



Digital Money on the Move: The London Experience

Jon Clark
EDS



Agenda

- About TranSys & PRESTIGE
- Digital money in Transport
- If its on the move then where is it going?



About TranSys

- TranSys was specially created to deliver PRESTIGE
- TranSys is a consortium of four global companies:
 - Electronic Data Systems (EDS)
 - Cubic Transportation Systems (CTS)
 - International Computers Limited (ICL)
 - WS Atkins
- TranSys delivery is full service:
 - operations
 - machinery and hardware
 - IT and systems
 - marketing & communications
 - attracting other business partners



About PRESTIGE

- PFI Design, Finance, Build & Operate
 - Revenue Collection Services to London Transport
 - Ticket Selling Systems & Services
 - Smart card Technology
 - Affecting 8 million passengers
- 17 year Contract Term, 4 year implementation programme
- Value £1.2 billion with £200 million capital investment
- Performance-based, output specification covering all sub-systems
- Payment Structure
 - dependent on system availability
 - linked to the usage of public transport
 - dependent on the success of smart cards



New Technology

- London Underground Limited -LUL
 - Completion of gating for all underground stations
 - Passenger Operated Machines- touch screen, debit / credit cards
 - New Retail-based Ticket Office Machines- simplified processes & integrated debit / credit card facilities
- London Transport Buses - LTB
 - New "Wayfarer 3" Bus Ticketing Machines
- PASS Agent
 - New EPoS terminals
- Smartcard
 - contactless memory
 - ISO standard



Size matters

- 900m tube journeys per year
- 1,277m bus journeys per year
- 6m journeys every day
- annual ticket sales revenue- £1,150 m
- annual off station sales revenue ~ £250m
- 5,800 buses
- 273 stations
- 2,400 retail newsagents
- 16,000 devices
- 30,000 staff



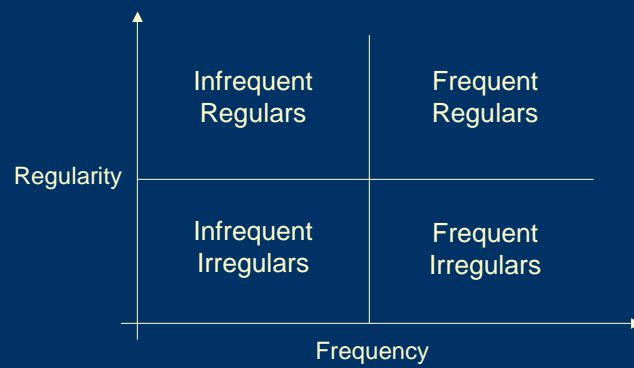


Agenda

- About TranSys & PRESTIGE
- **Digital money in transport**
- If its on the move then where is it going?

