

A blurred photograph of a busy escalator in a subway station, with people moving up and down. The image is used as a background for the text.

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The Emergence of Open Payment Fare Systems

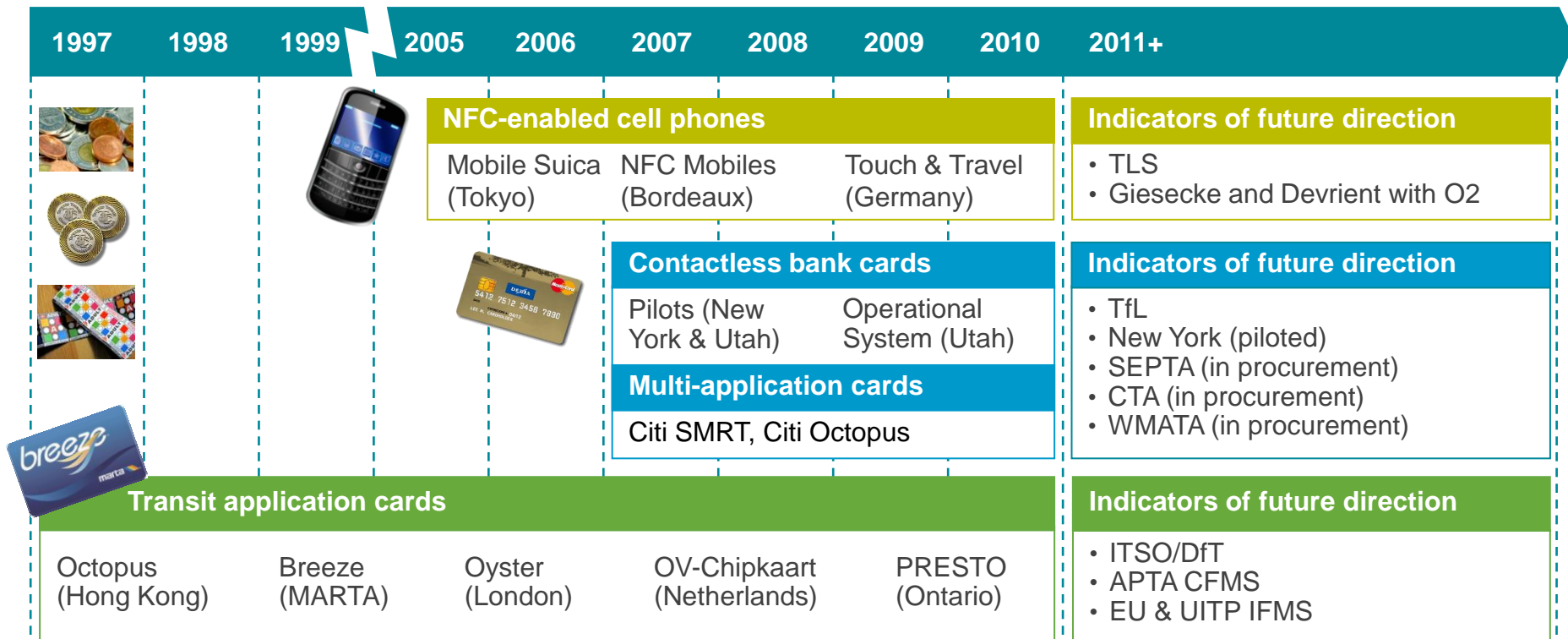
March 29th, 2011

Agenda

- A walk down memory lane
- Customer choice and the retail experience
- Today and tomorrow
- Open payment does not equal open system
- Always think from your customer's perspective
- And then there was mobile
- Summary

