



**GSDI Strategy and Strategic Plan
2015 – 2020**

Financial Considerations

For Board Discussion

Version Control

Version	Date	Author/Editor	Organisation	Description
v1.0	07.09.2014	Dave Lovell	GSDI President Elect	Separation of financial issues from GSDI Strategy 2015 v.4

Introduction

The proposed strategy and strategic plan seeks to re-position the Association as a trusted source of reliable global information on SDI and to deliver more membership benefits from the integration of our activities and increased paid resources.

Our current subscription, and occasional grant income, does not produce enough income to cover our costs and sustain the activities of the Association.

In the past the Association has been kept financially viable through organising a regular global conference, usually in conjunction with another event, in order to deliver a profit for the Association. Securing this profit may in the future be increasingly difficult.

None-the-less to support the planned activities additional and sustained income is essential. As a first step in securing this income, as a membership association it is natural to first consider and then adopt changes to the subscription structure and payment levels to stimulate growth in the number of members in all categories and deliver increased income.

The Executive believes that this review must look to provide a minimum or core funding for the Small Grants programme by allocating a percentage of Full Member subscriptions to it.

The Strategy and Strategic plan acknowledge that our current conference pricing and membership subscription structure is considered to be unnecessarily restrictive and overly complicated (see the summary below). Although it accommodates varying economies and entity types, and presents very few barriers to uptake, the practical membership benefits it sustains are limited. This has a negative impact on both membership retention and recruitment.

Increasing income from commercial and government members to support and develop the capability and skills of individual members involved in the implementation of SDI, with support from our academic members, is essential to the Association's mission.

A Proposed Membership Fee/Revenue Model

The membership fee and revenue model shown here is proposed to reduce the complexity of the member fee structure that exists today, while producing sufficient revenue to support the projects operational costs of the Association, i.e. around USD 250,000 per annum. However, before a new fee structure is put in place, for 2015 and beyond, we will conduct an impact assessment with the current membership.

Table 1.

A proposed GSDI Membership Pricing Model as a basis for discussion

Based on three questions

1. Are you seeking individual or corporate membership?
2. Are you a 'for profit' company
3. If so what is your annual turnover, if not what is your per-capita income category

CORPORATE

Profit Entities			Income per capita	Other Entities Annual Fee \$	Individual Annual Fee \$
Annual Turnover	Annual Fee \$				
<\$1m	600	3	Low (x1)	250	15
\$1m - \$2m	1,000	6	Lower (x3)	700	45
\$2m - \$5m	1,700	10	Upper (x8)	2000	120
\$5m - \$10m	3,000	15	High (x12)	3000	180
\$10m - \$25m	5,000	30			
\$25m - \$100m	8,500	50			
>\$100m	14,500	80			

Note: The World Bank per capita gross income groups are: low income \$1,035 or less; lower middle income, \$1,036 - \$4,085; upper middle income, \$4,086 - \$12,615; and high income, \$12,616 or more

Full membership will provide the FULL member entity with access to the GSDI for 'n' employees of that entity. (For Profit Entities 'n' is provided alongside the proposed Annual Fee, For Other Entities n = 6)

A comparison of the proposed subscriptions for individuals with similar organisations is provided on page 4. In the table below, revenue is modelled using:

- existing membership, and
- targeted membership where a moderate growth has been assumed (targets shown).

Table 2. (Note: calculated before rounding up of subscription fees rounded figures generate \$2,182 more than shown in the Total)

EXISTING & ESTIMATED CASHFLOW AND REVENUE TARGETS							
NEW MEMBERSHIP FEE MODEL							
Membership Category	Type	Fee	Existing	Revenue	Target	Revenue	
INDIVIDUAL	Low	\$14	90	\$ 1,260	100	\$1,400	extra 10
	Lower	\$44	166	\$ 7,304	175	\$7,700	extra 9
	Upper	\$117	54	\$ 6,318	75	\$8,775	extra 21
	High	\$176	68	\$ 11,968	120	\$21,120	extra 52
Total			378	\$ 26,850	470	\$ 38,995	
\$71.03							
CORPORATE	< \$1m	\$600	0	\$ -	3	\$1,800	extra 3
	\$1m - \$2m	\$1,020	1	\$ 1,020	2	\$2,040	extra 1
	\$2m - \$5m	\$1,734	0	\$ -	2	\$3,468	extra 2
	\$5m - \$10m	\$2,947	3	\$ 8,841	3	\$8,841	no change
	\$10m - \$25m	\$5,009	0	\$ -	1	\$5,009	extra 1
	\$25m - \$100m	\$8,515	0	\$ -	2	\$17,030	extra 2
	>\$100m	\$14,475	2	\$ 28,950	3	\$43,425	extra 1
Total			6	\$ 38,811	16	\$ 81,613	
\$6,468.50							
NON-CORPORATE	Low	\$245	3	\$ 735	5	\$1,225	extra 2
	Lower	\$736	6	\$ 4,416	7	\$5,152	extra 1
	Upper	\$1,964	6	\$ 11,784	7	\$13,748	extra 1
	High	\$2,947	20	\$ 58,940	20	\$58,940	no change
Total			35	\$ 75,875	39	\$ 79,065	
\$2,167.86							
Grand Total from Membership				\$ 141,536	\$ 199,673		
Change in Revenue due to New Model Implementation						12.7%	
Growth from Existing Revenue to Target Revenue						59.0%	

Implementing the new model would:

- increase revenue from existing membership by 13%.
- Increase existing revenue by 59% based on targeted membership.

