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eTicketing: Strategies for Success

Developing Smart Ticketing Technology in the Transport Sector

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The Potential for e-Ticketing



Factors for Success

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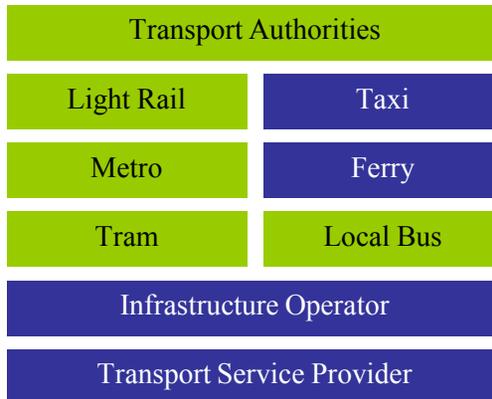
From 230 global e-ticketing schemes we have selected around 30 candidates that meet our study criteria...

Public Transport Segments

- National Level -



- Regional and Local Level -



 Study focus

Selection Criteria

Company Criteria

- Public transport operators and authorities with more than 100mn passengers
- Ideally, more than 2 years operational experience of e-ticketing schemes
- Availability of basic smart card and operator performance data

Survey Areas

- Program governance
- Deployment approach
- Operational Service Impact
- Customer Impact
- Financial growth and efficiency
- Future planning

Preliminary Peer Group

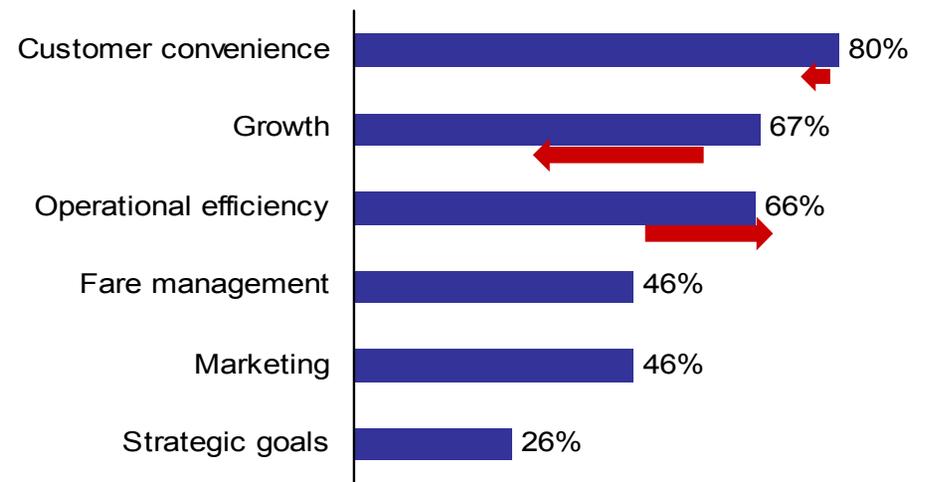
Card	City
Breeze card	Atlanta
Metro Smart card	Bangkok
Yikatong card	Beijing
Charlie card	Boston
Monedero card	Buenos Aires
Chicago Card	Chicago
Intermobil pass	Dresden
Octopus	Hong Kong
Akbil	Istanbul
LisboaViva card	Lisbon
Oyster	London
TAP	Los Angeles
Carte Técély	Lyon
Smart card	Mexico City
PiTaPa, ICOCA	Osaka
Navigo	Paris
TransLink	San Francisco
Bilhete Único	São Paulo
T-Money	Seoul
Orca	Seattle
Pub. Trans. Card	Shanghai
EZ Link	Singapore
SL Access	Stockholm
easy card	Taipei
IruCa	Takamatsu
SUICA	Tokyo
SmarTrip	Washington

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Primary motivation categories remain similar to 2005, but priorities are changing....

- **Since Accenture's last major e-ticketing study (2005) some objectives have remained consistent:**
 - Customer convenience is still a strong factor but showing a declining trend
 - Operational efficiency is becoming as important as customer convenience
- **Others priorities have changed subtly**
 - Growth through e-ticketing adoption is no longer a priority
 - Operational efficiency is acquiring specific meaning: *internal process simplification*
 - Flexible tools for ticketing products and pricing are still important but the primary focus is on providing systems that permit easy and immediate network updates

Changes in motivation for e-ticketing



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In speaking with operators we find considerable variability in the way performance is measured..

