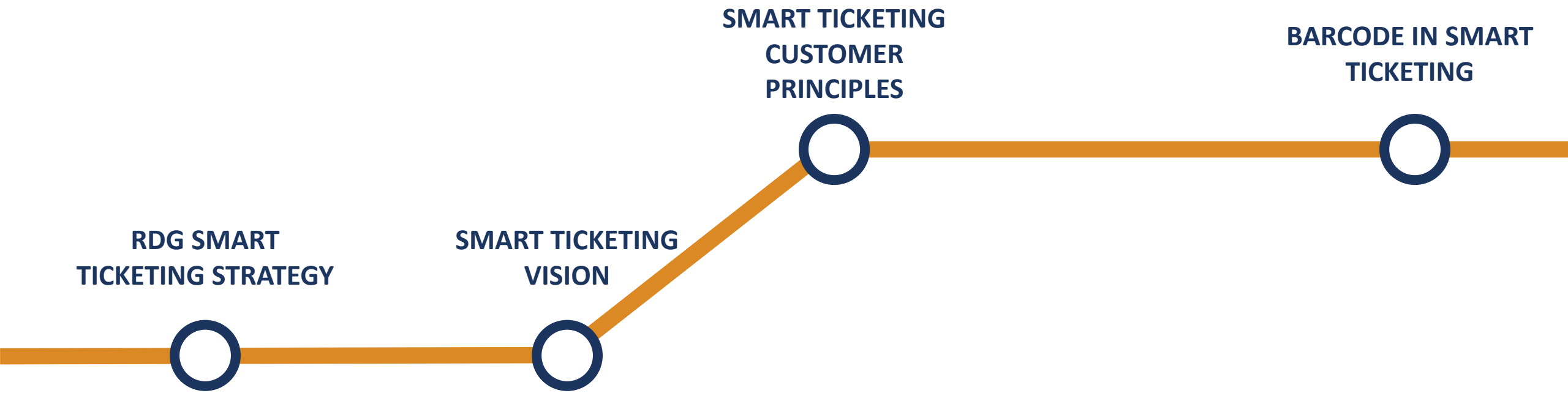
BARCODE CHARTER & BRIEFING DOCUMENT

1. WHAT IS SMART TICKETING?
2. WHAT IS THE BARCODE PROJECT?
3. HOW WILL WE ACHIEVE OUR GOALS?

WHAT IS SMART TICKETING?



