The UK Location Market Survey 2020:

Executive Summary

An Assessment of the Current Size and Future Direction of the UK Market for Location Information Products and Services

ConsultingWhere

Maximising the value of location information

ConsultingWhere Ltd

Registered in England & Wales

Company No. 6470449.

Heath End
The Common
Chipperfield
Kings Langley
WD4 9BL

Telephone: +44 (0)1923 291000
e-mail: info@consultingwhere.com
web: www.consultingwhere.com

Registered Address
149-151 Sparrows Hearne
Bushey
WD23 1AQ
United Kingdom

OVERVIEW

Our research estimates the size of the supply-side UK market for location information products and services at **£2,080 Million**.

Revenue between our last survey in 2017 and the end of 2019 shows a **Compound Annual Growth Rate (CAGR) of 12%.**

This growth is stimulated largely by increased revenues in existing companies, many of the larger players showing double digit year on year increases in revenue over the period. However, there are an increasing number of new entrants exploiting a wide range of new use cases. Although their revenues are currently relatively small there are large opportunities in sectors such as financial services, defence and construction for them to thrive in well-defined niches.

For the first time, we have also estimated demand-side value i.e. the wider economic impact of geospatial in generating additional revenue and facilitating cost savings elsewhere in the economy. We calculate the current value added by the location industry at between **£10 Billion and £15 Billion per annum**.

This summary offers some headline indicators.

The full report is now available and contains detailed research findings covering:

- Financial breakdown of the market by segment and activity type
- Sector by sector growth prospect analysis
- Competitive positioning of major players
- Technology trends analysis
- Global Economic Impacts
- Industry opinion former thought pieces
- Recruitment pattern analysis

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Many of larger players showing double digit year on year increases in revenue

ABOUT THE REPORT

This report provides an assessment of the current value and future direction of the United Kingdom (UK) market for location information products and services.

It is based on information drawn from publicly available sources, contributions from industry experts as well as information informally gathered from the authors' contacts both inside and outside the location market. This survey is unique, in that it is undertaken by location industry experts, based on the most recent intelligence available and informed by insights from a wide range of opinion formers.

AUDIENCE

It will be of value to various audiences including C-level executives and senior government officials, company strategists, financial and operational managers and advisors.

Location market touches almost all sectors of UK economy and supports hundreds of use cases

SCOPE

The location market is cross cutting, touching almost all sectors of the UK economy and supports hundreds of use cases.

For this reason, it is difficult to define its boundaries with precision. The working definition in undertaking this work has been adopted from that used by the UK Association for Geographical Information (AGI) in defining its activities[1]:

"Any endeavour where substantive use is made of location information to the benefit of citizens, good governance and commerce."

In this context, the terms location, geospatial and geographic are taken to be synonymous, although they reflect one of the on-going problems of an agreed identity and branding from which the market continues to suffer. The sector by sector analysis aims to provide insight into its furthest reaches.

[1] https://www.agi.org.uk

RESEARCH

This 2020 assessment is based on a completely new survey and research to reflect the evolving dynamics of the market. The scope has been significantly widened since the last update in 2017.

For the supply-side analysis more than 2500 organisations were assessed initially of which over 900 have been included in scope.

In addition, the assessment estimates the value of demand-side use of location services. It incorporates earth observation and marine survey organisations more comprehensively into the analysis than previously. Future predictions on growth have been validated by a survey of users and opinion formers.

EXTERNAL INFLUENCES

Publication of this year's report comes at a point of inflection, with the United Kingdom's departure from the European Union.

This represents the biggest change in our trading relationship with our closest and largest partners for over four decades. It come also at a time of heighted tensions caused by the trade war between the China and the United States (the world's largest economies).

In this context, scientific and technology innovation is bringing location into the mainstream; harnessing the power of the information age and achieving real digital transformation. Figure 1 overleaf illustrates some of the more significant geospatial trends setting the agenda for change over the next 2-3 years.

There are many significant game changers on this graph. These include the reducing cost of building, launching and operating earth observation satellites. The range of use cases that are being supported by a growing number of constellations is exciting, but the management of the volumes of data being produced is increasingly challenging.

The next generation of Unmanned Aerial Vehicles (UAVs) or drones will carry higher payloads and have larger range, with the largest platforms, such as the Airbus Zephyr and Astigan, now described as pseudo satellites because of their ability to operate at high altitudes for months at a time.

Geo applications of Artificial Intelligence (from machine learning to computer vision) will also allow well known algorithms to be successfully applied to very large volumes of geospatial data.

