Board Minutes

4th August, 2016.

[Note that text in red has been deleted for public records while text in green has been added, bringing the format in line with other minutes and redacting sensitive data]

An additional board meeting of the Open Knowledge International (OKI) Board was held in London and virtually via GoToMeeting on 4th August, 2016.

Present: Karin Christiansen (KC) - Chair, Jane Silber (JS), Helen Turvey (HT) and Tim Hubbard (TH) (via GoToMeeting)
Observing: Pavel Richter (PR), Franka Vaughan (FV) for minutes, Mark Gibbs (MG) (via GoToMeeting), and Paul Walsh (PW) via GoToMeeting
Apologies: Martin Tisne

Agenda

1. Welcome and Introductions
2. Three (3) Year Financial Outlook for OKI
3. AOB

Papers Shared

1. 3 year Financial Forecast OKI
2. Slides

Minutes

PS: This is detailed notes. Due to the subject of this meeting, Pavel wanted detailed notes to allow for full context when its is referred to in future.

1. Introduction

Paul Walsh (PW) was introduced to the Board as the head of OKI's Tech team and is joining the leadership team permanently. His addition to the leadership team was expedited due to Sander's absence; his addition allows OKI to have a more complete leadership team. Having the technical aspect of OKI represented on the Leadership team is beneficial given OKI's mission & focus on opendata and technical solutions.

KC: This additional board meeting justifies the need for a conversation on finance, the business model, the underlying logic etc. Also how PR is shaping the organization is starting to reflect in numbers; the timing of this meeting is crucial to allow PR to go back to Omidyar with confidence that the new business model is understood and supported by the board.

2. Three (3) Year Financial Forecast

PR presented the Financial forecast line item by line item as outlined in the slides; in detail; as it was not a budget, figures for 2016 were not included.

A question was asked about the 2016 figures not being shown, just the predictions.It was explained that it was not possible to produce 2016 figures for this meeting as what is being discussed is a Forecast and not a budget.

- ### Key Assumptions

[Back to Slides]
PR: the aim of the 3yr financial forecast is to translate the Mission Statement into actions & figures; show how this mission will shape OKI going forward. The Forecast is based on the information we have now and limited in scope, as the longer the period of forecasting, the sketchier the figures/information become. For example, making assumptions about 2019 for an org like OKI becomes very speculative -although 2017 & 2018 might be quite clear.

- ### Structure of the Forecast

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PR: The Forecast is divided into Income & Expenditure.

- ### Income

Income is divided into Restricted grants, Unrestricted grants and Commercial & other income. There are secured funds, meaning we have contracts and grants signed; unsigned funds, which may be at various stages of negotiations; and there is commercial / other income which proceeds from Viderum.

Regarding Restricted Grants, the figures are highlighted in green, red or black. Figures highlighted in green means it's a secured fund- this means we have contracts & grants signed for all those figures.

Figures highlighted in Red means it is not signed, it can be at various stages of negotiations, it can mean it is preliminary or we have an idea of whom we want to speak to, or it might be very close to being signed (eg. Omidyar).

Commercial & other income; commercial is proceeds from Viderum while other income is sponsorship.

- ### Expenditure

The expenditure makes a distinction between Core Operations & Project Expenditure:

1. **OKI Core Operations**, this include programmatic initiatives around community, tech dev't, comms, leadership, project support, OKI admin etc. Core Operations is further divided into:
    a. Core Staff which deals with staff & employment cost) and
    b. Core Non-staff Expenditure which deals with operation cost etc.
2. **OKI Projects Expenditure** - money spent on projects

The idea behind the distinction between Core Operations & Projects Expenditure is as follows:

1. Core Operations relates to all that is not project related; it reflects work around communities, research, building OKI's network, tech dev't etc. which is not structured within projects, but part of the core work of OKI. Core here is not about administration but everything that is programmatic. Ideally, Core Operations is funded by **unrestricted grants or overhead percentages from project funding.** This is where Unrestricted funding is best spent on
2. Projects Expenditure covers what we do to change the world; **funded mostly by restricted project funding**.