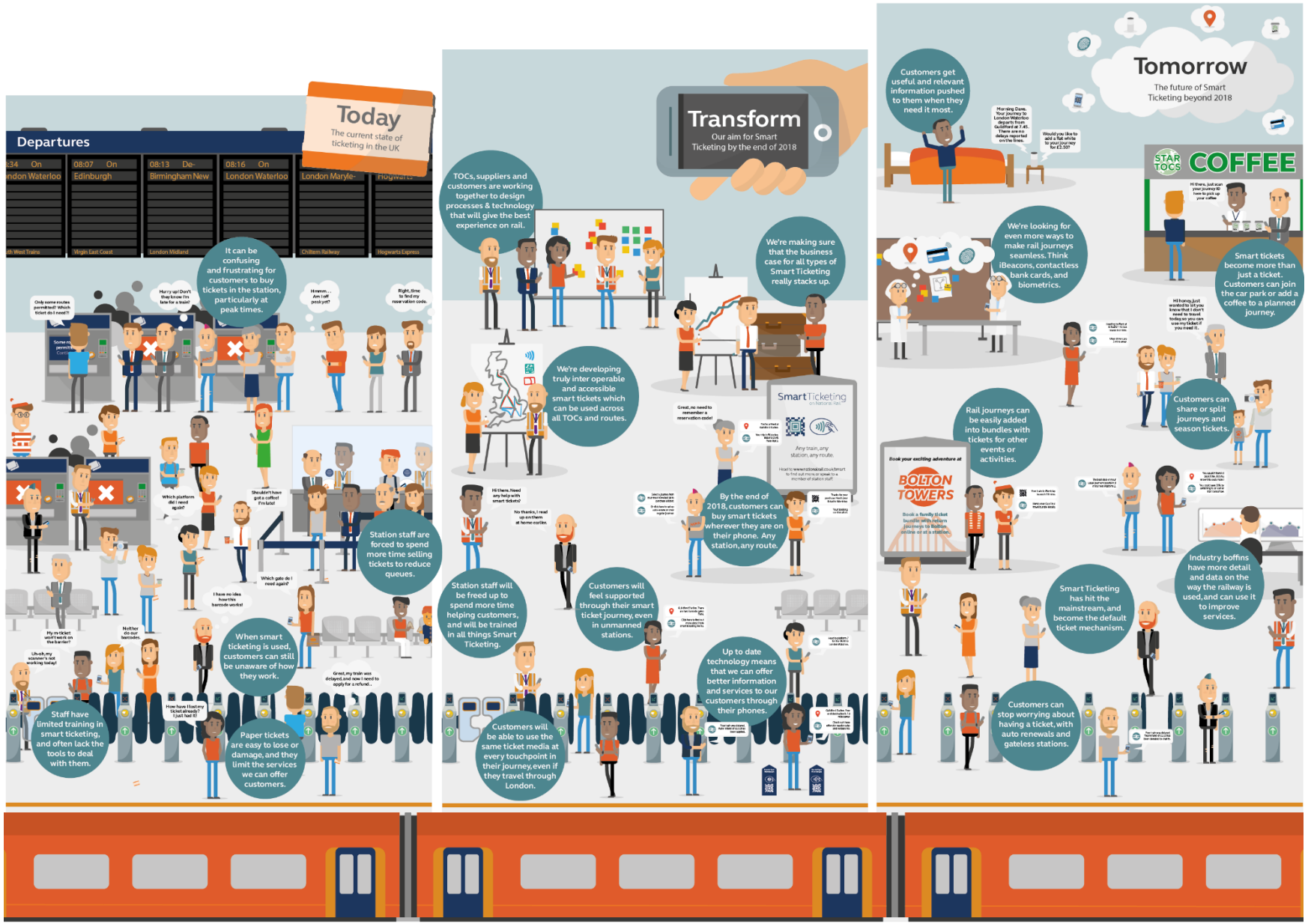
RDG SMART TICKETING STRATEGY PYRAMID

The **Rail Delivery Group, is responsible for policy formulation and communications on behalf of the whole rail industry**.

Rail Delivery Group have four strategic ticketing principles; **adopting a technology agnostic approach**, **embracing consumer technology**, **retiring magnetic stripe tickets** and **implementing 'ticket in the cloud'.**

To achieve these strategy principles, RDG is using a **three-tiered strategy pyramid**. Smart Ticketing will be delivered with an integrated back office, and in turn achieve the Secretary of State's 2018 vision. This will allow for future cloud & account based ticketing to become a reality.

BARCODE & SMART TICKETING VISION



In 2016, the Rail Minister set out the following statement: **"Every customer should have the ability to make their journey by smart by the end of 2018".** The National Barcode Acceptance Project (Barcode) is part of the wider Smart Ticketing Programme that looks to deliver this aspiration.

Barcode will deliver the ability for any customer to have a 'digital ticket' through implementing sufficient Barcode enabled infrastructure and distributing handheld readers. This will mean Barcode tickets can be accepted nationally by all train operating companies, even if the Barcode ticket is not their own (interoperable).

At present, the only universally accepted format of ticket across all UK rail routes is Magnetic Stripe (the orange ones). **Barcode tickets offer a cost effective universal ticket that can be printed on plain paper, receipt roll or displayed on a mobile phone screen.** Barcode technology will expedite digital enablement, drive industry growth and increase migration to online self-service.

