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Outcome Based Procurement – aligning incentives & innovation

Ben Whitaker, Founder and Head of Innovation, Masabi



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- Masabi works with **over 30** transit operators around the world
- Major agencies such as **New York MTA**, Los Angeles and more.
- More than **\$0.6bn** in fares sold per year
- Saved agencies **over \$100 million** VS smartcard alternatives
- Most widely deployed digital ticketing provider
- From signature to launch in as little as 23 days



Spend Less Money

on Technology

and Ticketing!



Transit Issued Media:

Tokens



Mags



Smartcards

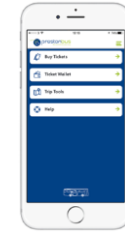


-> usually retailed through transit infrastructure



Bring Your Own Media:

Mobile



Print your own & retailer print



Emv bank cards



ID cards from other issuers (student/corporate/senior etc)



-> can be sold without physical transit infrastructure

Fare Collection – two major activities

1: Sell & Issue Media:



Physical infrastructure:

Sales Windows, TVM's, on-bus Fareboxes

Custom Physical media:

Smartcards + Mag Stripe



2: Inspect & Validate:



Validation locations:

Handheld, on bus, fare gates

Fare Collection – two major activities

1: BYOT sales via cloud



Dematerialized Sales:

Mobile, Web (concession) self-print, contactless payment cards, id cards

Cash Riders:

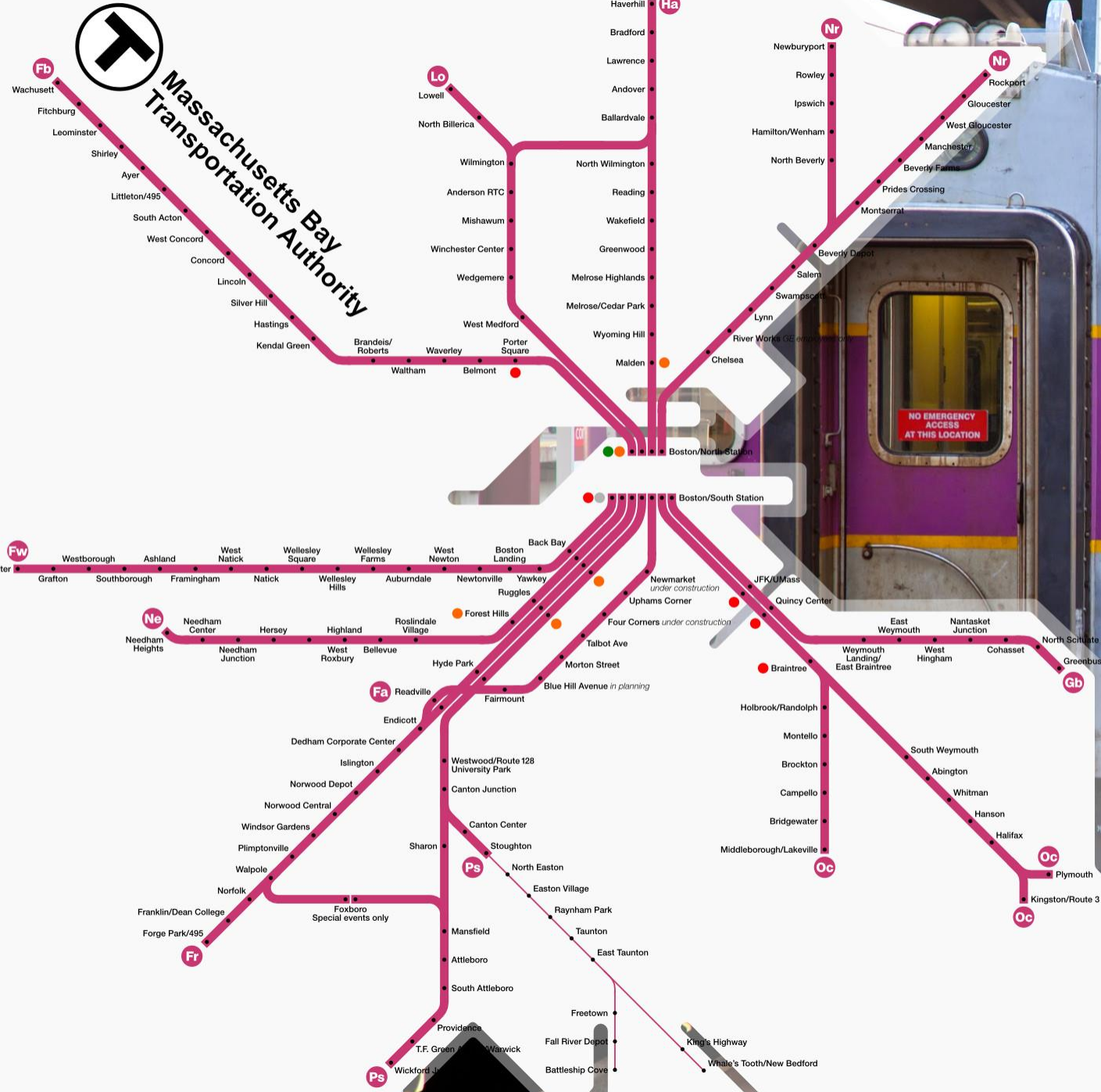
Barcode on receipt paper from convenience stores (pre-pay or ABT stored value)

