Workshop 3

Emerging business models and implications for the transport ecosystem
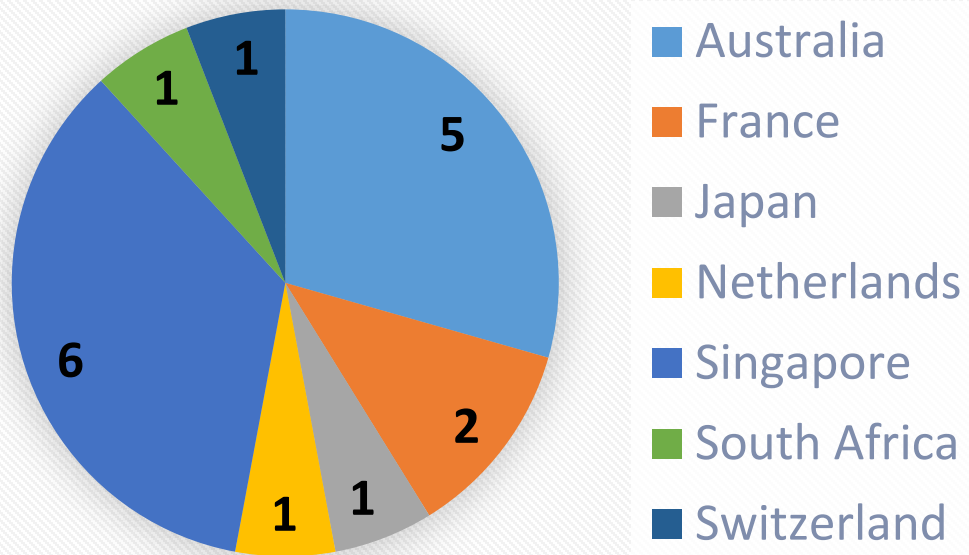
Chair: Prof Rico Merkert

Rapporteur: Yale Z Wong
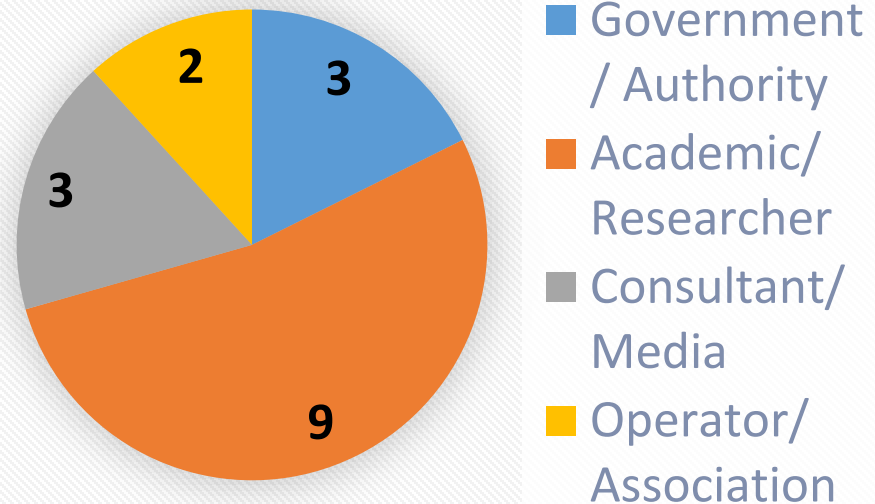
17 participants · 12 technical papers

Countries Represented

- Australia — 5
- France — 2
- Japan — 1
- Netherlands — 1
- Singapore — 6
- South Africa — 1
- Switzerland — 1

Participant Affiliation

- Government / Authority — 3
- Academic/ Researcher — 9
- Consultant/ Media — 3
- Operator/ Association — 2