SmartTicketing on National Rail

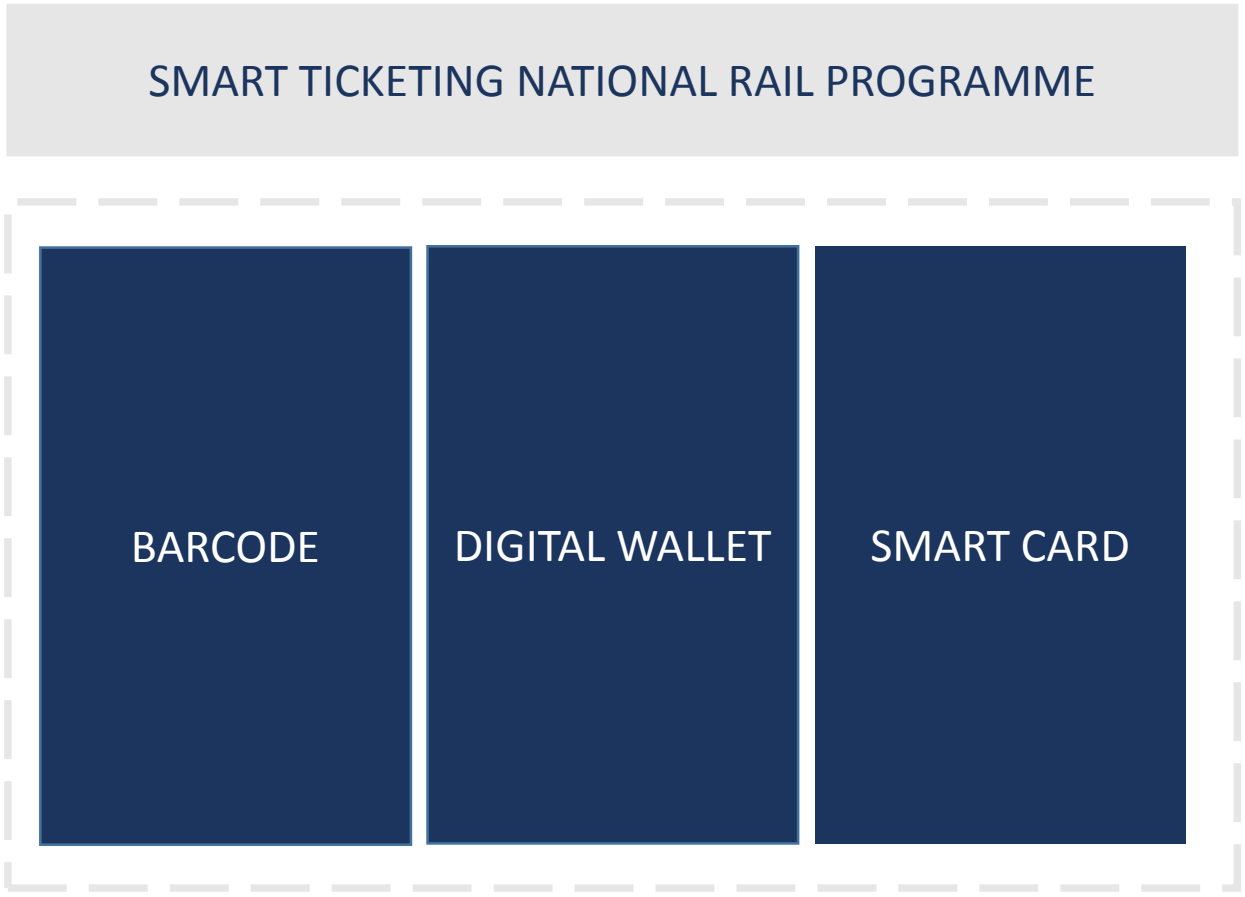
Rail Delivery Group

SMART TICKETING CUSTOMER PRINCIPLES

The principles below outline should inform the ticketing solutions across the national rail network. These principles aim to establish commonality and ensure interoperability, whilst still ensuring train operators retain the ability to differentiate and compete based upon the customer experience they provide.

1. Provide customers with the information they need to make informed decisions
2. Empower customers to use the ticketing solution which best suits their need
3. Ticketing should support ‘hassle free’ travel across the national rail network
4. Ensure the customer pays a fair price for the travel they receive

HOW THE PROJECTS FIT INTO SMART TICKETING



The three projects (**Smart Card, Barcode** and **Digital Wallet**) support the Smart Ticketing vision. All smart ticket types will need to work alongside one another and adapt in line with customer needs. **Each ticket type has pros/cons**: read speeds, account based ticketing, instant availability, advance purchase, seat reservations, interoperability levels, TfL estate suitability, etc.

Barcode technology and infrastructure is proven and research clearly demonstrates **customers like and want to use it**.

ITSO **Smart Card technology and infrastructure is also proven** and growing in the South East and elsewhere.

Digital Wallet offers a means to harness the infrastructure investments in ITSO and Barcode technology to work around some of the disadvantages of other ticket types and is clearly a stepping stone to the “ticket in the cloud” vision.

Barcode and Smart Card will grow over the next few years. However, the **rail industry must respond** as new ticket fulfilment types are introduced.

SmartTicketing on National Rail

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WHAT IS THE BARCODE PROJECT?