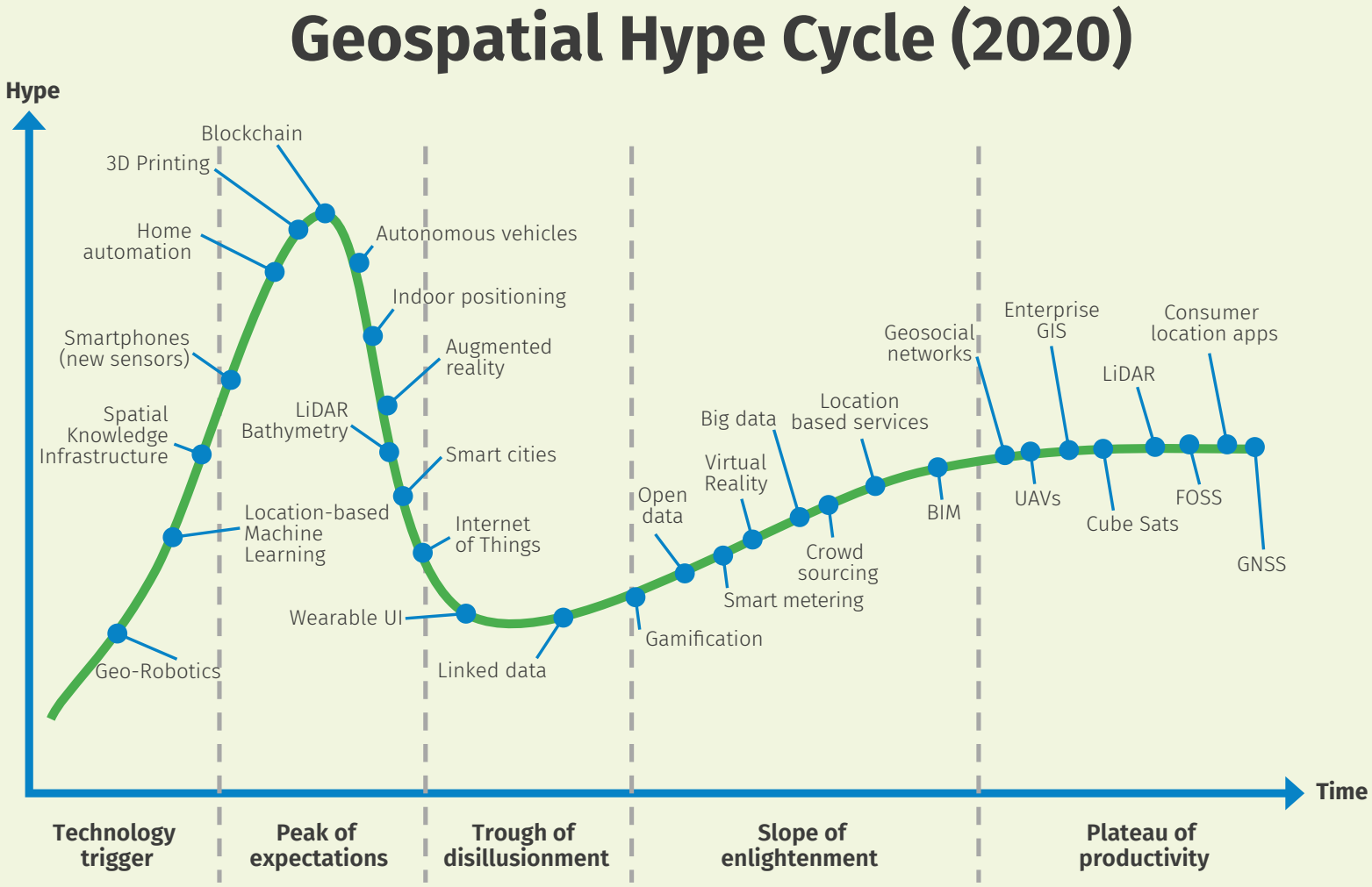
Mixed reality, combining augmented and virtual reality techniques is already emerging in underground asset detection and may soon be in routine widespread use in UK as part of smart city planning and design.

Although some of the "hype" surrounding autonomous cars may have dissipated in recent months, the connected car concept seems to be gaining in significance and will continue to stimulate revenue for geospatial-based telematics software and services companies.

...concerns about location privacy are surfacing more often...

Changes in social attitudes are bringing further challenges and opportunities, with smartphone apps increasingly leveraging location data. Resulting concerns about location privacy are surfacing more often alongside cyber-attacks and leaking of our personal data in ways that now appear to be more under the control of multi-national tech giants than national governments.

However, the most pressing long-term external influence is that of climate change and the lack of global consensus on how to deal with its more pressing indicators of sea-level rise, storms, land degradation and reduction in biodiversity. The location industry has an increasingly important part to play in this debate by providing better analysis to help underpin decision making on the future of the planet.



ConsultingWhere, with acknowledgements to Gartner research

Figure 1: Geospatial Hype Cycle

SUPPLY-SIDE MARKET SIZE

The survey reports the performance of **900+ organisations** in the commercial and public sectors.

Our analysis of these organisations has led us to assess the UK market size in thecalendar year 2019 at **£2,080 Million (+/- 5%)**. This represents a **CAGR[2] of 12%** against the previous analysis in mid-2017.