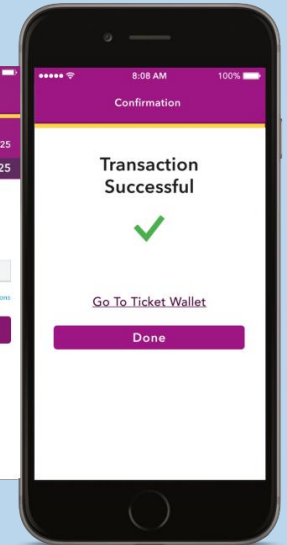
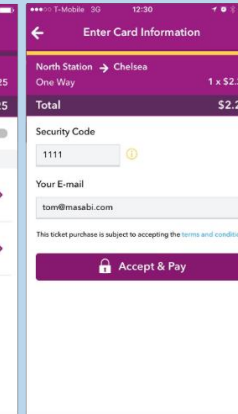
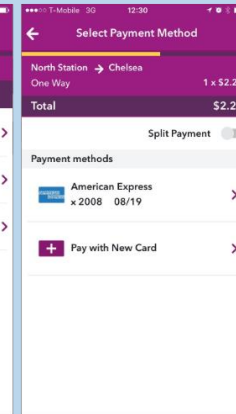
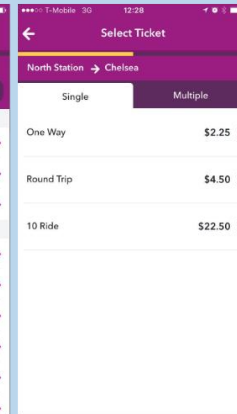