BARCODE PROJECT CHARTER

OUR PRINCIPLES

20:18 On Time	20:18 On Time	20:18 On Time
Customer Experience	**Effective for TOCs**	**Building the Vision**
Easy, convenient or even unnoticed	Empower staff to support customers	Accessible fares that customers want
Works well both for regular users and occasional / first-time users of rail	Retains interoperable travel and walk-up railway	Information should be tailored and personalised, generated from Smart Ticketing ticket usage
Personalised and integrated with retail & information	Uses customer provided devices where possible	Facilitates multi-modal ticketing in relevant markets
Embraces mobile & consumer tech products (but covers those without)	One size doesn't fill all, but maximises use of common components	Supports new product types, eg. 'PAYG', and those for part-time staff
A simple and effective customer experience will bring product penetration	Smart tickets to support and increase the accurate and efficient compensation of customers	Facilitates a customer centric view and data rich environment
Rail Delivery Group	Rail Delivery Group	Rail Delivery Group

OUR VISION

Today

RDG has identified ticketing as one of its key strategic areas of focus. It is an area of significant impact on overall customer experience and significant cost to the industry, which is perceived to have not kept up with customer expectations nor trends in other markets and sectors.

Tomorrow

National digital 'ticketing in the cloud' that embraces customer tech products, the integration of multi-modal ticketing schemes (barcode providing a universal ticket outside smartcard regions) and consequent retirement of mag-stripe/cardboard tickets within 6 years.

IT'S FOR OUR CUSTOMERS…

CHALLENGES

- Education and awareness of the product must be great before the customer thinks about retailing, otherwise, people may not use Barcode as much as anticipated/modelled, thus ROI may not be great enough
- There is a dependency on Cubic (our Gate suppliers) to deliver and upgrade gates at the desired pace of delivery. In order for this to happen, we must have previously agreed capital backing for each individual phase
- An inter-operable cross-London solution must be agreed with the best overall customer experience in mind
- The pace of technology is fast, therefore we must always ensure our tech is up to date
- An appropriate charging model must be created and agreed to ensure it is fair for all Barcode retailers.

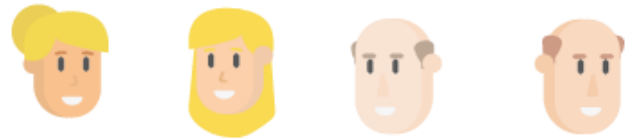
PLAN OF ACTION

	2017				2018			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
P1								
P2								
P3								
P4								

KEY STAKEHOLDERS & ENABLERS

Name/Group	Why are they important?
Neil Micklethwaite	Project Sponsor
Customer Board	Where we get our approvals
Customer Proposition Comm.	Accountable for Proposition
Smart Ticketing Delivery Board	Where we go for backing
TOCs/Owning Groups	Who we are delivering for
DFT	Smart Ticketing alignment
TFL	Cross London Solution
TPRs	Retail backing

PROJECT LEADS



Jac Starr
Customer Experience MD

Sarah Benfredj
Programme Manager

Jason Webb
Head of Customer Journey

Duncan Henry
Head of Ticketing

SmartTicketing on National Rail

Rail Delivery Group

THE BARCODE ENABLEMENT SCOPE

PHASE 1

- Virgin Trains
- Virgin Trains East Coast
- GWR
- TransPennine Express
- London Midland
- CrossCountry
- East Midlands Trains

PHASE 2

- Arriva Trains Wales / Trenau Arriva Cymru
- Chiltern Railways
- Greater Anglia
- Northern

PHASE 3

- Caledonian Sleeper
- Grand Central
- Hull Trains
- Merseyrail
- ScotRail

PHASE 4

- c2c
- GTR
- Heathrow Express
- London Overground
- Southeastern
- South West Trains

PROJECT SCOPE

The Barcode Project is split across four phases, there are 22 TOCs being Barcode enabled through this project. Geographical coverage is all journeys in England, Wales and Scotland.

Barcode will deliver the ability for any customer to have a 'digital ticket' through implementing sufficient Barcode enabled infrastructure (gates) and distributing handheld readers. This will mean Barcode tickets can be accepted nationally by all train operating companies, even if the Barcode ticket is not their own (interoperable). Ticket types includes Advance Purchased, Seasons, Singles & Returns, out of scope for 2018 is Carnets, Rovers and Rangers.

