

Mobility Service Providers Will Offer Door-to-Door Travel Solutions on a One-Stop-Shop Basis

Companies will deliver customer-centric transportation services by leveraging technology and bundling offerings



Travel in today's world is complicated. The modern traveler often takes a number of different modes of transportation on a single trip, with a compounded number of touch points with transportation providers, especially if a problem should occur along the way. Today's travel customer is looking to a future scenario where his door-to-door transportation service needs will be handled by a single entity – a Mobility Service Provider (MSP).



What the Future Looks Like

It is estimated that by the year 2030 almost all travel customers will use some sort of Information and Communication (I&C) device to handle their arrangements and these devices will be completely independent of any kind of computer but rather will be embedded in devices and objects used in daily life. The components will be small, portable, quiet, almost invisible and practically omnipresent. Information will be gathered with wireless data exchanges and sensors, enabling new, innovative applications for transportation providers, especially in planning and scheduling.

Customers will be very well informed. They will know how to gather the information they require through platforms and communities. They will be quality oriented and they will most likely think in terms of travel chains rather than individual transportation providers. Travel chains will be electronically managed and executed and will be offered by many MSPs, who will become the primary travel contacts for consumers. To provide the sort of seamless travel experience customers expect, MSPs will collaborate with a number of service providers, including those dealing with transportation (trains, airlines, buses, intermodal), online (ticketing

agency like Kayak, Google, Travelocity), mobile (phone service companies), booking (engines like Sabre and Pegasus) and financial (credit/debit card companies, payment service providers, smart cards, mobile banking institutions). Customers will expect MSPs to offer them prices and deals that are geared to their individual requirements, be easy to understand and handled quickly and automatically.

In this future scenario, customers will book and buy their travel arrangements through mobile communication channels, which is also where they will receive real-time information about their trip – scheduled arrival time, connection data, departure platforms, etc. Questions about connections and conditions at an upcoming destination can be answered through online, GPS-enabled sites that can customize the information in an easy, visually-appealing format. The navigation functionality on mobile phones could even lead the traveler through the station right to his booked seat. Constant updates and status of the traffic systems across all transportation providers will be available.

Some initiatives already in place

There is already a trend in the travel market towards the development of intermodal travel chains but there remain many obstacles to full integration. The ability to combine long distance (air, train) and short distance (car, taxi, tram) modes of travel into one travel package is still a long way off as is the ability to completely integrate railway and air travel. Much effort and cooperation on the part of the companies involved and government agency will be required. However, advances in technology are helping to resolve many long-standing concerns and issues that special interest groups have had with the concept of integrating intermodal travel chains.

A few companies are already starting to give customers a taste of the future. Air France & Thalys have an agreement whereby all Air France customers travelling from Brussels to Paris to take a medium / long-haul flight travel on the Thalys train. The reservation system treats the Thalys trip as part of the Air France flight, which means customers use their plane ticket for both parts of the trip. Customers do not need to make any additional reservations. Air France has a ticket

counter and a train crew at the railway station. Passengers are given a voucher that they present when they board the train, allowing them to travel in first class cars specifically reserved for Air France customers, regardless of the kind of air ticket they have purchased. Passengers and baggage undergo preliminary check-in at the rail station in Brussels and no further luggage handling is necessary on the rail leg.

Transportdirect.info is an example of a company that provides all the information a traveller needs to plan a journey by any mode, or mixture of modes, of transport within Great Britain, including:

- Complete door-to-door journey options by car and by public transport
- "Quick Planners" to find a train, coach, flight or car route
- Step-by-step directions for joined-up public transport journeys
- "Find nearest" station / airport search
- Choose how to specify an origin or destination - by place, address, postcode, place of interest, coach / railway

station etc. - or to find the location on a map

- Maps of journeys showing each individual stage, and interchange points
- Tools to modify or extend a journey plan and to replace a section of a public transport journey plan with a car plan
- Ticket prices for rail and coach journeys and link to e-retailers for buying tickets for the chosen journey
- Live travel information for Britain's rail and road networks
- Mobile phone access to Transport Direct services such as live travel information and the planning of simple rail and bus journeys

Other examples of companies providing more than a reservation service to their customers are London's Oyster Cards, Germany's DB BahnCard100, the Netherlands' 9292 information service and Spain's Empresa Malaguena de Transportes.



What is the next level?