The distinction between the core operations & projects expenditure is one way to make this very clear to OKI staff members.

Portfolio Model

The aim is to allow the projects to develop independently outside of OKI. For example, regarding OpenTrials, am going to Houston to get the Arnold Foundation to support the next stage of the project; if Arnold decide to invest $5M in the project for the next 2 or 3 yrs, it will be quite a challenge for OKI to manage such a big project.

With the business model i am advocating; if this is to happen in the next year [Arnold Foundation giving OpenTrials $5M], we will build an organization around Opentrials with the sustainability model which either ends when the project ends or builds an independent org outside OKI; OKI in this case will support it and be the home of the project. We don't want to grow all our structures around this one successful project so that if Arnold a funder shift its focus in 2yrs time, we will be left with a large structure that we can't support as an org.

HT: Non dependent on large projects is a great idea but OKI has traditionally depended on large projects such as CKAN etc. What might OKI be losing/ risking as a result of the shift to the portfolio model?

PR: we will have the risk of having new people joining OKI quite often and subsequently losing their institutional knowledge - this is because the model will require people to join OKI for specific projects. Also, there is funder relationship to consider; for example if we are not successful with a particular project, OKI might lose that funder

TH: the risk of OKI continuing to recreate admin structures for spin-out projects might affect OKI's reputation with funders negatively

PR: building independent admin structure will only happen with bigger spin-out projects. Another possibility is that the needed admin can be taken on by another organization (a network partner) that have the capacity to run these projects than OKI.

TH: will there be other projects within OKI that will not follow the spin-out approach?

HT: there will be some projects that will not follow the spin-out approach, and there will others that are clearly aimed to spin-out

KC: there may be some projects that OKI plans to do permanently (eg. OKFestival or GODI). Programmatic work and others that are part of the core functions of the org will keep running year after year.

PR: there will be projects that start and end with OKI. I am moving away from the radical approach of looking to spin-out every project. However, i will make sure everything we design as a project should have an end game (a defined end to it)

All discussed risks of this approach, including:

- New people joining OKI often, for specific projects, and subsequently losing their institutional knowledge;
- funder relationships, for example OKI might lose a funder if we are not successful with a particular project;
- recreating admin structures for spin-out projects, including how funders will perceive this (the role of partner organisations was considered, to mitigate this).

Also discussed was that:

- Some projects will not spin-out, while others will be clearly aimed to spin-out;
- Some projects may be undertaken by OKI permanently, such as OKFestival or GODI, and programmatic work and others that are part of the core functions of the organisation will keep running year after year;

- Some projects will start and end with OKI.

PR clarified he is moving away from looking to spin-out every project; however, he will ensure everything OKI designs as a project should have a defined end.

[This 'Portfolio Model' section moved down to immediately before 'New Focus Area for OKI']

NB: the following is a line by line presentation of the Income (Restricted Grants) section of the forecast by PR

• Income (Restricted Grants)

○ EU Grants

We are not seeking EU funding going forward. We either need to build our capacity to handle EU Grants or stop going after them. Regarding NEXTGeoss - a new EU consortium; it's of strategic importance to OKI because its funding is for geodata & environmental data. It's a 3yr EU project that runs until 2019, already secured & signed.

HT: is the onerous reporting requirements of EU grants the reason you've decided not to go after them?

PR: Yes; Please note that we've hired a Project Manager experienced in EU funded grants to handle NEXTGeoss, however, this is not OKI building capacity around EU projects

NEXTGeoss - a new EU consortium, a 3 year project that runs until 2019, already signed - is of strategic importance because its funding is for geodata and environmental data. A Project Manager experienced in EU funded grants has been hired to handle NEXTGeoss. OKI is not seeking EU funding going forward due to the onerous reporting requirements of these grants.

○ Adessium

They are a long term supporter of OKI, mostly for OpenSpending; met with them [together with Sander] about 6 months ago, they are not big funders but there's a possibility to secure funding for other projects from them due to longstanding relationship.