Dominance of the supply-side market by a small number of large players continues. The top ten companies, in terms of attributable turnover, account for 45% of the market and the top 50 account for 68%.

The largest commercial organisations have all shown sustained growth since our last survey in 2017, of over 10% CAGR. Some, such as Hexagon have achieved this in part through acquisition, whereas focusing the business model on embedding their offerings in enterprise-wide systems, as is the case with Esri (UK), has been critical to the success of others. The rise of Garmin and continued strong performance of Google, emphasise the growing importance of the consumer mapping market.

Public Body	2015-6	2016-7	2017-8	2018-9	CAGR
Ordnance Survey (GB)	146.6	152.8	154.9	157.4	2.4%
HM Land Registry	295.4	311.4	317.2	320.2	2.7%
UK Hydrographic Office	139.5	149.4	151.6	157.6	4.2%
Registers of Scotland	69.8	72.6	72.6	73.7	1.8%

Table 1: Public Sector Growth

[2] Compound Annual Growth Rate (CAGR)

In contrast, the largest public sector organisations have shown little growth over the last four years, as illustrated by Table 1.

Market segmentation based on the main type of product and services offering are shown in Figure 2.

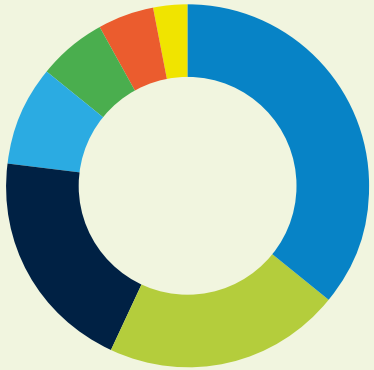


Figure 2: Market Segmentation by Main Product Type

Data services, taken to include land and marine surveying, digitising, data product creation and analysis is still the largest segment. Many geomatics companies have seen a resurgence through higher demand for 3D digital twin products derived from the use of UAV (drones), generating better margins than in the past. Similarly, the emergence of high-resolution and rapid-revisit satellite imagery, coupled with the feasibility of large volume machine learning-based processing, is creating new opportunities for data services companies focused on earth observation.

Many of the largest systems integrators are active in the location market, but in only a few cases does it account for more than a very small proportion of their overall annual revenue or show signs of significant growth.

HUMAN RESOURCES

We have undertaken a comprehensive assessment of the number of people employed in the location market.

Our estimate is that approximately **12,000 Full Time Equivalent (FTE) staff** are employed in the supply of location products and services by the organisations covered by the survey.

In addition, there are between **60,000** and **80,000** Full Time Equivalent (FTE) staff employed in the UK using the location products and services in the business, public and third sector.

FUTURE GROWTH TRENDS

The Conservative manifesto seems to promise investment in many things that could be beneficial to market growth but there is little clarity at the time of writing.

We would expect significant announcements around the time of the budget in March and publication of the Geospatial Commission's future plans around the same time.

Our recent survey of market sentiment, coupled with our own detail analysis, leads us to the following assessment in Table 2.

Sector	Size	Trend	Comment
Local Government	●●	↘	Continued constraints on investment in people and upgrading systems
Emergency Services	●		Similar constraints on investment as local government
Central Government	●●●		Lack of interoperability between existing departmental systems will continue to constrain realising benefits from geospatial
Health	●	↗	Expect wider recognition of the value of location in solving complex interactions with social services
Defence and Intelligence	●●●	↗	Many security responses require increasingly sophisticated tracking and spatial analysis using AI-based techniques
Water	●●		Unavoidable investment in existing systems only
Energy (incl. Electric, Oil and Gas, Renewables)	●●	↗	Support for development of renewables, electric charging networks, replacement of aging systems
Telecommunications	●	↗	Introduction of 5G, IoT will generate demand. Another area of growth will be the sale of mobile phone data
Land and Property	●●		Limited growth in house prices and commercial occupancy uncertainty connected to aftermath of Brexit will limit investment in new technology
Retail	●●	↘	Malaise of "bricks and mortar" retail will continue to translate into general lack of investment and team downsizing
Transport and Logistics	●●		Connected car generates increasing number of new use cases for location data but geospatial industry will continue to be a bit player so limiting revenue opportunities
Financial Services (including. Insurance)	●	↗	Growth in use of satellite imagery for investment appraisal and location more generally in money laundering detection
Design and Construction	●	↗	Digital twins for urban planning and integration of BIM and GIS to drive down costs
Environment	●	↗	Slowly improving recognition of importance of satellite imagery products and spatial analysis in underpinning climate change decisions
Agriculture, Forestry and Fishing	●	↗	Growth in precision agriculture and livestock monitoring

Table 2: Growth Assessment by Market Sector

Our overall view on the future growth of the market over the next three years is that it is likely to continue to show a strong upward trend but this has to be tempered by caution over the global economic outlook and also the strength of the UK economy post-Brexit.

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