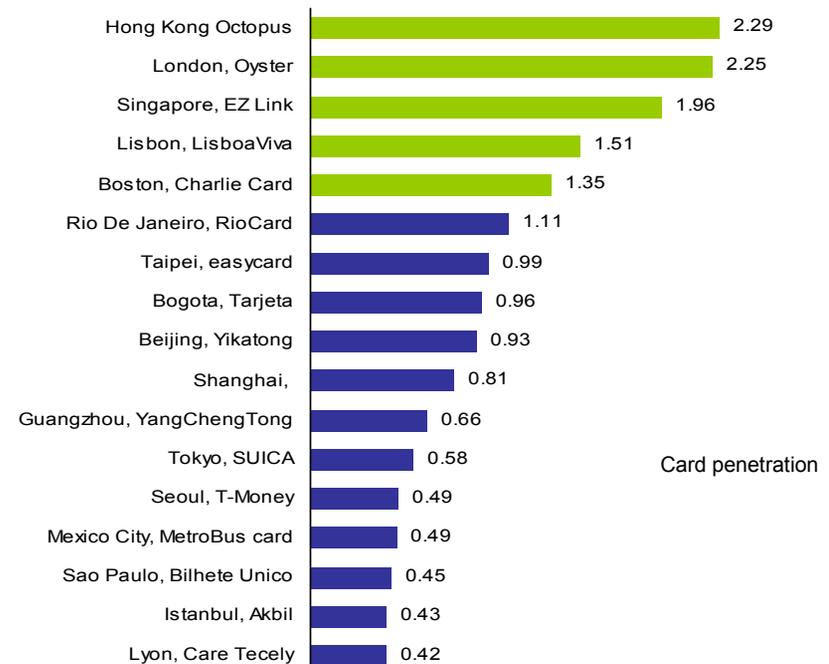
- Growing marketplace maturity and vendor experience has made limited impact on consistency
- In some cases satisfaction or growth targets were undershot by 50 percent or more
- Unrealistic expectations play a role
- But it is clear there are still challenges:
 - Fixing on a stable, cost-effective design
 - Defining an attractive, comprehensible customer proposition
 - Effectively carrying out operational change

“It was recognized that contact management would be critical. The hardware suppliers are masters of that chess game and you need to be able to match them”

(European Transport Authority)

One possible dimension of success: card penetration rate

Number of cards per city inhabitant, 2007



Card scheme better than one standard deviation from the average of more than 30 PT provider (0.7)

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The Potential for e-Ticketing



Factors for Success

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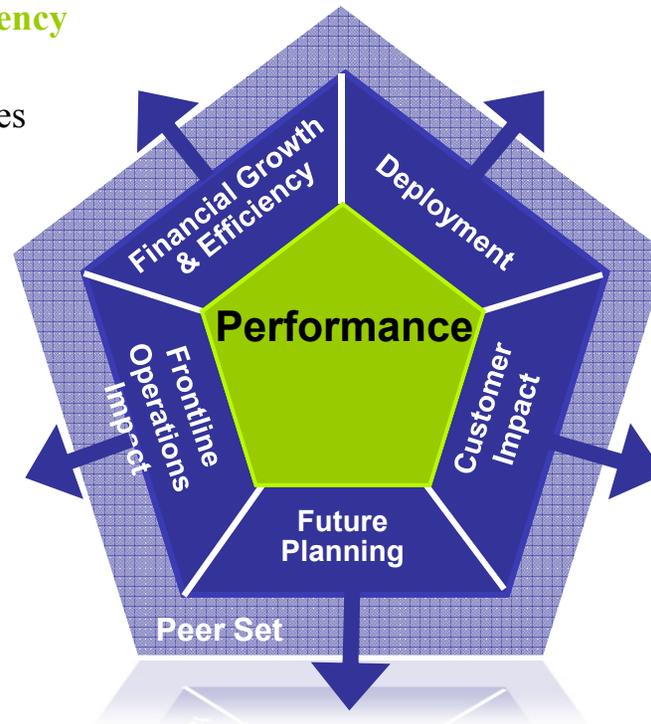
To assess the performance of schemes, we have sought information across a number of key criteria

Revenue Growth and Cost Efficiency

- Reductions in fraud
- Increases in commercial revenues
- Cash handling savings
- Customer service savings
- Distribution savings
- Maintenance savings