What is a business model?
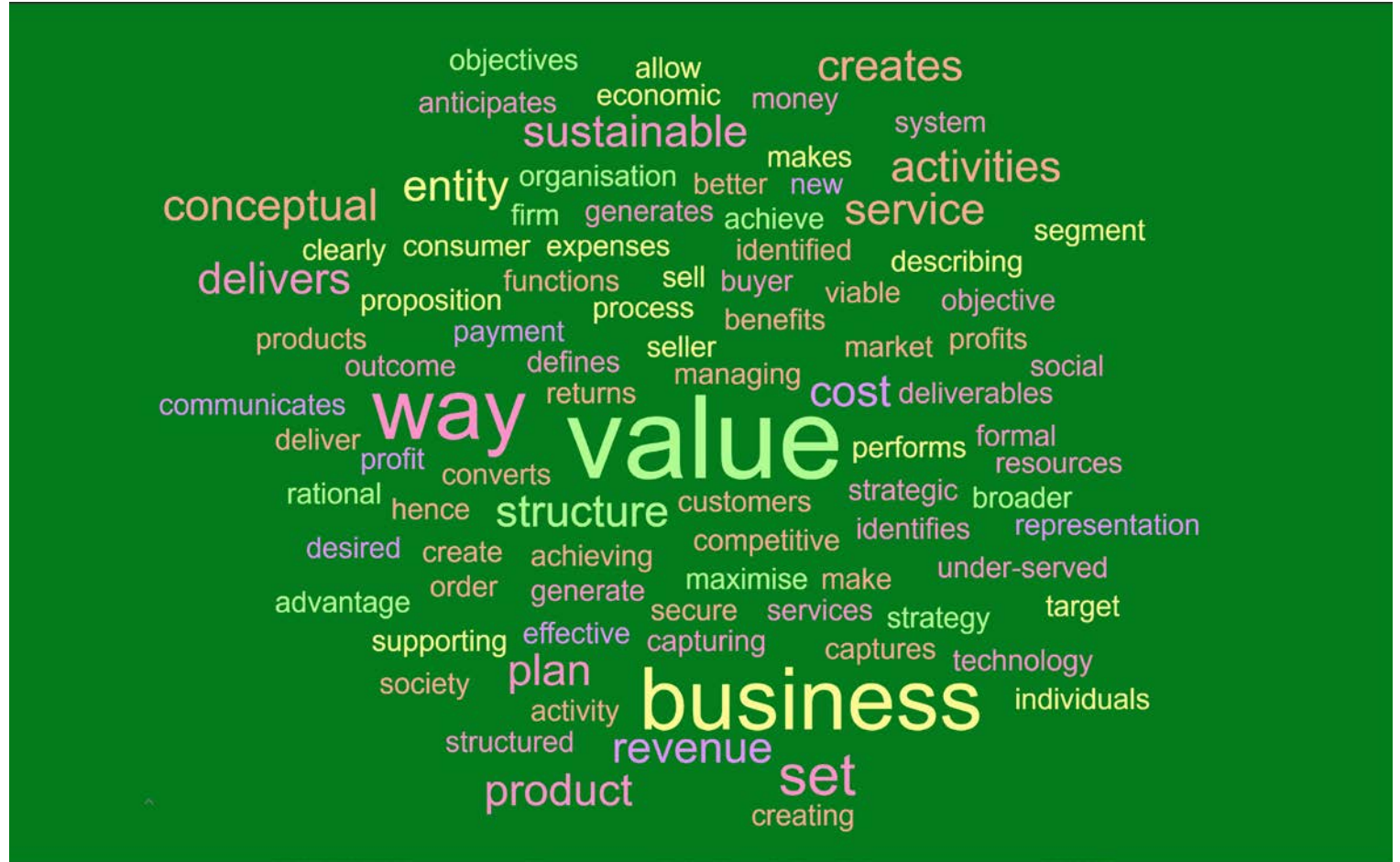
Theme 1: What are the successful business models now and into the future (holy grail)?

- What is the definition of success?
  - Stakeholder-specific, spatial context; short/long-term
  - Mission/vision/purpose (including sustainability and reinvestment into community)
  - Static vs. dynamic future—responsiveness of business model (adaptation)
- Low cost vs./+ complementary vs. differentiate vs. niche vs. hybrid
- MaaS not business model but ecosystem
- "Hammer looking for nail"—technological determinism—context/needs—clarity of purpose
- Why collaborate/alliance? Why change/reinvent? Do successful business models even exist?
- Viability and sustainability—resilience, tenure, 3BL perspective; reinvesting in community (trust)
- Market boundaries/definition
  - Value in integration/market sector blurring (vertical/horizontal) integration
  - What is core business?—outputs → outcomes wish to drive (many claim to be in tech sector)
- Compete for providing mobility within supportive regulatory framework

Theme 2: What is the role of ownership?

