



## **Ex-ante valorisation of climate services**

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In the EU-MACS study (D2.1 Hamaker-Taylor et al 2018; Perrels et al 2019 forthcoming) was explored how uptake probability could be described in a more formalized way. The approach builds on earlier work regarding weather service valuation (so-called weather service chain analysis (WSCA); Perrels et al 2013; Nurmi et al 2013; Pilli-Sihvola et al 2015). Yet, in this case rather than estimating the approximate share of the benefit potential the benefit-cost ratio of the use of a climate service is assessed. The method seems more suitable for valorising climate services which are used recurrently and/or the use has identifiable effects on a particular segment of the user's activities and own value creation process, rather than unique large scenario exercises with a very broad use or consultancy at rather generic levels.

The constituent elements are:

- perceived benefit potential of the use of the climate service for defined purpose in a defined period
- fit for purpose for the envisaged purpose in the particular context of the user
- applicable market regimes for information sharing and exclusivity
- costs of search, acquisition, and use

Even though the current data are still scant, the illustrative application shows that costs are mainly decisive in the early phase of the climate service. When its existence in the market matures the competition between alternative products will be more about benefit generation capacity and about information sharing strategy chosen. The latter aspect is particularly interesting as it also feeds back in to choices made regarding collaborative models, i.e. early strategic choices may have extra rewards or discounts later on.