In order to provide and sustain a seamless travel experience to customers, several types of service providers will need to work together, bundling their offerings. They will form what we call a Mobility Service Provider (MSP). By definition, an MSP is an entity that provides consumers with enhanced mobility through services and information throughout the travel chain by combining the services of several inter-modal transport companies as well as other service providers such as mobile, navigation, booking and financial service providers.

Each of these provider groups is necessary if consumers are to be assured of one-stop travel shopping (see Figure 1) and each group stands to gain by its involvement in the process.

What's in it for the individual provider groups

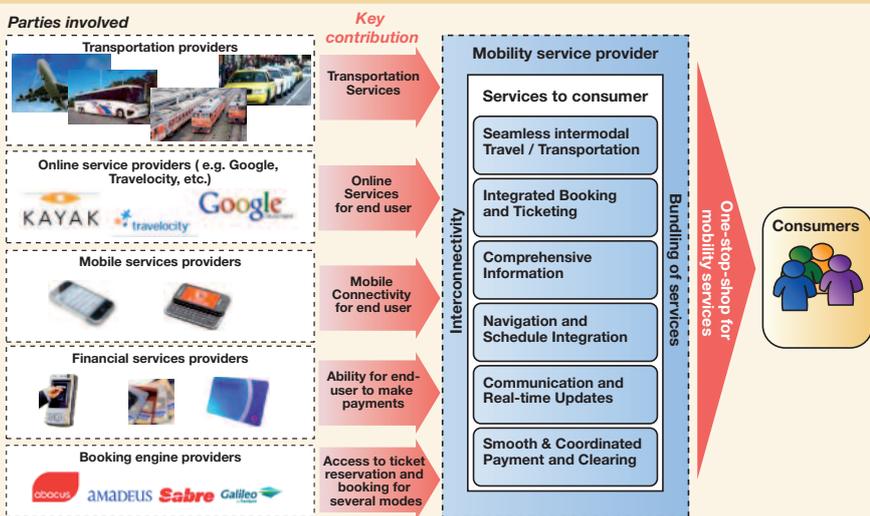
Transportation providers (trains, planes, buses, taxis, trams) will be able to offer consumers accessibility to a larger area as well as many value-added services, leading to improved revenue generation. Furthermore the companies can save on distribution costs. It will require investment in technology jointly along with other partners to enable seamless connectivity within the framework and additional infrastructure for enabling inter-modality.

Online service providers will be able to offer ticketing as well as many value-added services to local- and short-distance travelers, leading to more traffic on their sites and improved revenue generation. Required will be investment in information technology solutions to support back-end operations and partnership with other service providers to build end-to-end travel products and services.

Mobile service providers can offer their customers important value-added services and build deeper customer relationships while improving revenues. They will need to offer technology such as near field communication (NFC) which enables the exchange of data between devices within a few centimetres of each other, allowing customers convenient mobile ticketing /contactless payments and also offer them payment and clearing options via their telephone bill.

Financial service providers will benefit as consumers start using financial instruments and services more often in their travel, leading to improved transaction volumes. They will be required to invest in back-end payment processing capability for all consumer touch points within the MSP framework and in RFID and NFC enabled cards.

Fig.1: The MSP will provide customer-centric transportation services by leveraging technology and bundling offerings



Source: Capgemini

Booking engine providers or Global Distribution Systems (GDS) in an MSP framework will act as the booking and reservation engine for the MSP's transactions, acquiring access to a huge untapped user base from the short-distance travel market. They will have to build integration with service providers for short-distance travel and invest in information technology solutions to support cross-entirety and back-end operations.

Contributing parties in the framework will all face common issues, such as cost of entry and engagement, data security, defining and setting common standards and keeping up with the ever-quickening pace of technological innovations.

Business Models for MSPs

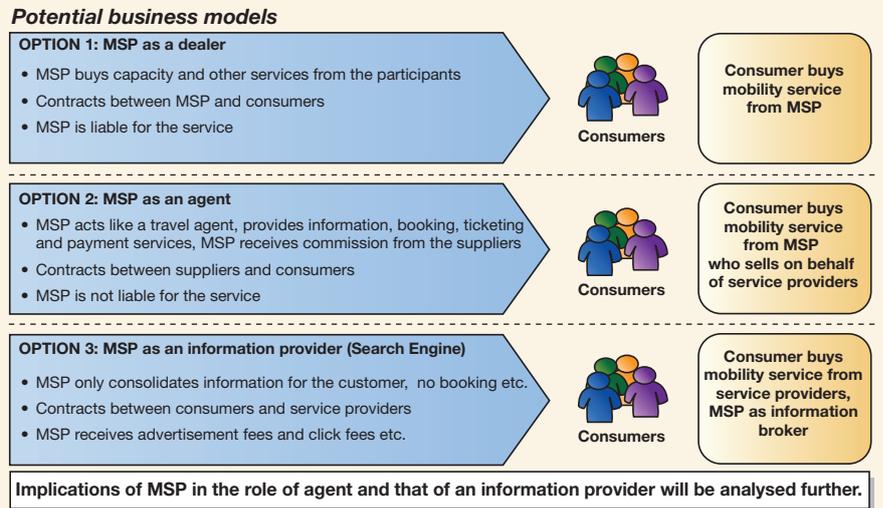
In general, an MSP could operate in three distinct ways – as a dealer, as an agent or as an information provider for the consumer base (see Figure 2).

