

## Smart Ticketing Industry Roundtable

Organised by Intelligent Transport Systems UK (ITS UK) in collaboration with the Crown Commercial Service (CCS) | 18 July 2024

### Overview

ITS UK is collaborating with CCS to deliver a series of roundtables, to enable CCS to gain a deeper understanding of sub-sectors within the transport technology market. The session on 18 July sought to explore the current state, opportunities and challenges of the smart ticketing sector.

Below is a summary of the discussion.

### Interoperability

- Interoperability is a clear driver for the industry given the benefits to users, but there are currently few examples within the UK of a fully integrated ticketing system. This was raised as an issue for the market and a barrier to overcome, especially for larger local authorities.
- Attendees highlighted that in order to achieve greater integration across transport systems, it is necessary for information to flow between the relevant actors at the point of payment in real time i.e. banks, transport providers, local authorities, and passengers. This is difficult to organise, in particular across different modes of transport, and requires collaboration from all of those involved in the sector.

### Different locations need different solutions

- Several attendees highlighted the importance of understanding that a solution or technical approach that works well in one location may not necessarily be ideal in another location i.e. what has worked in London, might not be ideal for Manchester or the Midlands.
- It is advisable to focus on outcomes and capabilities, so that different 'players' can use different assets to support customer ambitions and meet customer expectations.
- It is worth noting that devolution and increased political will amongst local and regional authority leader might lead to improving interoperability across regions and transport modes. This has been the case with Manchester, where political support has aided greatly the implementation and speed of the procurement process.

### Standardisation

- An important element to how the market operates is standards. Organisations are in place to ensure that sector interoperability is preserved through standards and accreditation; in the case of rail, this holds retailers to account, allowing people to purchase rail tickets from anywhere to anywhere. However, further work is required on cross-mode, technology agnostic standards, and this continues to be a barrier in procuring fully interoperable solutions.
- A key issue with standardisation nationally is around how we pass data between parties in real time, when the destination of a journey is under the purview of a different set of actors than in its origin. Until this problem is solved, national and inter-regional integration will be difficult.
- When it comes to bus ticketing, it was highlighted that there are no overriding standards on the technology used, whether EMV or QR. Having this would be helpful in improving customer experience and integration. However, if Bankcard EMV's were to be implemented, it is necessary to ensure that schemes comply with the rules that are set by each bank i.e. Visa, Mastercard or Amex (most UK credit and debit cards are supported by either these three) consequently if a Merchant i.e. TfGM or TfL wishes to accept payment by credit and debit cards that are issued by these banks, then the Merchant needs to comply with the respective Scheme rules.
- It was also noted that there is a significant market for the bus ticket sector which is not currently integrated with other transport modes.

### International experience

- One example of how smart ticketing is delivered in Europe was mentioned, where payment providers step in and collect fares after fronting the infrastructure implementation cost. The pros and cons of a concession type approach would need to be fully considered as well as any implications to procuring such concession contracts under the new procurement regime.

- A question remains on the payment structure that is agreed. There are several models available, whether through advertising or fee sharing. To work, the payment structure must be SME friendly and provide the best value for money for the public sector. However, others mentioned that these payment providers could be expensive. It is worth noting that the active leadership and sponsorship that is provided by devolved regions can (based upon the experience in Manchester) lead to the accelerated development of contactless bankcard transit schemes, removing blockers to deployment across modes'

#### **Client capabilities**

- Local Authorities, and the procurement departments of any public body in general, face barriers in the information and skills required to understand the technologies and systems they are purchasing. Advisory services would help buyers to make informed decisions, and to understand the terms of what they are actually purchasing. Focussing on outcomes and putting the technology in 'plain English' is key.
- It was suggested that local authorities could look at coming together negotiating with commercial suppliers, allowing for one system for the whole region, and higher economies of scale. This might not work for all technologies or all buyers.
- It is worth noting when discussing the provision of services that there are benefits in engaging SMEs in the supply or delivery chain. Opportunities to support SMEs should be considered when considering the specification and route to market - does the procurement allow for delivery of certain elements directly or through subcontracting with SMEs?
- It is important for authorities (buyers) to be able to take incremental steps to get to the end goal. This approach may support SME engagement and the evolving needs of those who purchase their services.
- There may also be a clear role for an integration partner - an organisation of size and scale that can work across a diverse supply chain to implement solutions.

#### **Open Data**

- There is a consensus that the industry needs to increase its leverage of data to new levels, putting the consumer at the centre of how the data generated from transport is used. Some representatives pointed out that further leveraging of data is likely to depend on government policy, direction and priorities, particularly in the current fiscal climate. With the roundtable taking place a few days after the General Election, it remained to be seen what the Transport Secretary will choose to do on data in transport.
- When it comes to open data, it is also important that the data is maintained through open standards from the local authority level and the early stage of its collection. The industry already has significant levels of data that exist behind the scenes, but it is difficult to translate it into operational use, because highly localised adaptations of the data do not allow it to be translated into widespread use.
- It was agreed that open data is absolutely key. RDG has seen benefits to their 'Rail Data Market Place', where rail data is made available to the private sector. It was agreed that there were benefits in putting sources of data that have not been previously externally available into a single repository under a common format that suppliers can access.
- Smart or integrated ticketing suffers from the fact that disclosing all data is commercially difficult, and therefore there may never be the case for making it public. But, simplifying the landscape would help to drive competition and help new suppliers enter the market.

#### **Definitions and acronyms**

- When it comes to procurement, it is helpful not to rely on industry terms. These terms should be referenced, but not used without definition. There are varying definitions for many products and concepts in the smart ticketing industry e.g. account-based ticketing can mean a capped fare or it can mean ticketing using different types of tokens linked through an account, with these two being vastly different.
- Additionally, as technology evolves, these concepts evolve with them too. Requirements detailed in specifying the procurement of transport technology should be open to reflect the changing nature of these concepts.

### **Value of CCS in procurement**

- CCS noted the evolving nature of smart ticketing and outlined how the flexibility and opportunities provided for within new public sector procurement rules could benefit public sector buyers. The new rules are intended to support access to SMEs and to drive innovation, for example, enabling trial, test, deployment and scale-up solutions under a single contract.
- Whilst it is not directly a procurement issue, the group noted that the transport ticketing sector has lacked a national strategy from the Government. This has created siloes for success cases, which aren't always applicable elsewhere. CCS does not have a transport policy role but procurement can remove certain barriers and act as an enabler. CCS is keen to collaborate with stakeholders to support market uptake through a new commercial agreement delivering outcome-based solutions.
- The aim for a new agreement that includes smart ticketing within scope is to offer access to a range of related goods and services - from design and consultancy, system integrators (to do the complex work of joining up different elements of the overall solution), and bespoke providers (including back office, fare engines and payment solutions). CCS is undertaking market engagement on their new agreement which will help them to set out the structure, terms and processes that can support this sector.
- In addition, CCS is looking to establish a buyers' group, where best practice around procurement of smart ticketing is developed and shared. This will arm public sector buyers with the tools to develop appropriate requirements and make informed decisions. This may offer guidance on future proofing solutions, avoiding supplier lock-in, delivering interoperability, and taking advantage of rapidly evolving technology that underpins smart ticketing.

### **Conclusion**

- In closing comments, the group discussed need for advice and support in decision cases, and in making positive steps (stepping stones) towards an integrated ticketing system.
- It was also noted that solutions also need to cater for sections of the population that tend to be excluded from digital services - notably the elderly and vulnerable adults. These issues should be considered when planning and procuring solutions.