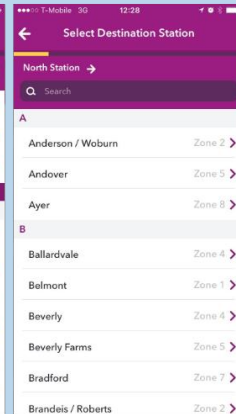
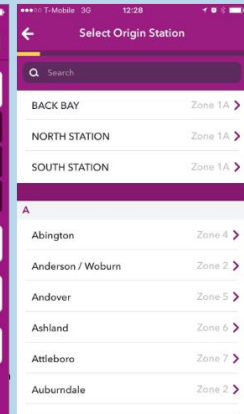
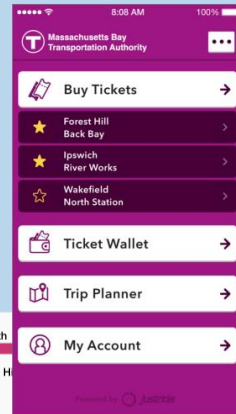
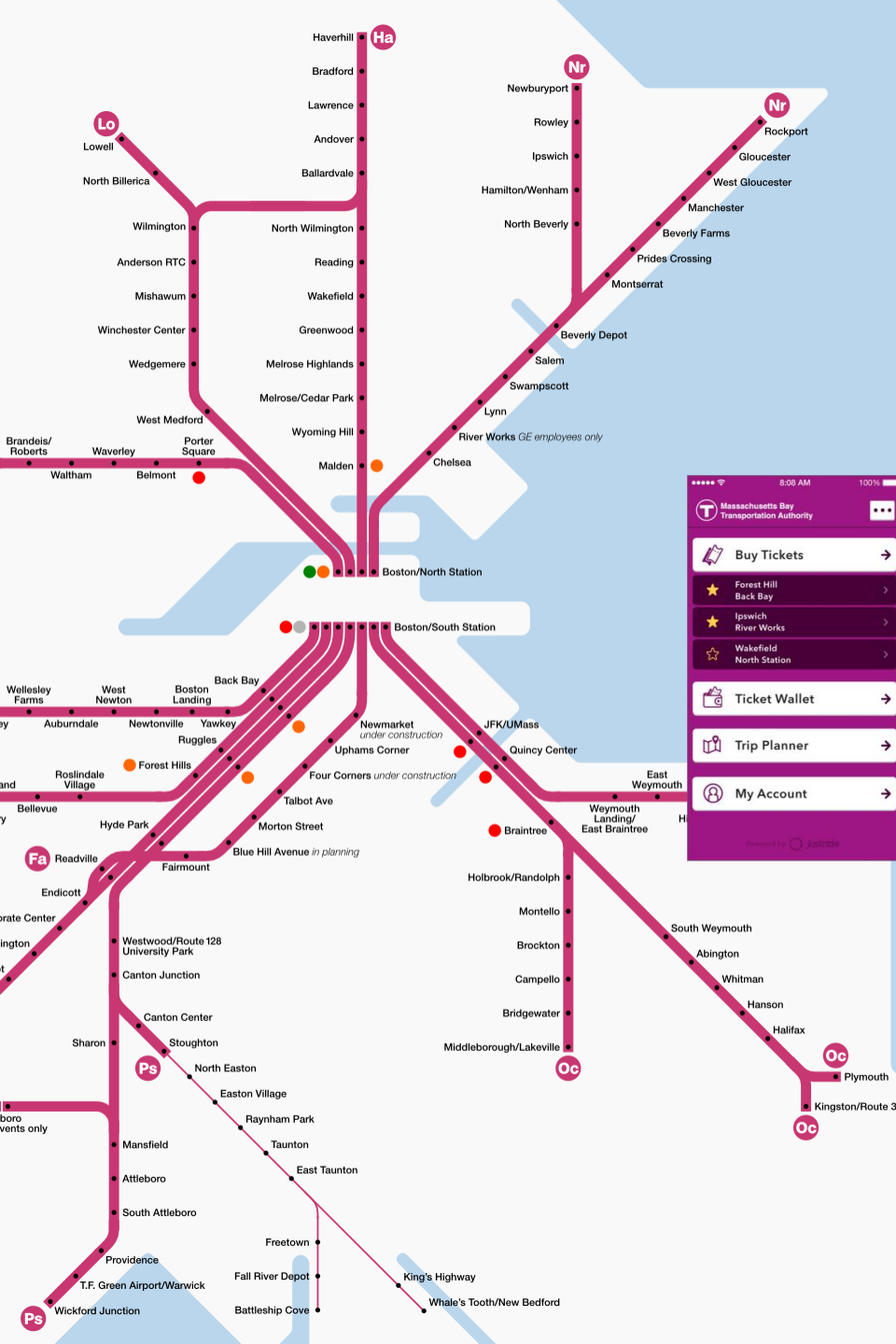
2: Inspect & Validate:



