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