

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

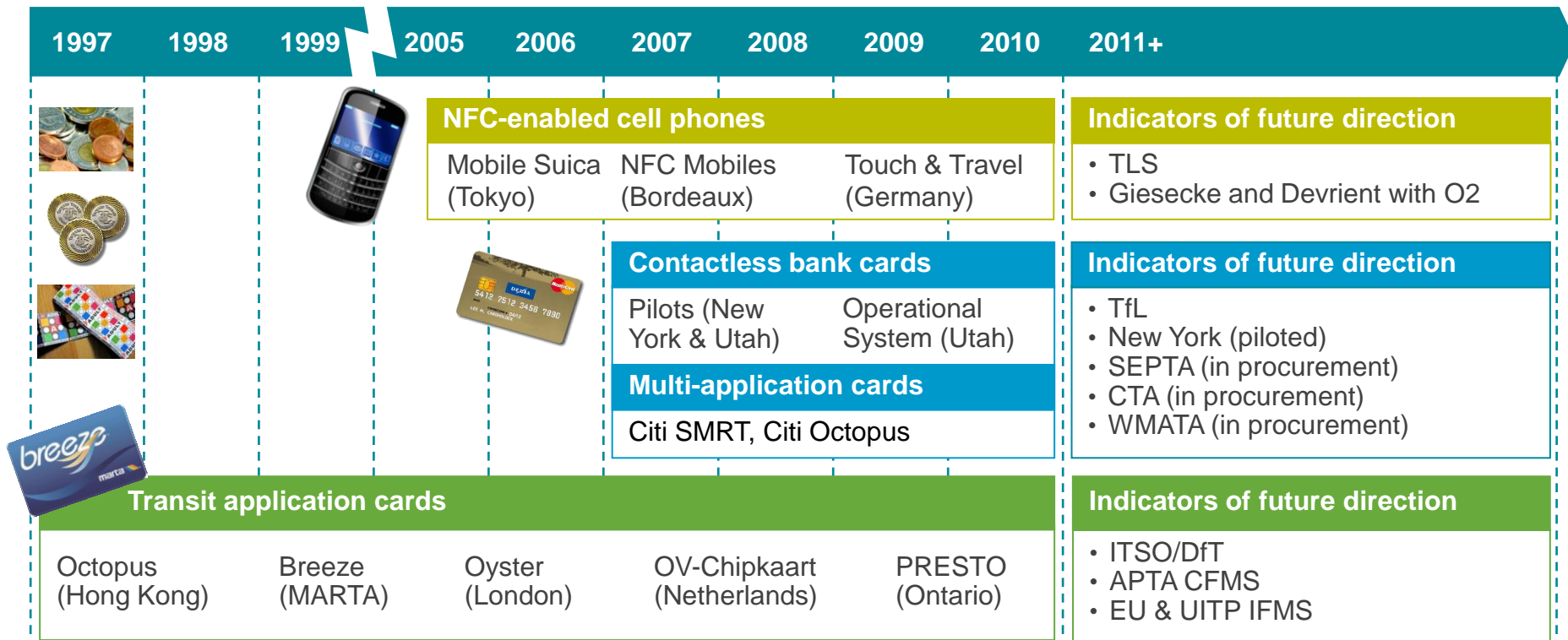
March 29th, 2011

# 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

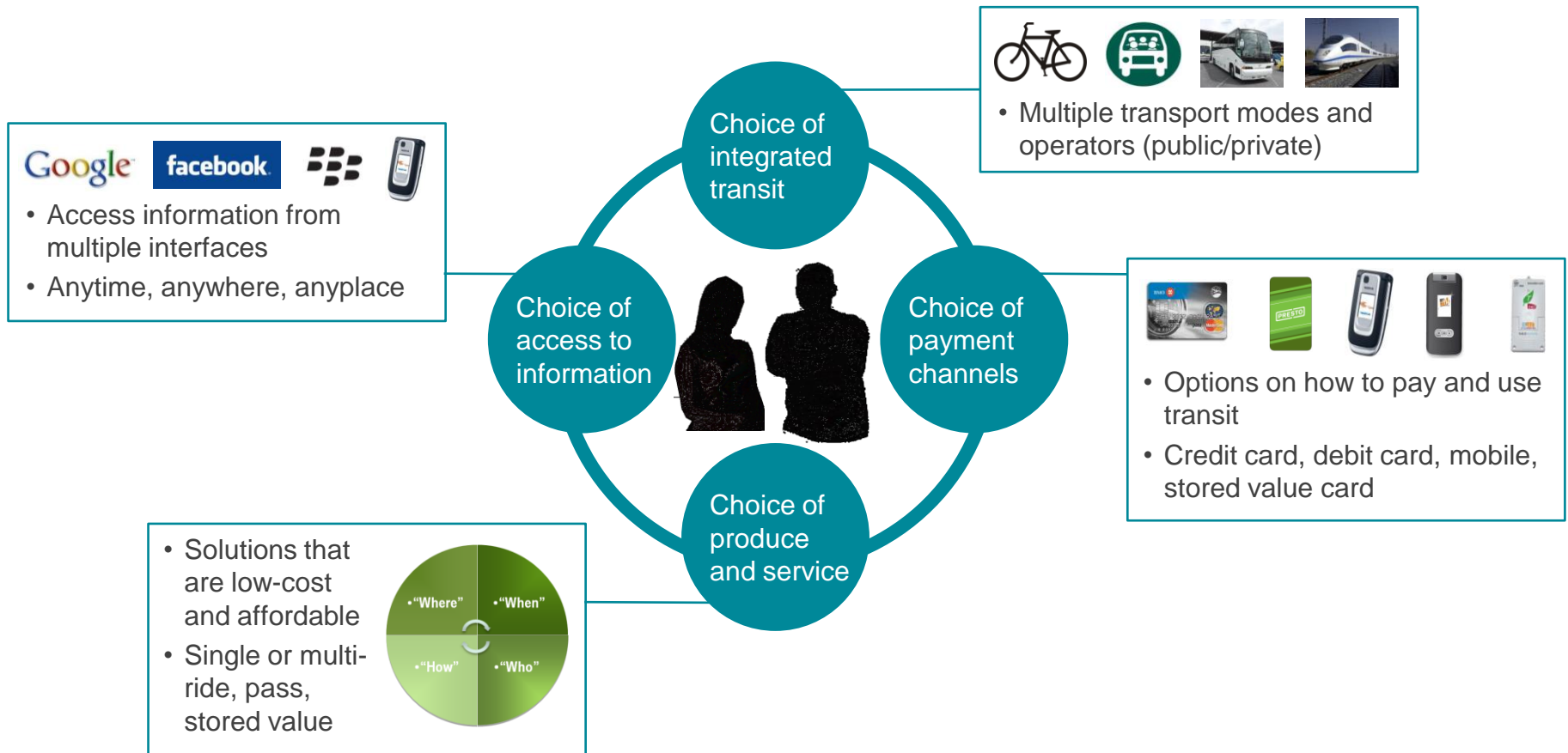
# A walk down memory lane

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

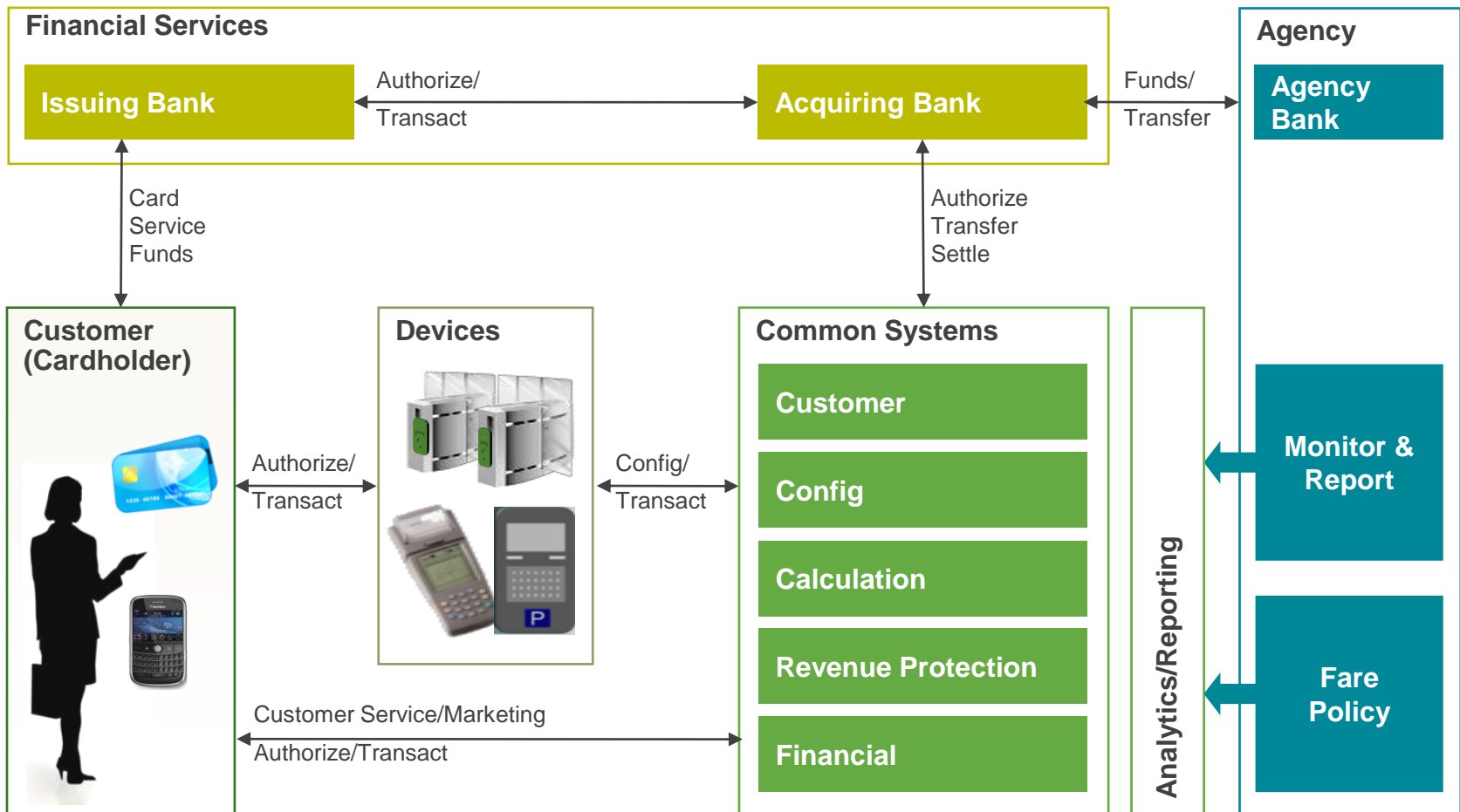
- Customer first focus
- Flexible business models
- Retail industry orientation
- Expanded partnerships
- Payments evolution
- Open standards and architecture
- Business outcome vs. device focus

## 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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