It is anticipated that circa 450-500 additional gates will need to be upgraded to read Barcodes. This is in addition to the circa 450 gates across the rail network that already read barcodes. Digital Wallet Ticketing has been identified as a potential cross-London solution for our customers, feasibility is underway to confirm this.

It is proposed that Barcode tickets will be accepted at any rail station for any journey – but it is important to note that in some areas these will not be prevalent ticket media. Particularly in London & South East where there are a large number of ticket gates, it is not proposed to offer Travelcard tickets as Barcodes. Where no cross-London alternative exists, Barcode tickets will be offered.

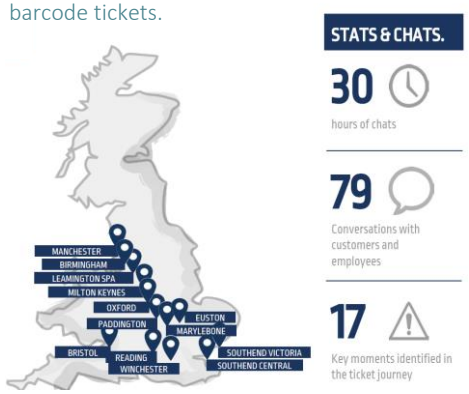
ASSUMPTIONS

- Individual TOCs/Retailers procure their own barcode retail upgrades (ie. mobile apps/web).
- There will be a central industry facilitation of the ability to accept barcodes to ensure full National Rail coverage, including cross-London travel (interoperability).
- Retrospective barcode infrastructure reimbursement to be assessed on a TOC by TOC basis.
- Project capex/opex costs (5 years) will be base-funded centrally by an RSP Capital Loan and cost recovered.

OUR CUSTOMER EXPERIENCE JOURNEY

1. Field Research

We travelled to 13 locations and spoke to customers and employees from 6 TOCs in stations, on trains and in ticket offices to capture and understand insights on the e2e ticket journey, with a particular focus on barcode tickets.



STATS & CHATS.

30 hours of chats

79 Conversations with customers and employees

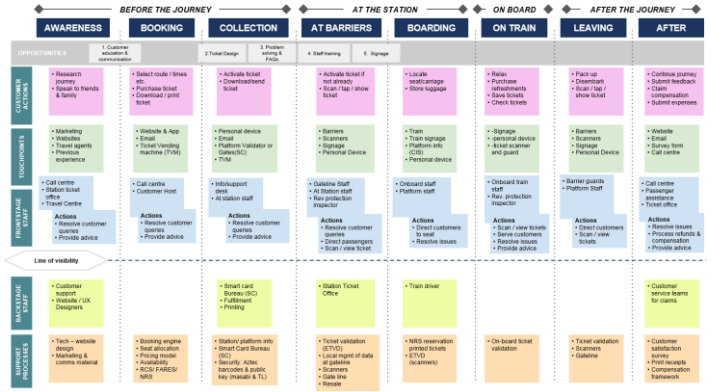
17 Key moments identified in the ticket journey

2. Customer Experience Workshops

We hosted a number of collaborative workshops with Owning Groups, TOCs, DFT & TFL to understand the insights & learnings from rolling out Smart Ticketing to date, and what needs to be resolved to achieve a seamless customer experience.

3. Service Blueprint

These workshops and field research led to the development of the Customer Service Blueprint. This Blueprint illustrates the key touchpoints and customer & staff interactions points throughout the e2e journey. It identifies five areas for improvement across the journey, and how these would affect the overall experience.



4. Smart Ticketing Customer Proposition

This Blueprint served as a foundation for the Smart Ticketing Customer Proposition to be built upon. This paper defines the customer proposition RDG is aiming to realise through the implementation of the smart ticket solutions. The Proposition aims to articulate the aspirational proposition and identify the minimum viable proposition (MVP) all rail operators and ticket retailers must offer to customers to meet the Minister's 2018 vision.