Validation locations:

Handheld, on bus, fare gates
[has to be multi-format]





- mTicketing saved \$73m Capex
- Adoption over 70%



Pacific Ocean

Ventura County

Los Angeles County

San Bernardino County

Orange County

Riverside County

San Diego County

East Ventura

Oxnard

Camarillo

Moorpark

Simi Valley

Chatsworth

Northridge

Van Nuys

Bob Hope Airport

Sun Valley

Downtown Burbank

Glendale

Los Angeles Union Station

Cal State L.A.

El Monte

Baldwin Park

Covina

Pomona North

Montclair

Upland

Fontana

Rancho Cucamonga

Rialto

San Bernardino

Hunter Park

Downtown Perris

Moreno Valley

South Perris

Riverside · Downtown

Riverside · La Sierra

Norwalk · Santa Fe Springs

Commerce

Buena Park

Fullerton

Anaheim

Placentia

West Corona

North Main Corona

Orange

Santa Ana

Tustin

Irvine

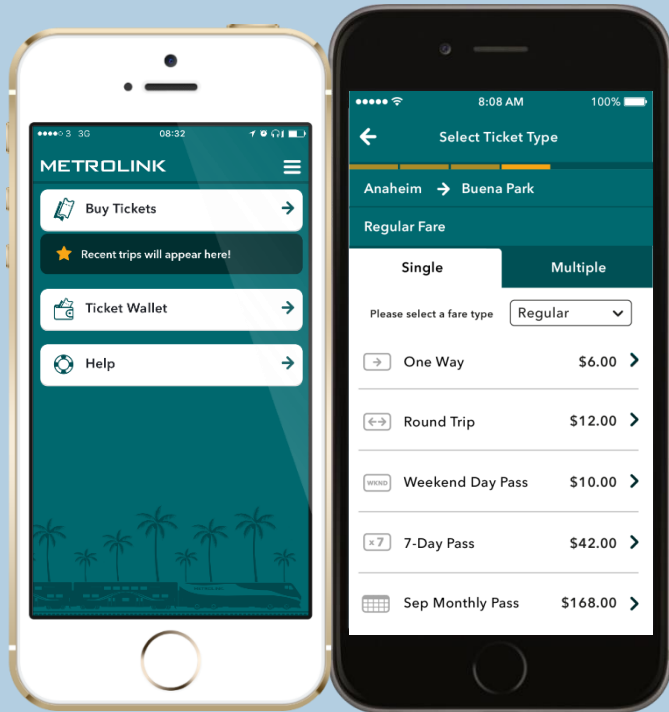
Laguna Niguel · Mission Viejo

San Juan Capistrano