○ Arnold Foundation

2 line items:
1. The £60K is already secured funding for phase 1 of OpenTrials- until march 2017
2. The £200K in red is additional funding am seeking for phase 2;
I believe there is some possibility for Arnold to support other projects in the future. However, we have a fragile relationship with them, one of the reasons i'm travelling to Houston.

○ Sloan Foundation

Frictionless Data grant; Funds already secured for next year, also a potential for funding other projects.

- Hewlett Foundation

Signed the grant agreement, project grant for GODI, Community support and organizational capacity building.

- Open Society Foundation

OKI use to get funding through their gov't accountability programmes; they have changed their focus. We are trying to get into their 'Rights of Justice' program.

- has recently changed focus - we previously were funded through their government accountability programmes and are now looking at their 'Rights of Justice' programme.

- Ford Foundation

OKI never received funding from them in the past but believe them to be a key prospective funder; I'm in contact with Rakesh Rajani (the Director, Civic Engagement and Government) at Ford Foundation. We will aim to start with a small project such as around tax justice as they are very interested in such programs

- USAID

Contributed a small amount of money towards ScoDA

- Wellcome Trust

Provided the prize money won by OpenTrials

- IDRC/OD4D

Long time funders; expecting about $300K; they constantly fund School of Data will be key to ScoDa transition in 2017/2018. They also support other initiatives like GODI, and a couple of fellowships and grant programs we are running in sub-Saharan Africa.

- Other Philanthropic Income

Monies we hope to raise from funders we currently don't have any relationship with as of yet; we're building fundraising capacity within OKI to focus on three areas: Human Rights, Environmental issues and Health Issues. Regarding these three areas, if we don't raise the money, we don't spend!

- Non-Philanthropic income

Income from Aid Agencies, Gov'tal bodies, International Dev't Banks; we have no experience with them yet thus the reason why we don't expect any income here in 2017. There is the need to understand how they operate in terms of requirements, reporting, applications etc.

- ## Income (Unrestricted Grants)
  - Sigrid Rausing Trust

We currently get funded by the Trust

  - Omidyar Network

They are the biggest funder in terms of unrestricted funds; £570K is a realistic number after conversations with Martin and Andrew. The figure is not yet signed off, I need to go before Omidyar's Investment committee [28th September]. We agreed to seek only a 2yr funding for now as it allows for the possibility to apply for another round of funding.

KC: Omidyar's funding policy is shifting in real time; if we apply for 3yr now, there will no chance for a fourth year.

Hewlett Foundation

They want to support us with unrestricted funding moving forward; at the end of 2017 when our current restricted grant ends, we will negotiate the terms of the unrestricted funding.

Open Society Fdn

OSF is one of the key funders of unrestricted grants in our field, to rebuild our relationship with them, we need to move into programs that interest them.

Commercial & other income

Don't see any There are no plans for OKI to generate any income here. Profits from Viderum in 2017 & 2018 will be re-invested into growing the business. Expect contribution from Viderum to OKI from 2019. Event sponsorship will be allocated to support OKfestival moving forward.

The total forecast income for 2017 is £2,995,000 [moved up to start of 'income' section]

Questions/ Comments on Discussions around Income

JS: The forecast shows 25% growth rate for next year, then its goes to 18% in year 2 and dips further down to less than 10 in year3; is that the natural plateauing ? Projection shows limited growth from 2018 to 2019; is that a natural industry market or you intentionally don't want to grow it to about 30% ?

PR: there is no market cap; the forecast budget is currently pretty ambitious for OKI as an organization; let us acheive 2017 & 2018 around these figures - that's the aggressive part of it.

KC: [to paraphrase] PR is trying to build this model in two years [2017-2018]. The first two years will be about getting used to and understanding that model. 2019 & 2020 will be steady, then we will know for sure whether there is another jump, shrinks etc.