Improving Asset Utilization

- Vehicle dwell times
- Peak station flows
- Queue times



Longevity and Flexibility

- Service planning and forecasting
- Demand management
- Business Insight

Deployment Success

- Maintenance to budget
- Maintenance to schedule
- Cardholder adoption
- Governance

Delivery of Benefits to Users

- Improved payment choice/versatility
- Relevant and comprehensible fares
- Modal interconnectivity
- Safety improvements
- Customer loyalty

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Our analysis has identified a number of consistent behaviours among high performing schemes

Scheme Evolution Strategy

- Have a clearly phased evolution plan in mind that aims to secure the **core transit market** before addressing others and establishes a flexible platform for future transformation

Balanced Stakeholder and Project Governance

- Careful identification and management of all current and future stakeholder groups
- Centralized decision making structure that takes control of primary architectural decisions
- A collaborative approach to scheme design and delivery management that treats suppliers as partners

Customer Oriented Focus

- Institute a formula for e-ticketing that balances innovation and excitement with challenges of complexity to deliver a relevant, meaningful and consistent proposition for customers

Standardised Processes

- Develop capabilities to document, standardize and improve all business processes to help reduce operational risks and the costs of change

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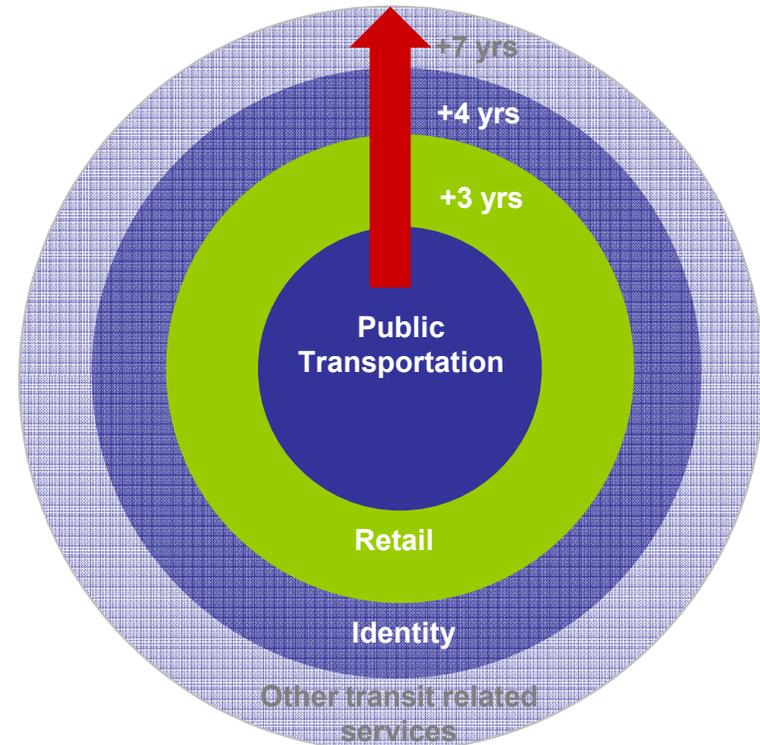
Scheme Evolution Strategy

Successful schemes may take their capabilities into new markets but they do so incrementally, focusing on their core markets first

- Belief that extension into other fields is desirable and almost expected
- Yet the reality is showing that significant non-transit exploitation is rare
- Where e-ticketing successfully enters new markets it has typically been through an incremental program
- ... and, only after the core transit market has reached a critical point of adoption
- There is most success where the organizational structure supports such focus

“Retail etc. sounds nice but if you haven’t already secured the bus companies then don’t bother. Transport is the killer application and it is based on that we have expanded”

(Asian eTicketing Scheme Provider)



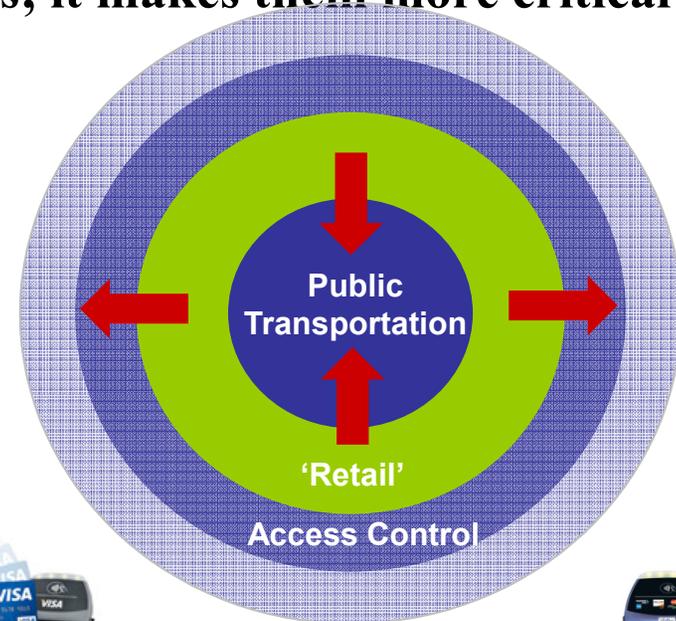
Example of expansion into adjacent markets, Asian eTicketing scheme provider

