

Business Models for PSI re-use

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PSI has been reused commercially since the times of printing and selling maps, legislation, weather reports, and business information. Industries based on commercial re-use of PSI are centuries old and the aggregated revenue is probably in the billions already.

Successful business models based on PSI re-use are ubiquitous and various (companies that sell maps, legislation, navigations systems, weather services, business intelligence, etc.). Reuse of PSI is not only developing Web applications. A good example is the business performed by an infomediary company, who made an extremely good living from selling subsidy advice, based on procurement data that was openly and publicly available. Clients would inform about what business they were in, and the company would help them win tenders, charging a percentage of the awarded budget.

Maybe the term 'open data business models' is confusing. You cannot make a business just out of open data. Open data is free; **you can't sell someone something they can get themselves**. Like you can't sell air to breathe, unless you provide a service, e.g. putting it in a bottle and sell it to a diving club; you can't sell wind, unless you convert its energy and sell the electricity. So we should refer to '**business models to create and sell products or services that use open data**'. You can only make a business out of adding value to open data, or the other way around by adding value to your product or service through the use of open data. One potential service is to make open data available to people who don't have the skills, tools or time to get the data themselves and make them pay for it. Open data advocates think this is bad, making people pay for open data, but it is in fact what the Directive encourages -- commercial re-use means that there must be a paying customer.

Is TomTom's business model an 'open data business model'? – after all they use open data (namely [GPS data](#)) but they create a product on top of it that they can sell. In fact, the (open) data in a business plan is but one of a whole list of cost items. **Free or cheap data reduces cost** that may enable either a lower price for a product or service or higher profits, **but it may not make or break the business**.

The barriers to PSI reuse

The common barriers have always been that (a) it was **hard to get** – so one had to try and figure out who had the information needed for the product or service, (b) there were **no standard usage conditions** across agencies and countries – so one had to negotiate with individual suppliers, (c) it was usually **not free** – so one had to pay for it, and (d) information was in various **non-standard formats** – so one had to invest in pre-processing and conversions. Because of those barriers, a commercial re-user was faced with high cost in investment, operation and maintenance. The [PSI Directive](#) tries to provide a solution to those barriers by **increasing discoverability**, encourage **standard licences**, **reduce the price** to (near-)zero and encourage the **use of standards**. It's a start but a lot still needs to be done to lower the barriers even more.

Apart from these obstacles, there is a fundamental conflict that niggles at the claim that open data fosters a new data economy: reliability of service. No business can run a commercial service that depends directly on data that comes with no guarantee of quality or availability.

But there's another conflict: who's to say that the data supply won't be switched off without notice? If there's money to be made by offering services that depend on curating and cleaning data – and the

growth of the infomediary sector indicates that there is – then is that something the public sector or the private sector should be doing? What actually *is* the public task? There are many stories of public authorities making data available for a while and then withdrawing it when they see that companies are building applications and/or making money out of it – i.e. working directly against one of the stated aims of open data. [Several London boroughs fall into this sorry category.](#)

The policy of making data available openly is a good one that is having measurable effects. **Now we need a policy that defines what a public authority will and won't do with their data** so that entrepreneurs can invest with confidence.

If you want to learn more about this topic, join us next week at the fourth [Share PSI Workshop: A self sustaining business model for open data](#) –20-21 May in Krems (Austria).

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