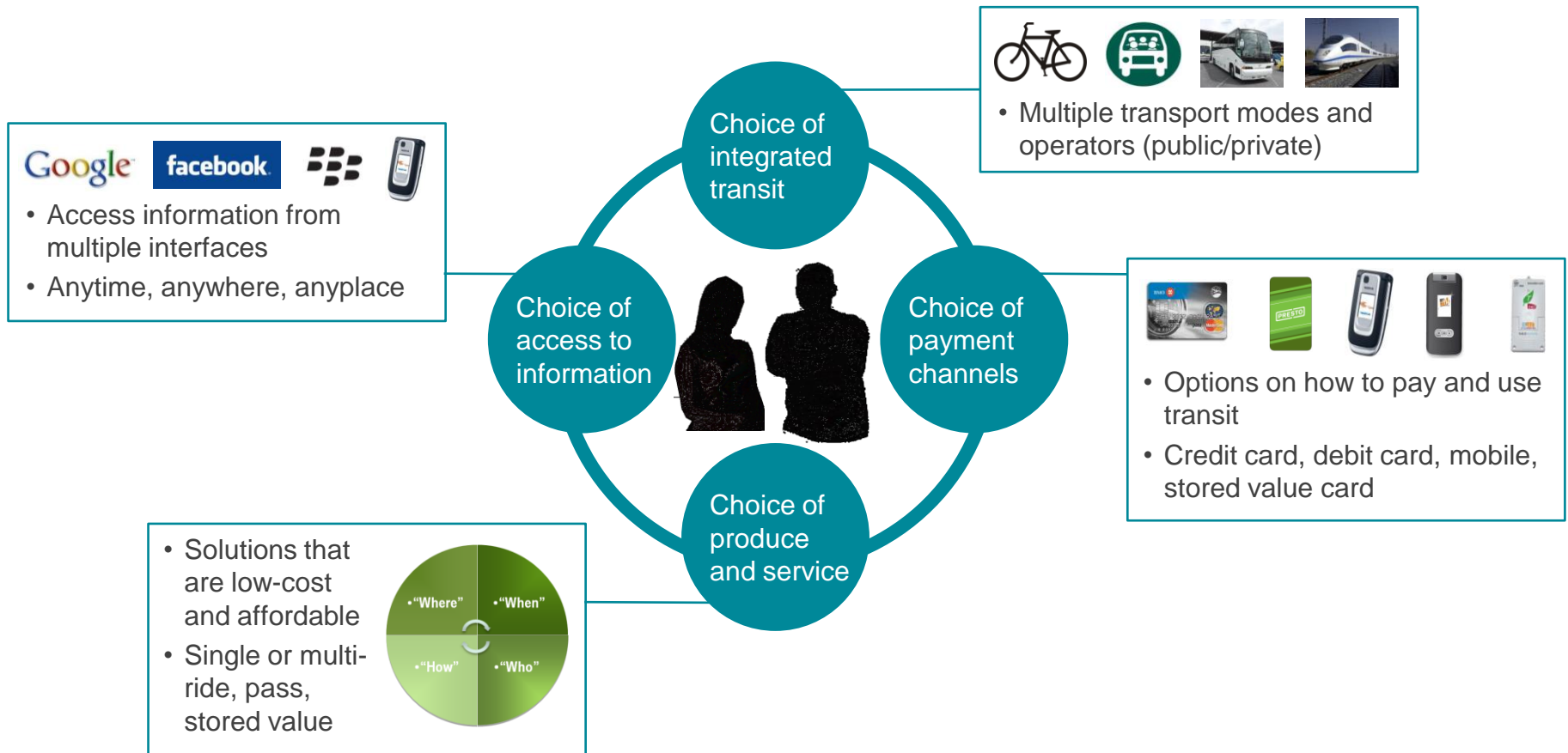
A walk down memory lane

While Smart Transit Cards remain mature, flexibility is key given the uncertainty of customer preferences towards future technologies.



Retail trends are influencing transit

Customer are looking for expanded choice and convenience enabling a broad range of needs and preferences.



Driving evolution in transit and transportation

Transit today



- Limited fare acceptance options
- Operating inefficiencies
- Barriers to regional transit interoperability
- Reduced customer access to transit
- Proprietary technologies/hardware
- Cost-prohibitive modernization options
- Limited business intelligence