From Capgemini's point of view, the least likely scenario of the three is an MSP in the dealer role. This would require the MSP to take on full operational risk, an expensive and unwanted burden.

In the role of an agent, the MSP would act as the single face to the customer, comparable to a travel agency. The MSP would provide information, booking facilities, ticketing and payment services. It would receive a fee for these services. The contracts would be set up between the suppliers and the customers. The MSP would not be liable for the services and would act, in a sense, as an intermediary between the customers and the suppliers.

The third option for an MSP is to operate like a search engine. In this scenario, the MSP would act as an information provider, consolidating comprehensive information from across modes and providers and then offering consumers the best possible

Fig.2: MSPs in the role of an agent or an information provider are the business models most likely to evolve in the future



Source: Capgemini

deals and trip planning assistance. No booking or ticketing function would be provided. They would direct the consumer to the chosen service providers when it came time to buy the services. The service contract would be between the consumer and the service providers. The information provider model has a low investment, low risk structure that seems more conducive to those starting up this sort of business.





Which companies will take the lead?

A key question that the individual service providers will need to answer is whether one of them will take on the responsibilities of an MSP in addition to their primary service responsibilities or whether the MSP responsibilities will be handled by a third party.

If we take a closer look at each of the provider categories making up the MSP partnership, it would appear that transportation providers and online service providers have the most to offer in terms of taking over the lead MSP role (see Figure 3). The other three – mobile, financial service and booking engine – either lack direct travel operating experience or have little customer-facing experience and don't have travel as part of their core

business. Transportation and online service providers already have a similar business model and processes in place as well as long-standing experience in travel-related operations, although either group would need to make a significant investment in intermodal services.

Given their present all-round capabilities and ability to make the investment, air and rail transportation service providers seem the most prepared to lead the MSP framework.

Conclusion

Intermodal travel transfers will increase for the future traveler, especially as interfaces are optimized. Travelers will think nothing of going from taxi to train to air to tram to bus to get to their destination. One trip set up by one service provider, offering an easy and seamless journey. Some configuration of an MSP will be responsible for setting up and carrying out that journey, either in the role of an agent or as information provider. Consumers will look to MSPs as the one-stop shop for all their travel arrangements. For the market participants, especially the transportation companies, the key will be finding their place in the overall MSP scheme. If they are not able or willing to take a lead role in the network, they run the risk of becoming an interchangeable part of the mobility chain, with no contact to the customer and no chance to influence customer decisions.

Fig.3: Not all partners in the MSP framework have the preconditions in place to take on the leading role

	Relevance for MSP lead role		MSP lead role fit
	Favourable factors	Unfavourable factors	
Transportation Provider	<ul style="list-style-type: none"> • Similar business model and processes • Long-standing experience in travel-related operations 	<ul style="list-style-type: none"> • Will be required to invest significantly further in creating intermodal services 	
Online Service Provider (incl. Navigation)	<ul style="list-style-type: none"> • Similar business model and processes • Long-standing experience in travel-related operations • Extension of core business 	<ul style="list-style-type: none"> • Will be required to invest significantly further in creating intermodal services 	
Mobile Service Provider (e.g. Vodafone)	<ul style="list-style-type: none"> • Direct interface with customer, with control on communications 	<ul style="list-style-type: none"> • Lack of experience in directing travel operations • No core business 	
Financial Service Provider		<ul style="list-style-type: none"> • Lack of experience in directing travel operations • More of an enabling intermediary • No core business 	
Booking Engine Company (e.g. GDS)	<ul style="list-style-type: none"> • Long-standing experience in the travel business • Capable of building a network 	<ul style="list-style-type: none"> • Experience in playing more of a back-end role rather than customer-facing processes • No core business 	

Good Fit Bad Fit Average Fit

Source: Capgemini



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