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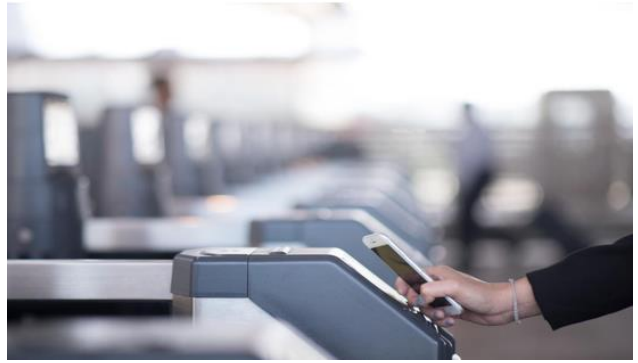
RDG Smart Ticket

Customer Proposition



SmartTicketing on National Rail

Rail Delivery Group
National Rail

DELIVERING CUSTOMER EXPERIENCE

	AWARENESS	BOOKING	COLLECTION	AT BARRIERS	BOARDING	ON TRAIN	LEAVING	AFTER
CUSTOMER PRIORITIES	**ACCESSIBILITY** Customers know what options are available and how to use them	**EASE** Booking and collecting train tickets is an easy, process, which offers value for money.		**SIMPLICITY** Using tickets is simple, customers can easily navigate barriers and get to the platform they need	**TRANSPARENCY** Customers know where to board	**HASSLE FREE TRAVEL** The journey is hassle free, end to end - including changes	**SPEED** Exiting the station is a quick, simple, easy process	**TRANSPARENCY** Customers have an easily accessible record of travel
	CONSISTENCY Customer experience and expectations are consistent across the national rail network	**TIMELINESS** Can book tickets in a timely fashion – suitable for my travel needs	**SPEED** Tickets are available quickly and Getting through barriers is a quick process, without undue delay or stress					**VALUE** Customers receive any value owed to them accurately and quickly
		OPTIONS I can book in a variety of different ways to suit my needs.	**SUPPORT** Support is available when needed, helping customers to use tickets and get on the train					**CONSISTENCY** Records of travel and any owed repayments are performed in a consistent fashion
			INFORMATION & ADVICE The information and advice customers need to successfully get to where they need to go is available, when they need it					
SMART TICKETING PAIN POINTS	**UNAWARE** Customers do not know what ticket options are available and how they work	**OPTIONS & INFO** Options, defaults and guiding information are different across booking channels	**SENDING/ SHARING** Unable to send/ share smart tickets	**POOR UX – SO MANY CLICKS** With mobile barcodes less tech-savvy customers find it confusing to find m-tickets on their phones, those who are more savvy get frustrated by the number of clicks they have to do in order to pull up the ticket.				**DELAY REPAY** Customers are unsure of how smart tickets affect the use of Delay Repay
		CHANNEL RESTRICTIONS Customers are limited to the tickets they are able to purchase depending on what channel they book through	**CHANGING** Changing smart tickets is difficult and inflexible	**LACK OF INFRASTRUCTURE** Often there are a lack of enabled gates and readers this can lead to delays and frustrating customer interactions. This lack of infrastructure can create issues in correctly debiting customers				
			AWARENESS Customers often unaware how to collect and use smart tickets, customers don't know about or how to use scanners.			**BATTERY FEAR** Customers worry that their phone will run out of charge and they will be unable to access tickets		**GROUPS** Takes more time at barrier to swipe through phone
			THE PANIC Picking the ticket up before the train can be very stressful	**MULTI-TOC** **Multi-TOC smart tickets - staff get confused whether the ticket is valid or not as the customer has changed trains**				

The Customer Journey identified 12 Smart Ticketing pain points and **5 general ticketing pain points** experienced by customers across the end to end journey. This helped identify **5 areas for improvement** to deliver a seamless Customer Experience.

These 5 areas for improvement formed the basis of the Smart Ticketing Customer Proposition which articulates the aspirational proposition and minimum viable proposition (MVP) all rail operators and ticket retailers must offer to customers to meet the Minister's 2018 vision .

1	AWARENESS
2	BOOKING
3	COLLECT/RECEIVE TICKETS
4	AT THE BARRIERS / BOARDING
5	ON THE TRAIN / LEAVING / AFTER THE JOURNEY

1	CUSTOMER EDUCATION	*Communication that truly helps*
2	STAFF TRAINING	*Training for the best outcomes*
3	UX AND TICKET DESIGN	*As easy or easier than a paper ticket*
4	SIGNAGE	*Helping customers navigate the gateline*
5	FAQS & PROBLEM SOLVING	*Deliver a consistent experience*

SmartTicketing on National Rail

Rail Delivery Group

THE SMART TICKET CUSTOMER PROPOSITION

The customer proposition is structured around the 7 core components. Each of these components has a major impact on the services the customer receives or the experience they will realise through travel.