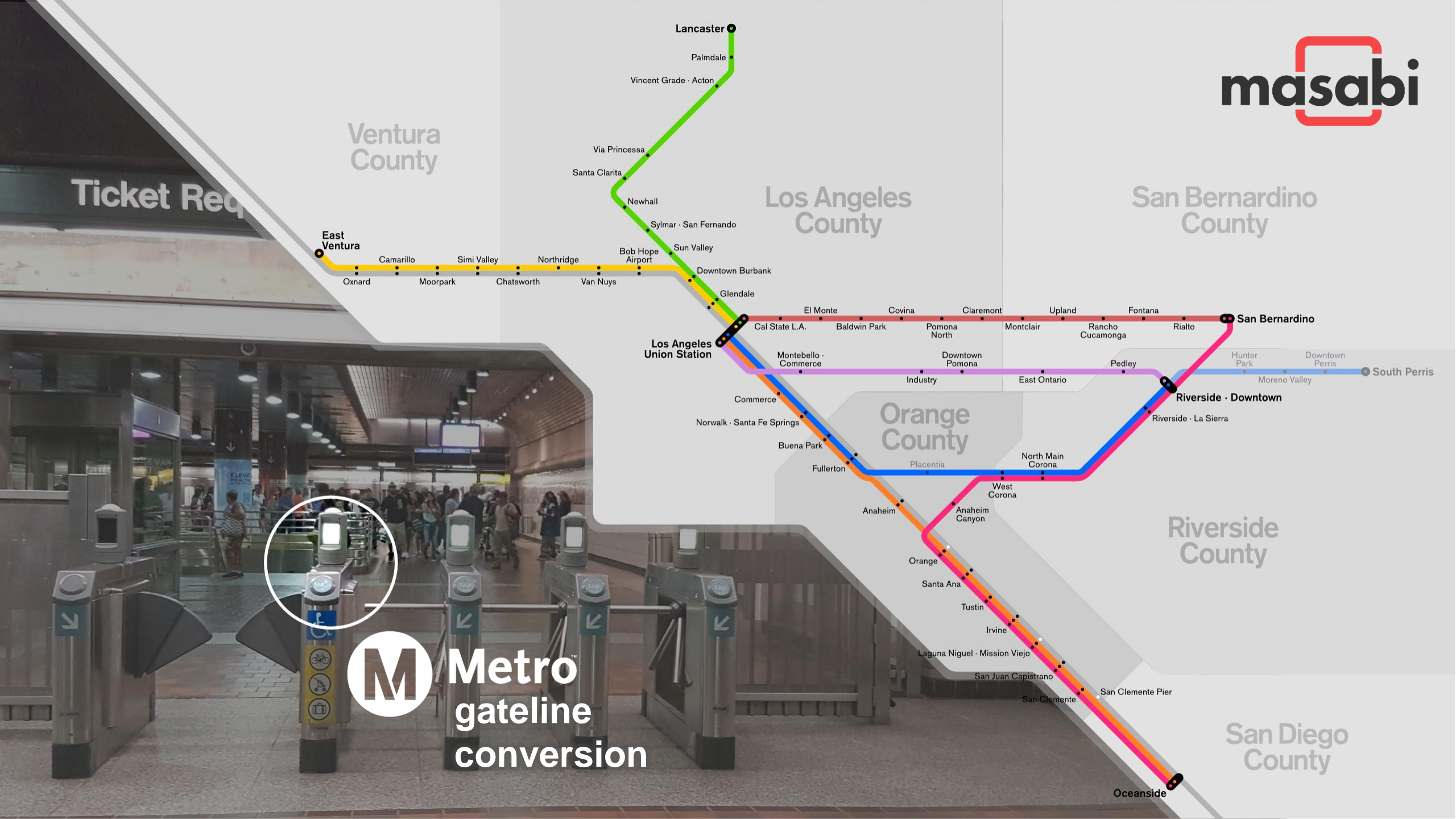
San Clemente

San Clemente Pier

Oceanside



- Mobile ticketing
- On-train validation
- Amtrak interoperability



Ventura County

Los Angeles County

San Bernardino County

Ticket Req

East Ventura

Oxnard

Camarillo

Moorpark

Simi Valley

Chatsworth

Northridge

Van Nuys

Bob Hope Airport

Sun Valley

Sylmar · San Fernando

Newhall

Via Princessa

Santa Clarita

Vincent Grade · Acton

Palmdale

Lancaster

Los Angeles Union Station

Glendale

Downtown Burbank

El Monte

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Baldwin Park

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Rancho Cucamonga

Rialto

San Bernardino

Hunter Park

Downtown Perris

Moreno Valley

South Perris

Orange County

Riverside County

San Diego County

M Metro gateline conversion





Metro-North
Railroad

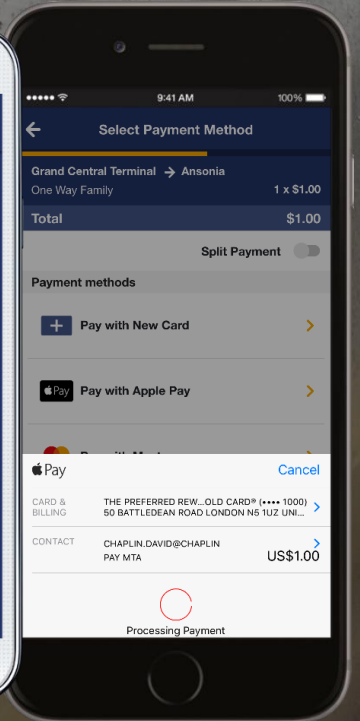
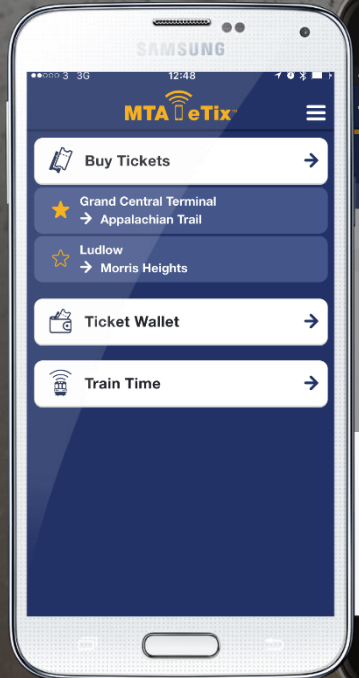


