

# Fare Collection 101

## Fare Systems Project Management

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## Table of Contents

- ▶ Team Formation
- ▶ Project Lifecycle
- ▶ Project Definition
- ▶ Specification Development
- ▶ System Procurement
- ▶ Implementation and Operations



# A fare collection system touches every part of a transit organization

- ▶ **Finance** – Responsible for accounting for the funds collected by the system
- ▶ **Information Technology** – Manages the data generated by the system
- ▶ **Planning** – Develops the fare policy enforced by the system
- ▶ **Maintenance** – Maintains the equipment that makes up the system
- ▶ **Operations** – Oversees customer service and operation of the system
- ▶ **Marketing** – Responsible for selling the system to the public

**Each of these stakeholder groups needs to be represented and engaged throughout the project**



# Forming a steering committee allows the project team to make informed, consensus-based decisions

- ▶ The steering committee should consist of at least one member from each of the stakeholder groups
- ▶ Each committee member needs to be granted decision making power for their part of the organization
- ▶ A steering committee member representing executive management will help the flow of information and prevent management by decree
- ▶ Most mission-critical decisions should be brought to the steering committee for discussion and resolution

**When properly chosen, the steering committee members become the project champions within the agency**



# It is the role of the project manager to assemble the project team and act as both a leader and a facilitator

- ▶ A strong project manager should bring organization, focus, and an independent perspective to the project
- ▶ The project manager should select team members based mainly on their knowledge of agency operations and policies as they relate to fare collection
- ▶ While expertise in specific fare collection technologies is also useful, this knowledge may be gained along the way
- ▶ The project manager is responsible for defining how the team assesses and makes decisions about key aspects of the fare collection system

