

The Private Sector in 2003

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What is the ‘Private Sector’?

- Commercial Weather Service Companies
 - Data Providers
 - Weather and Forecast Services
- Consulting Businesses and Partnerships
 - Forensic
 - Air Quality
- Weather Related Businesses
 - Instrumentation
- Industrial Meteorology
 - Aviation
 - Utilities

The Private Sector Today

- The private sector of meteorology is growing, but it is also rapidly changing
 - 34% of AMS membership is in the private sector
 - The number of BS meteorologists has grown from 300 to over 500 per year over the past decade, most of which are headed to the private sector

Marketplace Changes

- The forecasting business has shrinking revenues
 - Road Weather Forecast Services
- Economics are hurting some sectors
 - Commercial Aviation
 - Broadcast Television and Radio

Marketplace Changes

- Competition from Government
 - The National Weather Service continues to expand its products and services
 - The Federal Aviation Administration continues to subsidize weather services for aviation

Marketplace Changes

- New markets have emerged
 - Weather Derivatives
- New opportunities outside of weather have emerged
 - Risk management
 - Environmental monitoring
 - Sensitivity to weather-related problems

Drivers of Change

- Advances in Science
 - Numerical Weather Prediction
 - Severe Weather
 - Climate
- Technology
 - Internet
 - Computing Performance and Cost
 - Applications
 - Database Technology
 - GIS

How these drivers affect the weather business

- The rapid rate of change will continue or increase
 - 20% per year
- Technology will create new opportunities
 - Data mining
 - Faster computing
 - Cheaper communications

How these drivers change the weather business

- More and more weather data will become available, and it will have less and less value
 - Weather data of all kinds is approaching fire hose proportions, and is becoming a commodity
- Mining existing and new datasets will continue to create opportunities
 - Both observed and forecast data is valuable
 - Level II NEXRAD data
 - NWP
 - National Digital Database
- The name of the game is to add value

Future Outlook

- Data provision and forecasting are commodity businesses with shrinking revenues
 - Consolidation is the natural consequence
- Forecasting for specific, high-impact events will become more important
- Instrumentation and data collection are riding the wave of technology, and will continue to grow

Future Outlook

- Businesses that add value to data sets will continue to expand
 - Interpretation to specific industries
 - Integration with other technology
- Demand for consulting and forensic services will remain strong

Conclusions

- The private sector of meteorology will continue to grow
 - Number of people employed
 - Overall revenue
- Large companies will get larger
- The overall number of weather-related businesses will increase, but the focus of service will shift

Conclusions

- There will be an increasing number of meteorologists employed by non-weather companies
 - They will provide risk reduction and weather impact services for weather-affected industries

Conclusions

- The private sector is dependent on the research and government sectors for its long-term health
- Research and government are dependent on the long-term success of the private sector for increased funding
- The impact of meteorological services on the business community will grow, and become a more visible part of the economy