PR: i have a pretty good understanding of the projects between the years of 2017 & 2018. This is because majority of the projects currently running will continue to 2018. However the information get sketchier with 2019 since some of the projects will not exist in that year

The Board asked about plateauing of growth forecast after 2 years. PR explained that this is due to ambitious plans for the 2 years where OKI can settle into this model, where current projects will continue for this duration, and the following years are steady where we can reassess further growth.

TH: how realistic are some of the numbers regarding the projections; you said some of the funders don't give much money and yet you have projects moving on from £35 to 75K; i will be skeptical for a small organization [OKI] to jump to that level of funding

PR: I am optimistic because i believe in the business model i am implementing. The figures presented here will help OKI achieve the mission statement for the necessary growth. Yes it is optimistic, but am optimistic about the model i've designed and its success rate. I need to prove that - if it doesn't work out then we change the approach.

The Board challenged the projected numbers for project growth. PR stated his belief, ambition and optimism for this business model, noting that if it does not succeed there will be a change of approach.

- **Expenditure**

PR: the only issues is, the Tech Team (PR highlighted the Cost of non-project Software Developers time) has £0 allocations in the 2017 forecast. This is based on the due to limited availability of core funding, i need to make a decision on where to spend it. In 2017 we need to find the money be found elsewhere to support the tech team. This is going to change over time.

PR highlighted the cost of non-project Software Developer time which is not allocated in the forecast, due to limited availability of core funding, and needs to be found elsewhere (this will change over time).

OKFestival

I've PR stated he has allocated a significant amount of money for this in the forecast because i want to establish in order to re-establish it as a yearly global event again; I want to get a with a full-time Project Manager who will work on this full time and hopefully grow it when we get additional funding

Core Non-staff expenditure

This is money spent on being a virtual organization; legal, everything that is not staff or project related.

JS: Is Travel part of being a virtual organization?

PR: a huge part, the summit esp; also there is technical infrastructure for being a virtual org (eg. using GoTOMeeting instead of skype etc). We are working on setting up a project fund for teams to meet outside of summit to work for a week or so.

This is the cost of being a virtual organisation: technical infrastructure, legal, and everything that is not staff- or project-related. Travel is a large part of this, especially the Summits, and in process is a project fund for teams to work together in person outside of Summits.

- ## New focus areas for OKI

PR presented The following are the three focus areas we believe are worth exploring:

○ Human rights & OpenData

One of our key funders (Sigrid Rausing) supports us in this area; we have access to a network of interesting grantors who are interested in how open data can be used to improve HR worldwide. It's quite the uncharted territory but has a high potential for success.

○ Environmental issues & OpenData

We have an anchor project in this area with NextGEOSS; we already have funding around geodata which is key in terms of environmental issues & opendata; high interest in this area among staff. Also, there are great non-philanthropic funding opportunities available.

○ Health & OpenData

We are using our network & base funding around OpenTrials as well as the reputation we are building in that field. Eg., and the advisory council that we have built around OpenTrials is highly well connected in various health related fields.

Board feedback

The Board asked whether more challenging areas of focus had been considered (citing sex workers, GMOs and food data), and how the model will prove itself as working well. PR noted the deliberate decision to focus on areas that are comfortable for OKI and where we will be most effective, and that funding will be the proof of concept, especially if we can convince funders who are not generally or traditionally open to open data.

HT: I have networks for all those three areas you can talk to; there are other stuff that are very risky and have a reputation of being on the edge, examples are sex workers, GMOs, the data round food etc. have you challenge yourself with these things?

PR: we want to stay on the safe side for now...doing something we are comfortable with and will be most effective.

KC: how we will know this model is working?

PRI: one easy way of knowing is: do we get funding for this? Are we able to convince funders who not generally/traditionally open to open data.

3. AOB

• Ben Goldacre & Arnold Foundation

PR: I presented the Arnold pitch to Ben Goldacre and the OpenTrials team;there was some worries concerns about the future of our collaboration for phase II of OpenTrials, and PR aims to build a relationship with Arnold through his trip to Houston in the week beginning 8th August.

JS: What's the plan?

PRI: We are hoping to build a relationship with Arnold, hence my travel to Houston next week