Enablers

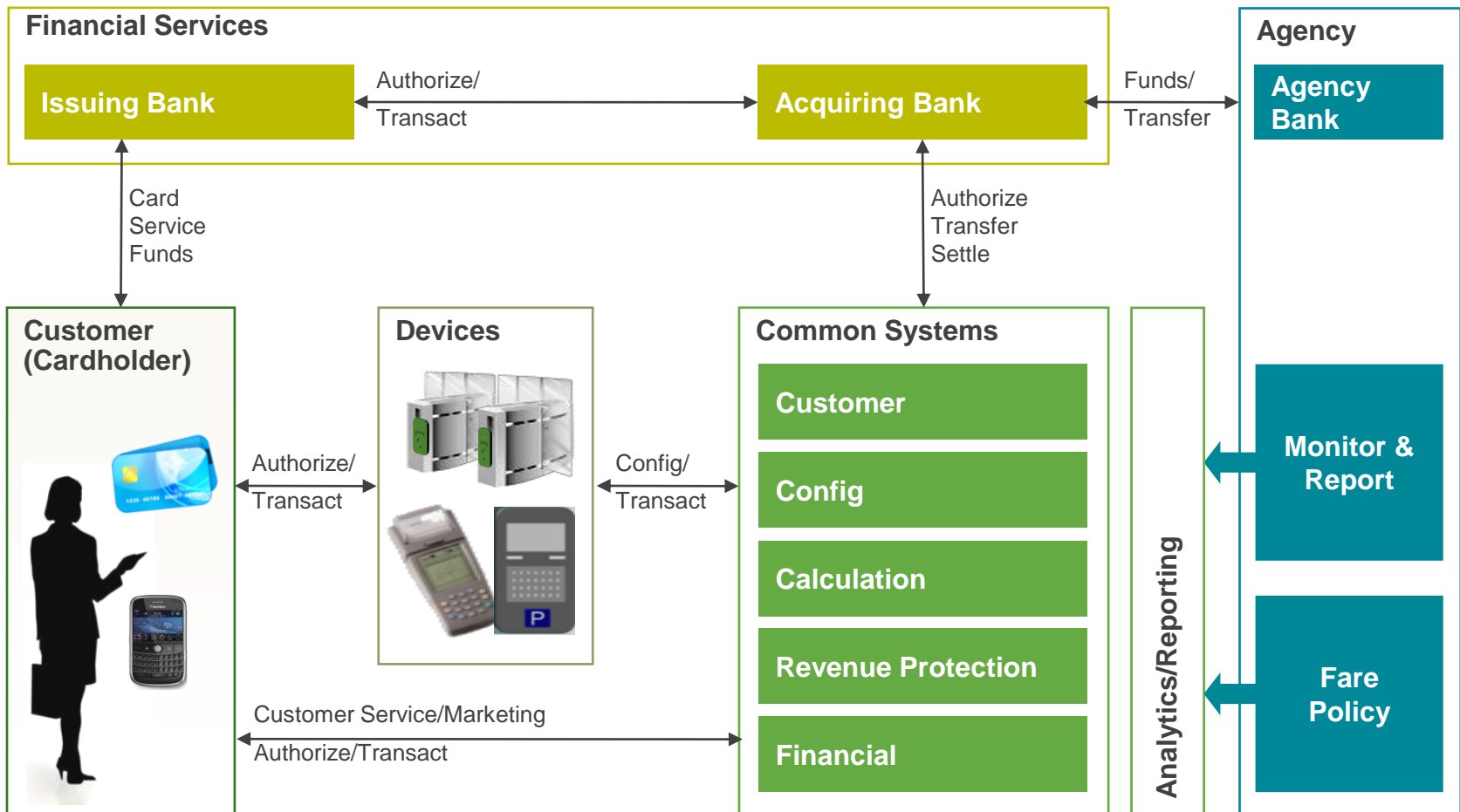
- Customer first focus
- Flexible business models
- Retail industry orientation
- Expanded partnerships
- Payments evolution
- Open standards and architecture
- Business outcome vs. device focus

Transit tomorrow



- Customer choice and convenience
- Operating cost efficiency
- Product and service flexibility
- Integrated transit and transportation
- Enable public policy agenda
- Broader partnerships (public/private)
- Flexible technology and infrastructure

Open Payments requires an open system and architecture focus



Always think from your customer's perspective

Be socially inclusive

- Unbanked to affluent ridership
- Broad range of product offering

Be aware of how customers use products

- There is not one product that produces every solution
- Needs differ depending on how the system is used

Be careful of what you implement

- Understand the fine print
- Certain instruments may impose fees on those who can ill afford to pay

And then there is mobile...

Stage 1

Phone as an interactive payment device

Functional Scope

- Phone as a Card, used for check-in/check-out
- Read-only user interface to see products, e-purse value, last transactions
- Physical issuing of NFC application

Key Business Driver

- Introduce innovative fare media
- Get feedback from end-user

Requires

- NFC mobile phones/adapters

Stage 2

Phone as a sales and delivery channel

Functional Scope

- Phone as a Delivery channel, over-the-air provisioning and reload

Key Business Driver

- Enhance customer experience by enabling real-time end-to-end process
- Reduce delivery costs and extend delivery network

Requires

- Network & infrastructure, mobile applications, TSMs, financial integration

Stage 3

Cross-sales and smart tags

Functional Scope

- Phone as an enhanced Point of Sales, integration with card usage history and reminders
- Timetable integration, Payment integration Touch & Travel
- Phone as a Cross-sales channel, a smart tag reader

Key Business Driver

- Increase sales and reduce sales costs
- Expand scope of services

Requires

- Transit and wider non-transit mobile cross-sales adoption

In summary

- Traditional suppliers' systems are not as open and flexible as may be claimed => locked into to one solution
- True open architecture ensures systems are flexible, adaptable, configurable, scalable as defined by the needs of the agency/region => not dictated by the supplier
- Users want convenience and ease of use and a reliable service => choice at a reasonable cost
- There is no one panacea => combination of solutions leading to a systems integrator focus



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