The new membership fee model encourages growth of the corporate sector providing good opportunity for continued growth in revenue year on year. A 5% growth would equate to just 4 additional corporate members in the \$5m - \$10m revenue bracket per year. This would see the total revenue grow from \$250,000 in 2014 to \$320,000 in 2019. This very modest growth would enable considerable more work to be achieved by the Secretary-General and team through increased paid for working time.

The changes to the individual membership are tied to the relative earning capacity of members' country of residence. Broadly speaking this makes the proposed fee equitable regardless of the per-capita income levels of the member. It does, however, increase the existing membership fee considerably for high income countries and thus may impact membership in those countries.

The table below summarises all revenue streams contemplated by the new strategy.

Revenue Source	Targeted Volume	Targeted Revenue
a. Membership fees i. organisation and ii. Individual) [Membership includes access to the web resources (summary information in public domain, detailed information in member only section) and reduced costs for conference attendance.]	16 corporates @ average of \$5,100 pa 39 non-corporates @ average of \$2,025 pa 470 individuals @ \$83 pa	\$ 81,600 \$ 79,000 \$ 39,000 ----- \$190,900 -----
a. Conference profits (revenue less expenditure)	550 delegates @ standard rate \$650 with 15% profitability	\$ 53,500
a. Sponsorship of the GSDI small grant program.	10 organisations @ 5,000 (extracted from revenue increases)	\$ -
Targeted Revenue (approx. 30% growth on existing revenue)		<u>\$253,173</u>

Comparison of the Proposed New Fee Structure with Current Fees

Annual Sales for Corporates (\$)	Current Member Fees	Proposed New Fee
under 1M	\$ 500	\$ 600
1M - 2M	(> 1M and < 3M) \$ 1,000	\$ 1,000
2M - 5M	(> 3M and < 10M) \$ 2,500	\$ 1,700
5M - 10M	(> 3M and < 10M) \$ 2,500	\$ 3,000
10M - 25M	\$ 4,000	\$ 5,000
25M - 100M	no equivalent	\$ 8,515
Over 100M	\$ 6,000	\$ 14,500
> 200M	\$ 7,000	\$ 14,500
> 300M	\$ 8,000	\$ 14,500
> 400M	\$ 9,000	\$ 14,500
> 500M	\$ 10,000	\$ 14,500
> 1 Billion	\$ 12,000	\$ 14,500
> 10 Billion	\$ 15,000	\$ 14,500

Fee Comparison for non-Corporate Members (all 4 categories)

Country Classification	Proposed Fee Structure		Current Fee Structure			
	All Other Entities	Individuals	Govt	Academia	Non-Profits	Individuals
Low (x1)	\$ 250	\$ 15	\$ 1,000	\$ 100	\$ 300	Free
Lower middle(x2)	\$ 700	\$ 45	\$ 2,000	\$ 200	\$ 500	Free
Upper (x8)	\$ 2,000	\$ 120	\$ 3,000	\$ 300	\$ 800	\$ 50 (25)*
High income(x12)	\$ 3000	\$ 180	\$ 9,000	\$ 500	\$ 1,500	\$ 50 (25)*

* Current Student fee is US\$ 25.00 per annum and Professional (non-student) fee is US\$ 50.00 pa.

Whilst the proposed fee for Academia shows a significant increase over existing levels it is expected that members from that sector, proactive within GSDI, might offset this through charging to carry out, for example, preparing and publishing reports that analyse and integrate SDI implementation information from other programs and initiatives.

Annex 2. Comparable Fees in similar Organisations

Concerning individual member fee policies in similar associations:

- The **ISPRS** new ‘individual member’ class involves **no fee payment**, regardless of country of residence (see <http://www.isprs.org/documents/guidelines/individual-membership-policy.aspx>). (Note: Potential individual members are requested to join a national ISPRS member, if one exists, rather than apply for individual membership).
- The **ICA** has **no individual member** category (see <http://icaci.org/membership-types/>).
- **FIG** has **no individual member** category (see <http://www.fig.net/general/leaflet-english.htm>).
- The International Society for Digital Earth (**ISDE**) individual member fees range from **USD 30** (students and seniors) to **USD 60** (normal member) and **USD 300 (life individual member)**. There is **no free membership** category (see <http://www.digitalearth-isde.org/page/460>).