



The Role of Mobile Phones in Transport

A Gimmick or Sound Business Strategy?

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Introduction

Over recent years we have heard many presentations and discussions over the virtues of a mobile enabled world. That with the development of various mobile technologies such as payments, QR codes, NFC, Trip planners and location based or real-time information, the transport landscape is going to transform overnight into a mobile centric world. We have been told that this transformation is just round the corner or next year. For those of us who are keenly interested we have all peered around that corner each year only to be disappointed, but consoled by the fact that it's the next corner or year. We have seen many false dawns and countless trials and pilots, but when do we start to see this widely anticipated revolution take place.

What Will These Mobile Technologies Really Do For My Business?

Everyone has been eager to predict when this life changing mobile phenomena is going to bloom within the transport world, but perhaps ahead of this, the question that should be asked is “What will these mobile technologies really do for my business?” Do these mobile developments provide the business with a great marketing gimmick that can be used to excite our customers or does this technology have any real business substance that will help improve our operational and financial performance. There is a lot of confusion in the market place over the benefits and roles that mobile has to play in the future of transport businesses and is it something that will give a tangible return on investment.

To further complicate the arena, the evolution of Automated Fare Collection (AFC) has raised questions over what type of ticketing should be

supported. Do we use smartcards, barcodes, NFC, other visual mobile tickets, or do we embrace some of the credit card open payment methods such as EMV. Where appropriate how do we handle transfers and interoperability? What hardware is needed? Do we have to change the fareboxes we have today or can we integrate additional hardware? If we choose to accept a range of ticket and payment options are the entryways to our vehicles going to become cluttered with a confusing myriad of scanners and fareing equipment, designed to speed up boarding, but instead grinding it to a halt with customer confusion.

All of these questions (of which there are plenty more) and the amount of confusion associated with this whole area, provides us with a clearer understanding as to why this new era of a mobile centric transport world has been so

slow in coming. Instead of Transport operators being able to embrace and invest in this new technology, they are being tangled up in the multitude of discussions and presentations over what mobile brings to their business. Where they are in a position to invest, this investment has been directed to various consultants or experts to help deal with the confusion, rather than procuring a suitable solution.

Rather than offering another prediction as to when mobile technology is going to take off in the Transport arena, would it not be better to ensure that during 2013 we concentrate our efforts on creating clarity to the decision makers. Gain a clear understanding of the real-term benefits of implementing a mobile strategy for our Transport business and as part of that process, determine for ourselves what the adoption timelines need to be to meet our business needs.

Through the extensive range of trials and pilots, Mobile Technologies have moved far beyond the embryonic stages they were in only 3-5 years ago and are now ready to become an integral part of our everyday Transport lives. The foundations and supporting technologies are now widely available to provide a more complete user experience, from trip planning and real-time location specific data feeds, through to secure payment platforms and fare integration. Most importantly of all our travelling customers have not only been generous enough to go and invest in suitable devices to satisfy our strategic

requirements, they are eager to start using these promised services in the real world.

Our customers now want to be able to plan their trip ahead of time, select and purchase a ticket at a time and location of their choosing, monitor the status of their trip through real-time feeds or alerts and be able to interact directly with the transport provider when they feel it is appropriate. By ensuring our customers can benefit from this type of service we are able to build a much stronger and direct relationship with our customers in the most efficient manner possible. This is obviously music to the ears of the folks in the marketing department and I am sure they will enjoy countless hours of brainstorming to maximize the marketing benefits it brings. But what else can it do for our business?

Building upon the marketing successes of this technology, we now have direct access to our travelling population and as such can look to extend the range of goods and services that we offer through this channel. We can sell our commuter customers longer term higher value tickets, knowing that they are digitally protected. We can add additional ticket types (multi trip, peak and off peak travel, 3 day working week ticket) to encourage more people to engage in public transport. We can use the technology to guide customers unfamiliar with our networks through what historically may have been a confusing and therefore off putting experience. We can engage with other

elements of our Regional transport networks and offer customers information about relevant interoperable services and provide them with a suitable ticket to travel the full length of their trip. We can bundle ball game tickets with a travel pass, we can sell them a cup of coffee for collection from the coffee shop near their

bus stop. If properly positioned, we can use this platform as a new and more customer focused advertising medium, delivering suitable monetary returns to our business.

Key Benefits: Cost Savings

But before we get too carried away and hand over the keys to this technology to the marketing and advertising departments, let's examine what this technology can bring to our core business. The first and most obvious place to start is cost reduction. There are a multitude of claimed benefits from mobile ticketing and services, but below we have extract those benefits that appear most often in the various discussions and therefore give us greater confidence in their ability to offer a suitable return:

1. Reduced cost of cash handling. The true cost of cash handling is reported to be anywhere between 9 -16% of every dollar spent.
2. Provide customers with self-service tools and reduce customer support/call center costs
3. Extend the life of current faring equipment and reduce the need for off vehicle (street) ticket machines
4. Reduce cost of printed materials (ie. paper tickets, timetables and route schedule changes)
5. The provision of a mobile ticket is negligible in comparison to replacement paper or passes.

The level of savings that a Transport business can enjoy will vary widely depending on services offered and where they are in procurement cycles. But with such a wide range of cost saving opportunities each transport operator large or small should be able to find cost reductions to support their business justification.



Key Benefits: Operational Efficiencies

However it doesn't end there. Outside of these direct potential cost savings there are a number of operational efficiencies that the transport operator can avail of.

1. Faster boarding times, not only improve schedule adherence, but in some cases can allow an operator to reduce the size of fleet while still maintaining the same level of service.
2. Fraud reduction can be achieved through the ever evolving levels of antifraud features in mobile ticketing. As these get more sophisticated and constantly change, would be fraudsters will focus their energies elsewhere.
3. Outside of the cost advantages for replacement mobile tickets, the level of control provided with mobile ticketing means that a full history of use and entitlement is maintained and a lost or stolen ticket can be deleted, therefore allowing the transport operator to provide a replacement confident in the knowledge that this will not end up with two tickets in circulation.
4. Because they are digital tickets, they can be readily changed and altered at the push of a button, without the need to change or update on vehicle hardware or printed tickets.
5. New tickets can be introduced and trialed for limited periods to meet the needs of the business and its networks. There are complete audit trails for all tickets sold or in circulation.

The lists of benefits and business case justifications can be extended even further depending on who you talk to, but what is clear is that the adoption of a sound mobile ticketing/information strategy has the capacity to provide a Transport business with wide reaching benefits, that should be well received within their Finance, Operations and Marketing/Advertising departments.



Conclusion

In conclusion we come back to our opening question, “Is the Role of Mobile phones in Transport, a Gimmick or sound business strategy?” Put simply it is both. If approached properly the introduction of a mobile strategy into a Transport operators business has the capacity to provide its customers with a great new gimmick that will also provide a range of functionality that will improve their overall experience and engagement with the Transport business. While behind the scenes the benefits derived from a good mobile strategy will not only improve the business, but provide a strong return on investment long into the future.

The only key question that remains is “When?” Well despite the technologists, consultants and pundits best efforts, the only people that can accurately predict this are Transport Agencies. The technology is more than capable, Consumers have proven that they are happy to engage in mobile services and it becomes more and more apparent over time that there is a wealth of business justifications to help a business develop a suitable strategy. Therefore we should all stop asking the experts for predictions and instead ask the Transport industry if they are ready to embrace Mobile.