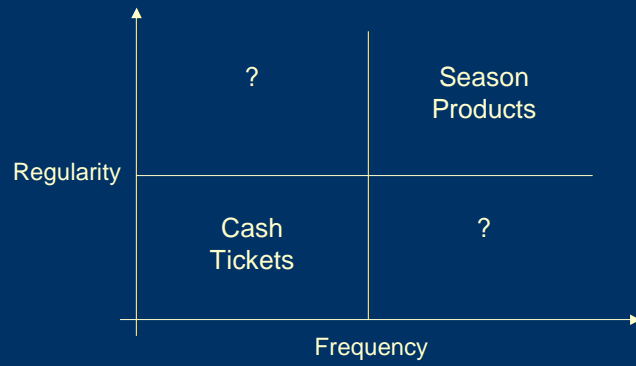


Transport users

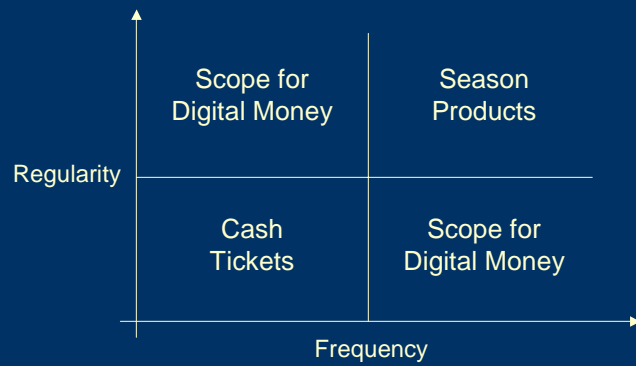




Transport products



Digital money in transport





London's stored value

- Plugs the product gap through “pay as you go”
 - multi-modal
 - fare deducted at the gate line
 - fare deducted on bus entry
- Provides a new payment method
- Is available on the PRESTIGE smart card
- Supports flexible business rules
 - Daily best value (capping)
 - Transfer discounts
 - Bi-directional fares
 - Automatic season extension



Why this form of digital money?

- Benefits to LT
 - pre-pay float management
 - reduce queues
 - flexible pricing to influence behaviour (improve utilisation)
 - more secure than traditional products & cash handling (i.e. reduced fraud)
 - necessary controls for digital money provides valuable management information
 - flexible product responsive to policy to change
- Customer Benefits
 - reduce queues
 - ease of use - ergonomics, simple product & best value
 - reduce bus dwell times
 - automated facilities



So what do customers think?

- TranSys has carried out significant pieces of research since contract signature
 - research shows that the overall user reaction is positive
 - cash users are interested in stored value as a replacement product
 - some season ticket users are interested in stored value as a complementary product
 - a few season ticket users are interested in stored value as a replacement product
- Existing channels for load and checking preferred
 - mass transit is habitual
 - low internet usage by overall LT customer base
- Normal reservations - “might lose card”, “what about security?”, “how much will it cost me?”

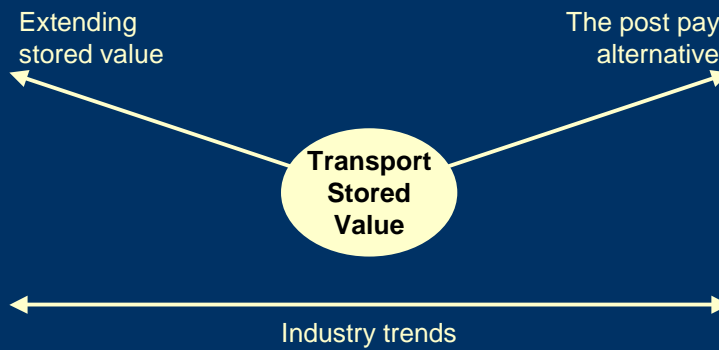


Agenda

- About TranSys & PRESTIGE
- Digital money in transport
- **If its on the move then where is it going?**



Where is it going?



Industry trends

- Transport procurements driving smart card based solutions - the enabler for "home" and integrated ticketing + delivers additional business benefit
- Less prescriptive / more functionally oriented
- Convergence with conventional payments industry
- Open systems, network / technology standards, automated settlement
- Cash acceptance at devices will diminish over time
- Solution becomes more about processing fare payment transactions than collecting and reconciling fares



The post pay alternative

- The customer relationship and transaction processing network enables post pay
- Your card is your access token
- Public transport becomes a utility
- Tariff structures designed to suit usage, credit risk etc
- Removes more cash from the system - no need for reloads
- Multiple users for payment accounts - family travel, corporate travel, concession travel



Extending stored value

- The proposition is attractive to businesses with the right qualities
 - low value high volume transactions
 - quick transactions
 - ergonomically difficult transactions (e.g. drive throughs, barrier payments)
 - where there is a natural linkage with mass transit
- The TranSys network is inherently attractive - there will be millions of Londoners with the new payment mechanism
- BUT
 - There are big differences between the contact and contactless world
 - It needs to be competitive with existing payment networks
 - It cannot affect the core service to LT and LT's customers
 - It will be regulated
 - Haven't we got enough payment networks?



Summary

- TranSys is here for the long term and has an established track from successes to date - on track to be the largest inter-modal smart card provider
- There is a place for digital money on the move - there are also viable alternatives to the traditional view
- With the right know how London's digital money can be extended for non-transport payments