- Consider asset ownership & company (holding companies, PPPs, etc.)
- Allocation of risk—asset light vs. control of assets
- Everything as a service
- Chris says handsoffourassets.com.au
- Making own assets available to others (i.e. AV; spare bus)
- Incentivisation through contract specifications
- Asset specifications and who specifies might lack interface with operator/customers

- Chasing of technology—asset life
- Value of vertical separation—ROSCOs, Lessors
- Barrier to entry—competition; scale of procurement
- Does govt/firm want assets in balance sheet?
- Correlation vs. causation – Success Dependent on Ecosystem incl. TC vs. NC

Theme 3: Do business models apply across modes/sectors?

- Integration—trade-off/synergies/competition

- Diversification (incl. macro-micro)

- Price—revenue model—modal equalisation

- Collaboration models on trunk/feeder vs. public/private

- New modal technologies—uberELEVATE, etc.

- Application of business models in transport and other sectors
  - Transit-oriented vs. transit adjacent

Theme 4: What is the scalability of different business models?

- Small vs. large businesses
  - Large—tax advantage, FDI
  - Small—bottom-up
  - Hybrid? Local ops/community relation management but global HR/IT etc.
- Global citizen vs. decentralised/family business? (community?)
- Developed vs. developing economies
- Business management structure
- Risk and sector (e.g. telco vs. rail vs. data centre)

Theme 5: Implications of tech for business models?

- Which technologies?—AVs, EVs, data analytics, 3D printing, drones, hyperloop, telematics
- End user 'buy-in' crucial for ultimate impact + customer service (apps, real time)
- Businesses competitiveness/efficiency
- Technologies as true disruptors—MaaS on margin
- Elimination of entire layer in the ecosystem—e.g. chassis supplier; bus operator if labour heavy
- EV—blurring of sector boundaries—electric/distribution networks—dem. of power source

- Government 'obsession' (?) with innovation and adoption
- Security—who owns data, containing, access, management
- Labour force/economic restructuring (i.e. AV)
- How do you & consumers ADAPT over LT?

Theme 6. Customer expectations

- Technology → improved customer service => expectations, concerns
- PT free expected in Europe (?) vs. user pays (WHO?) → value adds a potential business opportunity
- Who pays?—employer, taxpayer—no such thing as free lunch
- Hypothecation vs. consolidated revenue
- Price as nudging mechanism—optimising demand and supply
- Cultural layer—people do not appreciate if service is free/public

Theme 7: What else drives business models?

- Consider sustainability, equity, governance structures, context, labour
- Customers, technology, opportunities, strategic visions, policy/regulations/legislations, innovation
- FAILURE, with reflections/learning
- CAPITAL—make business sector attractive to investment—need funds to innovate/R&D
- Do you have to make money to R&D—Uber attracts $$—Softbank etc.
- Ways of working together—collaboration
- Risk attitude/ entrepreneurial spirit
- Academics/research – Research priorities
  - Barriers to collaborations
  - Transition from no tech to full tech ecosystems
  - Economic restructuring/unintended consequences (AVs, incl. MaaS/DRT and TC/NT as linked)

Theme 8: What's the next big thing? What will we be talking about in 10 years? → Recommendations for Thredbo 17

- Active transport/health—linking transport to health outcomes—fusion of sectors – Competition concerns
- Telecommuting, co-working spaces, Transient communities—need to travel
- Rising degree of affluence—consumer-centric vs. social inclusion
- Why do we subsidise PT/transport?—why, how, who
- Millennials running the show
- Climate change, weather events—infrastructure resilience
- Parking; sharing economy; ownership of cars/housing
- Servitisation of entire mobility value chain (incl. IT and OEMs)
- Is Google the dark force that will destroy my family (business)?

Policy recommendations

- Learning from comparable and diversified contexts + Documenting experiences and attending Thredbo

- Enabling/embracing innovation/collaboration

- Clarity and purpose in strategic objectives and operationalise—definitions lacking

- Bringing everyone to the table—who is not at the table?

- **Trusting** partnerships—beyond legal/commercial—along supply/value chain (unwritten/unquantifiable factor deciding success)—beyond collaboration

- SDGs etc. continuing discourse on global commitments; supranational organisations

- Policymakers allowing market players to adapt; Watch out for unintended consequences

- MaaS should not be rolled out unilaterally by govt but ensure open system and many providers in market

- Consider main players as well as potential entrants; complements along value chain (Blurring boundaries)

- **HORSES FOR COURSES – No one size fits all, as usual** ☺

- MAKE TRANSPORT GREAT AGAIN (?)