Long Island
Rail Road

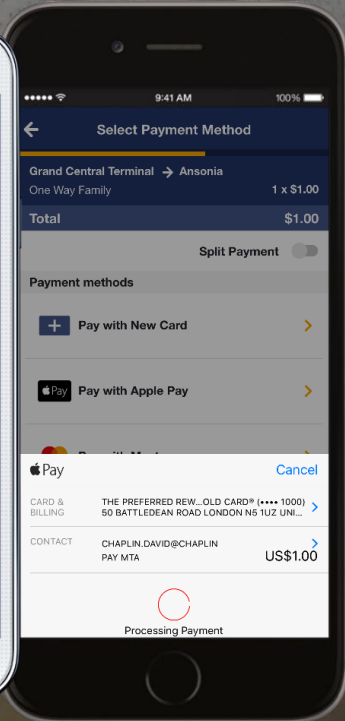
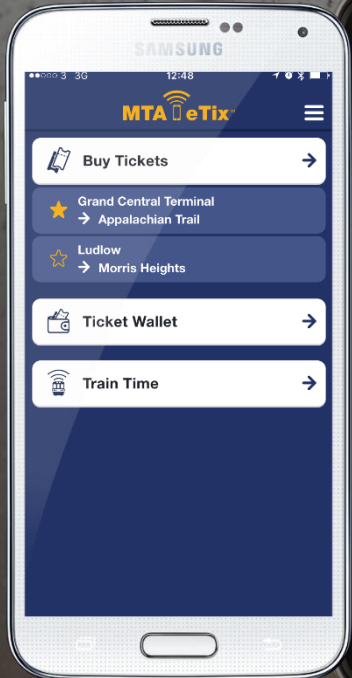


DO NOT LEAN
WATCH THE GAP

DO NOT LEAN
WATCH THE GAP



Expected adoption after 2 years: ~5%



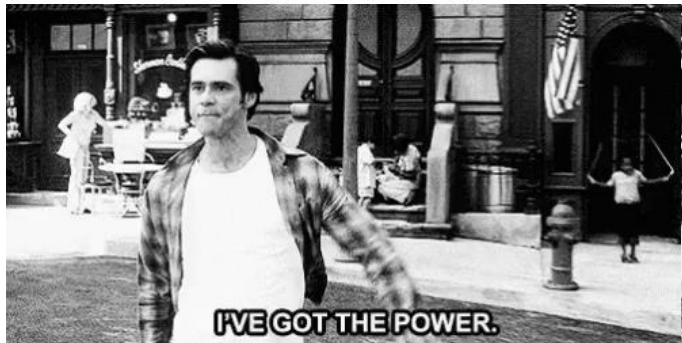
- Expected adoption after 2 years: ~5%
- Actual adoption after 1 year: 20%
(8x faster adoption)



Olivia Lin
@olivialinc



just bought LIRR ticket via mta etix app instead of running like crazy to penn station, rushing, sweating, battling people. it's a new era



8:01 PM - 4 Aug 2017



Sandra Ordonez
@NYCordonez



The @LIRR MTA eTix app is a lifesaver!



4:21 AM - 26 Aug 2017 from Queens, NY

4 Retweets 4 Likes



Tweet your reply



Miss Cadet @MissTCadet · Aug 29

Replying to @NYCordonez @LIRR

I know right! I honestly have no idea what I would do without it!



Nicole Castro
@PRGal187



#MTAetix you saved the day! When your workout is running for a train with a pounding headache... #nextstop #tequila



7:37 PM - 15 Oct 2017 from Queens, NY

Procurements

Technology
or
Outcomes ?

**Accurately predict the
future and micromanage a
vendor towards it**

or

Reward desired outcome ?

A vertical stack of numerous papers, likely RFP documents, showing various colors and textures of paper edges.

RFP Pages proportional to Cost ?