For each of the 7 core components a principle has been defined to articulate how that core component should be implemented and a set of questions were defined to articulate how services and experiences should be delivered to customers – the Customer Proposition.

1. Smart Ticket Coverage

Key Questions:

- *Which journeys?*
- *Which types of smart ticket?*

2. Smart Media

Key Questions:

- *How is smart media acquired?*
- *How is smart media personalised (information, railcards, etc.)?*

3. Ticket Sales

Key Questions:

- *Which tickets, which channels?*
- *How priced?*
- *How are changes/alterations managed?*

4. Ticket Usage

Key Questions:

- *How are tickets collected?*
- *How are tickets used?*
- *Where are ticket interoperable?*
- *How does disruption affect use?*

5. Customer Support

Key Questions:

- *Who is responsible for supporting the customer?*
- *What support does the customer need?*
- *How can we empower customer support staff?*

6. Delay Repay

Key Questions:

- *How does Delay Repay work with smart tickets?*

7. Customer Information

Key Questions:

- *What customer information is collected?*
- *How is customer data used?*
- *How are customers protected?*

CUSTOMER PROPOSITION STRUCTURE

How to delight our customers

How to delight customers observations are conclusions derived from industry best practice and customer experience research, however there will be a range of customers each with different priorities.

Aspirational Customer Proposition

The aspirational Customer Proposition is how we will achieve 'delighting customers'. This will in turn deliver a seamless, positive end-to-end customer experience.

Minimum Required Proposition

The minimum requirement is intended to ensure that all operators and retailers have implemented smart ticketing capability to meet the secretary of state's mandate and to deliver a coherent and consistent customer experience. The minimum required proposition should be a stretch target, but still achievable.

Target Proposition YE 2018

When the proposition MVP is deemed not possible to achieve by YE 2018, a target proposition will be shown, which articulates the proposition that is achievable by YE 2018.

Proposition Component

The customer proposition is structured by 7 core components, built on the themes identified in the investigatory work. Each component is supported by a principle that defines how that component should be implemented.

Proposition Element

Each component has a number of proposition elements, they ask a key proposition question regarding the service and experience we wish the customer to receive

1. Smart ticket coverage

a. Which journeys will customers be able to make using Smart tickets? (The media on which Smart tickets are held)

How to delight customers?	Customers want simple, hassle free travel. Making Smart tickets available on all routes will remove the obligation on customers to understand which journeys they can use Smart tickets on and help make their journey easy and 'hassle free'
Aspirational customer proposition	Any customer is able to use a Smart ticket, on any Smart media, to travel between any two stations, on any permitted route. This encompasses all flows, all products and all discounts. Where Smart tickets are available customers must be able to use them to fulfil the travel as specified (including interoperability across any permitted route).
Minimum required proposition	Any customer can travel on any permitted route between any pair of stations on at least one Smart media. This encompasses all flows, all products and all discounts. Where Smart tickets are available customers must be able to use them to fulfil the travel as specified (including interoperability across any permitted route).
Target proposition YE 2018	[Example] Any customer can travel on the listed permitted routes (below) between any pair of stations on at least one Smart media. Route 1 Route 2 Route 3 This encompasses all flows, on the following products and discounts. Product 1 Product 2 Product 3 Where Smart tickets are available customers must be able to use them to fulfil the travel as specified (including interoperability across any permitted route).

THE PROJECT TEAM

LEADERSHIP TEAM

DENNIS ROCKS
RDG TECH SERVICES MD

JAC STARR
RDG CUSTOMER DIRECTORATE MD

NEIL MICKLETHWAITE
BARCODE PROJECT SPONSOR

DARREN HIGGINS
CUSTOMER PROPOSITION SPONSOR

MIKE LUDDEN
TECH SERVICES PROJECT MANAGER

SARAH BENFREDJ
SMART TICKETING & BARCODE PROGRAMME MANAGER

JASON WEBB
HEAD OF CUSTOMER JOURNEY

DUNCAN HENRY
HEAD OF TICKETING

The Leadership Team are accountable for driving the direction & success of the programme

CORE TEAM

GEOFF BUNCE
BACK OFFICE LEAD

HOWARD COLE
TECH SUPPORT

JAMES WRIGHT
TECH SUPPORT

BRUCE GRAHAM
TOC IMPLEMENTATION

JENNA LANYON-HOGG
TOC IMPLEMENTATION

IZZY DAVIES
PMO SUPPORT

CHRIS CLARKE
DESIGN

CHRIS HARDY
DESIGN

TOBY AYRE
DATA & INSIGHTS

SPARKS GROVE
CX & CREATIVE CONSULTANTS

STEPHEN GREEN
FINANCE LEAD

Our core team is responsible for the delivery of the overall programme.