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Scheme Evolution Strategy

The emergence of new contact-less banking products, systems and rules does not eliminate questions of market focus; it makes them more critical

- Many view “Open Payment” products can radically simplify questions of market focus and position
- Accenture believe the extent of financial institution involvement, and its desirability, are not conclusively defined
- Entry of a new player into core of the industry makes the eco-system more complex
- Successful scheme operators continue with their evolutionary approach:
 - Business rules fit
 - Capabilities/functions core to them as competitive transit providers
 - Future areas of collaboration
 - Bank card solutions as part of a multiple fare media strategy with a multi-year, multi-phase business case



Other transit related services



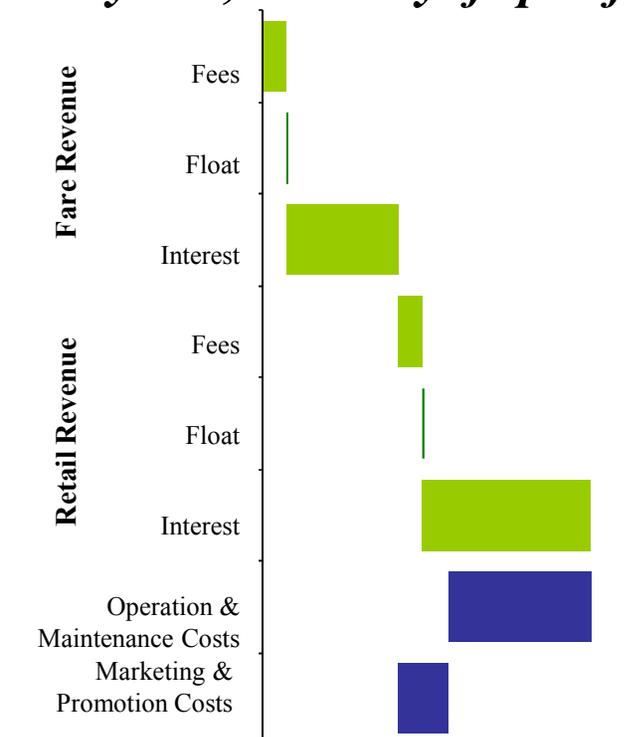
“Things change or are in flux and you need to make choices. This isn’t like a toll bridge, it is the world of consumer payments. Who knows what will be happening in ten years!”

(European Transport Authority)

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Evolving market focus and position Building a business case for Open Payments

Our preliminary analysis with major banks shows a positive NPV can be achieved over a reasonable period (<8 years), with potential for payback within 2-3 years, but only if specific concessions are made by the Authority...



Success will require factors such as:

- The scheme generates sufficient volumes to be attractive
- A reasonable base of existing credit/debit card holders to convert to the scheme (“kick start”)
- Rights to acquire new card holders provided by the Authority
- Reasonable expectations around transition costs
- Active involvement in marketing and promotional campaigns
- No expectation of revenue guarantees

Otherwise, the use of contact-less bank products will typically cost the same as a “closed” fare card scheme.

- More attractive to institutions looking for regional market growth or even new entry

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- e-Ticketing remains a viable and relevant tool for Transit Operators
- Customer convenience and operational efficiency remain high on the agenda
- Inconsistency (or absence) in performance measures
- Challenges with suppliers and complex contracting
- Open Payments will suit select environments



- Successful schemes have invested in:
 - a pragmatic approach to evolution
 - acquiring an early critical mass of adoption
 - balanced stakeholder governance
 - a skilled and experienced contract team
 - developing end-to-end processes
 - developing a customer oriented approach
 - Building a business case for e-ticketing remains complex and highly sensitive to local conditions