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Expressing An Outcome

Primary Need:

“I need to get
from home to
work”

*(solution-
neutral)*

Solution Want:

“I want a car”

*(states a
preferred
solution)*

Procurement based on Wants:

- Vehicle spec:
 - Lease/buy
 - Cupholders
 - Engine size
 - Trim
 - Colour
- Insurance
- Driving training
- Maintenance
- Refuelling
- Parking in town
- Parking at home

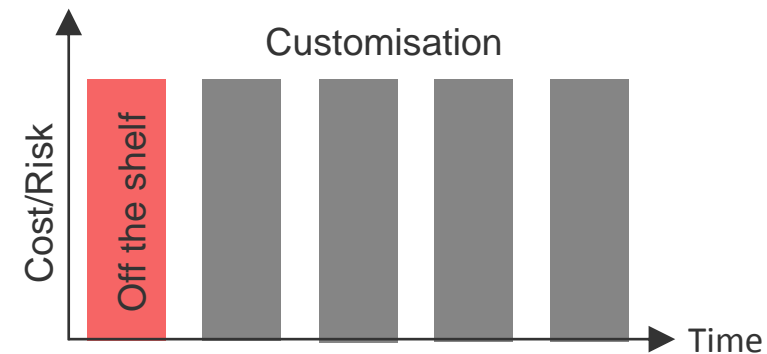
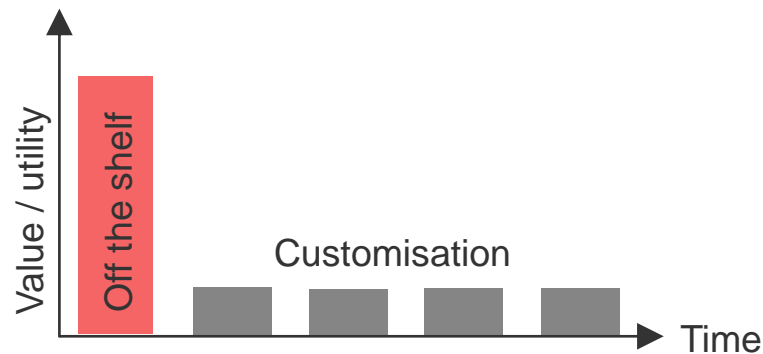
Outcome based Procurement:

“I will pay to arrive
safely and happily
at work.”

Q: if a car turns out to be the wrong solution because cars are banned from the city next year – who picks up the tab for making the wrong solution choice?

Outcome-Based Advantages

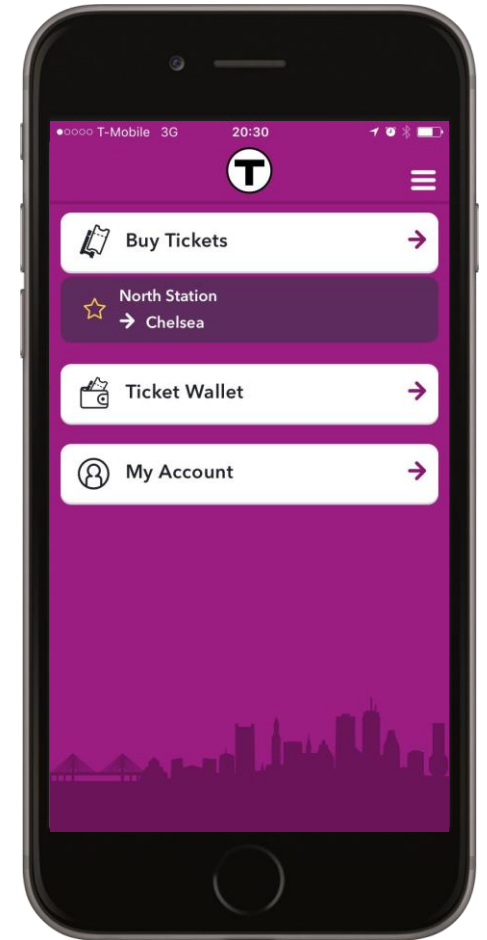
- Innovation happens when people are given problems to solve
 - Especially when they have financial incentive to beat expectations.
- Long compliance tables guarantee some custom development
 - ...which is always expensive.



- 80:20 rule
 - Why spend 80% of budget on the lowest value 20%?

Example

- Boston MBTA mTicketing RFP was 2 pages long
 - “We want to sell tickets reliably, without up-front cost”
- Saved \$73m compared to CharlieCard expansion
 - Aligned incentives through revenue share.
- Delivered in 8 months
 - Would take under 1 month today: off-the-shelf.
- After 5 years, 60+% of tickets are mobile.





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