**The focus should be on leading the process, not driving the decisions**

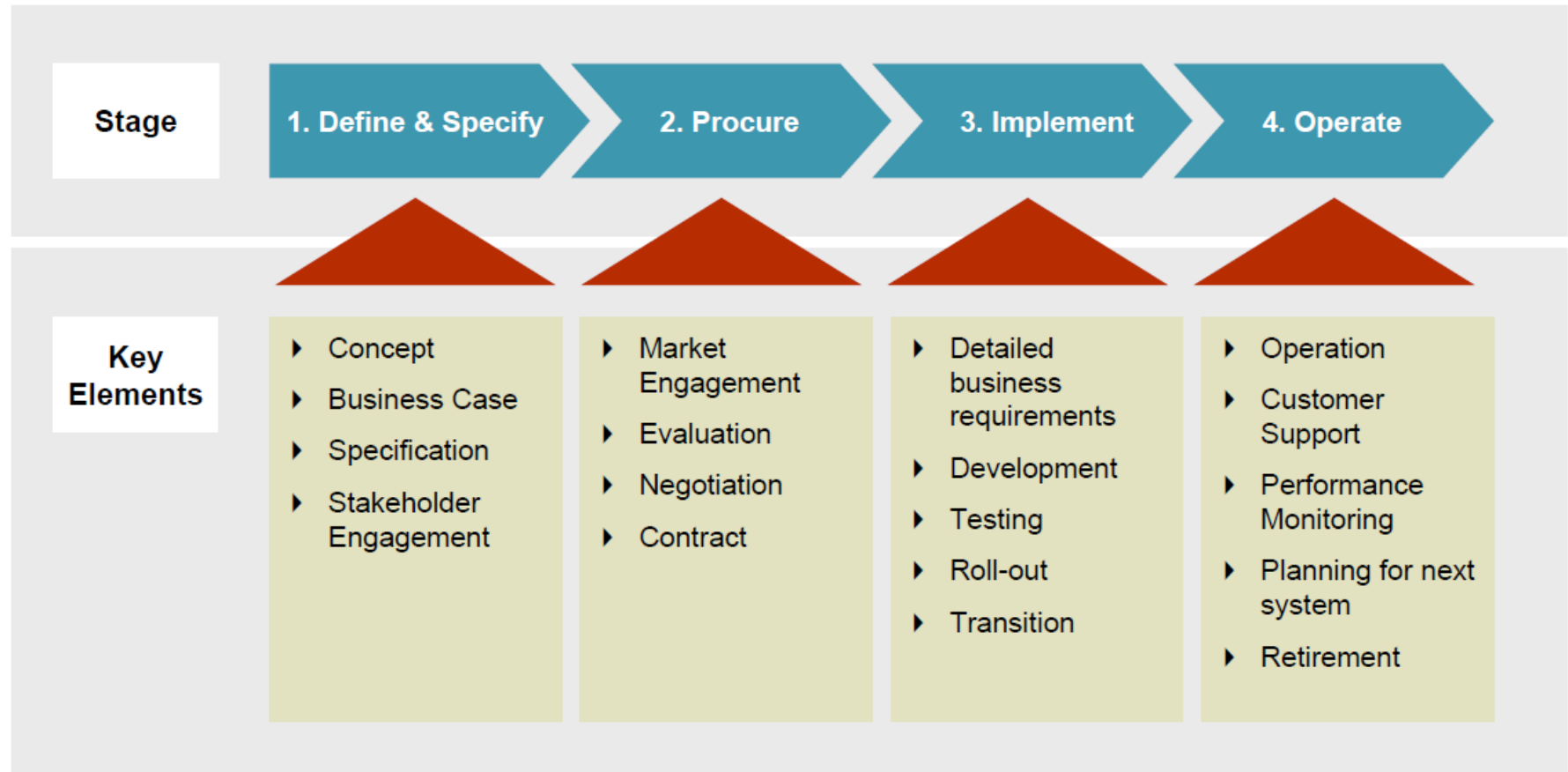


## Table of Contents

- ▶ Team Formation
- ▶ Project Lifecycle
- ▶ Project Definition
- ▶ Specification Development
- ▶ System Procurement
- ▶ Implementation and Operations



# There are critical project management decisions at all stages of the project life cycle



## Table of Contents

- ▶ Team Formation
- ▶ Project Lifecycle
- ▶ Project Definition
- ▶ Specification Development
- ▶ System Procurement
- ▶ Implementation and Operations





# The definition stage begins by developing a clear understanding of the project objectives

- ▶ Fare collection projects can often start with a simple desire to move to the “latest and greatest” technology
- ▶ However, choosing a technology before fully understanding the project objectives will only limit flexibility down the road
- ▶ Focusing instead on the “why” will help make for a more informed “what” decision later on
- ▶ Not every technology is right for every agency or every application



**The technology should be an enabler to help an agency reach its objectives, not an objective itself**

# **A gaps analysis will help define the project objectives by identifying the primary issues with the current system**

- ▶ The analysis begins with a detailed look at the current processes, policies, and infrastructure used to collect fares
- ▶ Stakeholder input can be used to identify issues and areas of concern – or gaps – within the current system
- ▶ By classifying and ranking issues, the project team can determine which of these the new system should attempt to resolve
- ▶ Resolution of the gaps will tie to a desired “end state” that can be expressed as a set of clear goals for the project

**This process will often lead to establishing goals that were not apparent at the project onset**



# Resources are widely available to help agencies make informed decisions and adopt best practices

## Peer Agencies

- ▶ Peer agencies are easily accessible and are one of the best sources of real-world experience with different technologies
- ▶ APTA Fare Summary / Fact Book
- ▶ National Transit Database

## Suppliers and Consultants

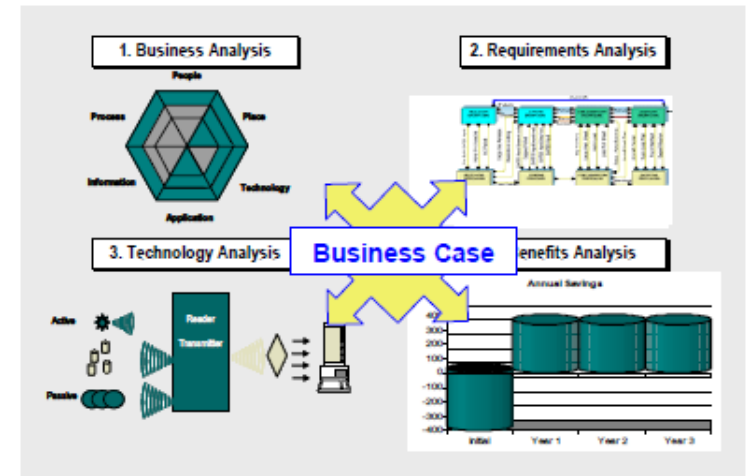
- ▶ A **Request for Information (RFI)** can be issued to build knowledge of a specific technology or obtain feedback on a potential fare collection strategy
- ▶ A consultant that acts as a trusted advisor and who shares best practices can help the steering committee avoid common pitfalls

**These resources can be used by agencies to narrow in on a solution that will meet the project objectives**



# A solid solution will lead to a solid business case and implementation plan

- ▶ An understanding of the cost of implementation and changes to existing business processes and practices are essential to the success of the project
- ▶ A defensible business case will assist in seeking the appropriate project funding and justifying any organizational changes
- ▶ Primary consideration in the business case is to:
  - Balance capital investment against long term operating cost savings
  - Understand operational impacts
  - Recognize changes to customer practices



**The business case should look to quantify how project objectives will be met wherever possible**

## Table of Contents

- ▶ Team Formation
- ▶ Project Lifecycle
- ▶ Project Definition
- ▶ Specification Development
- ▶ System Procurement
- ▶ Implementation and Operations



