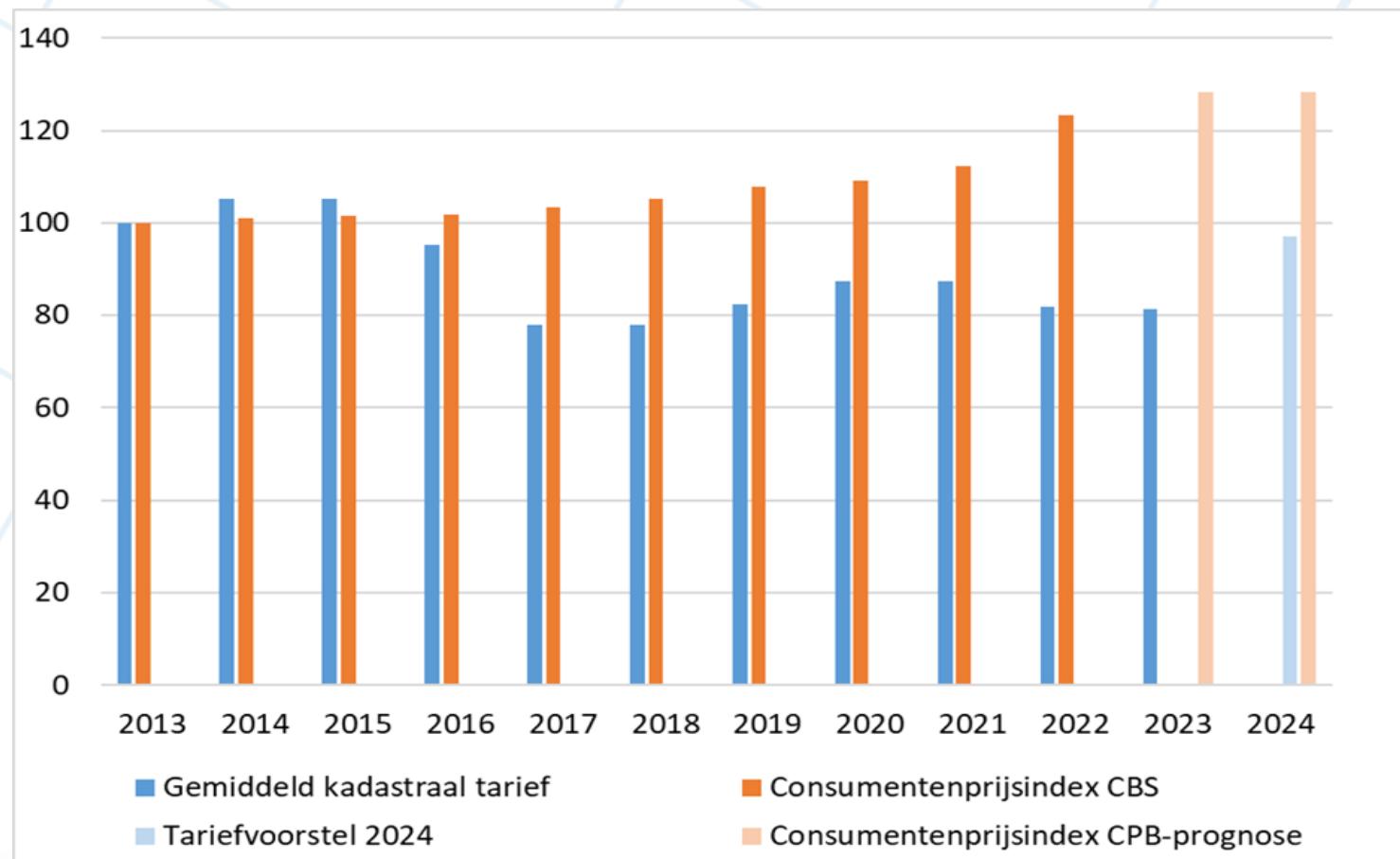
Primary option: reserves

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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15/02/2024

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Focus on business model budget based

- National mapping