# **A specification is developed around the chosen solution and defines the agency's requirements for the system**

- ▶ Technical Specification
  - Provides detailed design and operational requirements for the system
  - Best when the buyer knows exactly what type equipment they wish to procure
- ▶ Functional Specification
  - Focuses on the user's interaction with the system
  - Best when the buyer is looking for vendors to propose different ways to meet the requirements
- ▶ Most fare collection specifications use a hybrid approach and require the vendor to provide both equipment and services

**The specification becomes one of the main procurement documents issued as part of the Request for Proposal**



# Prior to issuing an RFP, the agency can distribute a draft of the system specification for industry review

- ▶ Similar to an RFP, the industry review is advertised by the agency and the document is sent out to all interested vendors
- ▶ Vendors are given a period of time to review the documents and provide comments back to the agency
- ▶ Vendors may make recommendations regarding the proposed solution or suggest that items be clarified within the project scope, but no specific pricing is discussed
- ▶ The agency may choose to modify the specification based on the comments received, or ignore them, so long as doing so doesn't offer a vendor a competitive advantage

**The industry review builds interest within the vendor community leading to a more competitive procurement**



## Table of Contents

- ▶ Team Formation
- ▶ Project Lifecycle
- ▶ Project Definition
- ▶ Specification Development
- ▶ System Procurement
- ▶ Implementation and Operations





# The objective of the procurement process is to obtain the best solution and value while managing risks

- ▶ A forthcoming RFP must be sufficiently advertised in order to:
  - Build and maintain market interest in the project prior to the RFP release
  - Keep the market fully informed about the procurement process being used
  - Provide the market time to prepare and respond to the RFP
- ▶ Establishing a wide-spread awareness of the project at the commencement of the procurement process encourages vendor participation and competition
- ▶ Competition, in turn, leads to better solutions being proposed and better value for every dollar spent

**Hosting a pre-bid conference helps identify probable bidders and ensure a level playing field**



# There are a number of approaches an agency can take when procuring a new fare collection system

## ▶ One-Step Procurement

- Detailed technical specification required to define exactly what is being procured
- Vendor submits a price proposal based on the specification
- Lowest bid wins

## ▶ Two-Step Procurement

- Specification provides the technical and/or function requirements of the system
- Vendors submit a technical proposal and are qualified based on their ability to meet the requirements
- Only qualified vendors submit a cost proposal – Lowest bid wins

## ▶ Best Value and Negotiated Procurements

- Specification provides the technical and/or function requirements of the system
- Vendors submit a technical proposal and cost proposal
- Proposals are subject to one or more of rounds of negotiation and revision (optional)
- Final proposals and scored based on a set of evaluation criteria – Highest score wins



# Establishing clear and measurable evaluation criteria is critical to the success of a best value procurement

- ▶ The goal is to ensure that vendor proposals can be scored using “apple to apples” comparisons
- ▶ The specification must be detailed in areas that tie to evaluation criteria – open requirements will lead to varied solutions
- ▶ Providing vendors with detailed pricing forms and proposal format instructions will result in proposals that are easy to evaluate
- ▶ The use of quantifiable measures is always preferred to ones the are open to judgment or interpretation

**An easily justifiable scoring process will greatly limit the risk of a successful protest by a vendor**



## Table of Contents

- ▶ Team Formation
- ▶ Project Lifecycle
- ▶ Project Definition
- ▶ Specification Development
- ▶ System Procurement
- ▶ Implementation and Operations



# The implementation phase is about limiting scope creep while keeping the project moving forward

- ▶ Even the best laid implementation plan may require modification when it comes time to execute
- ▶ Remain engaged and make implementation a collaborative process with the vendor
- ▶ Early and frequent training of staff is critical to build front-line support for the system
- ▶ Stay focused on the end game and don't get lost in the minutia
- ▶ Keep the design to the specification whenever possible

**A solid specification upfront will prevent the need for change orders during implementation**



# The fare system will become the new face of the transit agency to customers...

- ▶ Leverage your customer base for input during implementation through surveys, focus groups, or town hall meetings – **If they don't like it, they won't use it**
- ▶ Make it easy for customers to get the information and tools (e.g., smart cards) they need to use the system – **If they have to work for it, they won't use it**
- ▶ Make sure people know that a new system is coming and build excitement with the public and press before launch – **If they don't know about it, they won't use it**
- ▶ The importance of testing cannot be underestimated – **If it is unreliable or doesn't work, they can't use it**

**... do everything possible to make the first impression a good one**



# Project management doesn't end at system launch

- ▶ Transition from the development phase to the operations phase can be a challenging process and must be managed by the project team
- ▶ The active stakeholder group will grow to include all staff that is responsible for overseeing the operation and maintenance of the system
- ▶ New issues will inevitably come to light as the system is subjected to full use by the public
- ▶ Management of warranty, punchlist and final acceptance must not be forgotten
- ▶ Hold project reviews and document lessons learned, so that only “what worked” is repeated on future projects



**Thank You!**

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