DIGITAL WALLET

EMMA PALMER
ITSO LEAD

STEPHEN BOND
ITSO SPONSOR

JOHN BACKWAY
PRIVATE LABEL SPONSOR

CONSULT HYPERION
PRIVATE LABEL DESIGN

ENABLERS

GEORGE LYN
FINANCE DIRECTOR

MITCHELL AYRES
FINANCE BUSINESS PARTNER

LYN PENFOLD
LEGAL COUNSEL

MARK EAREY
PROCUREMENT

SEB GORDON
COMMS LEAD

We have a range of Stakeholders we must engage to ensure the project is successful

SmartTicketing on National Rail

Rail Delivery Group

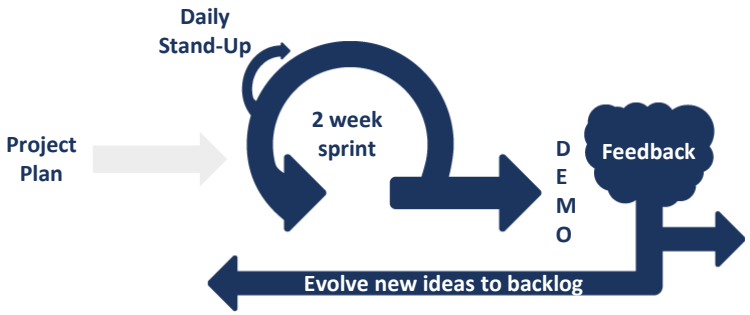
BARCODE PROJECT WORKSTREAMS

✔ BACKLOG ITEM COMPLETE

– BACKLOG ITEM IN PROGRESS

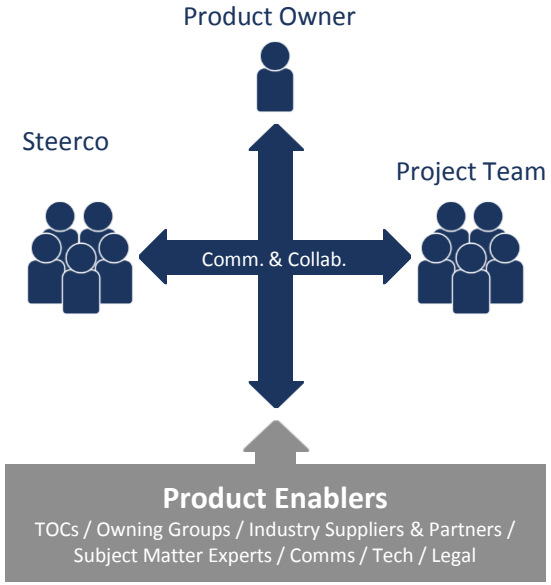
CUSTOMER EXPERIENCE JASON WEBB		DESIGN DUNCAN HENRY		X-LONDON DUNCAN HENRY		TOC IMPLEMENTATION SARAH BENFREDJ		PROCUREMENT MIKE LUDDEN		COMMS & EDUCATION DUNCAN HENRY		TECH SERVICES MIKE LUDDEN		DATA & INSIGHTS CHRIS HARDY		GOVERNANCE & REPORTING SARAH BENFREDJ	
CX PRINCIPLES	✔	CHARGING MODEL DEFINITION	✔	REVIEW OF CURRENT NATIONAL RAIL / TFL AGREEMENTS	✔	TOC ENGAGEMENT	–	PROCUREMENT REVIEW AND PLAN		COMMS STRATEGY	✔	BUSINESS & FUNCTIONAL REQUIREMENTS	✔	COVERAGE AND PENETRATION ANALYSIS	✔	PROJECT SETUP AND MAINTENANCE	✔
CUSTOMER JOURNEY AS IS AND TO GO	✔	CHARGING MECHANISM	✔	PROBLEM ANALYSIS	✔	TOC CURRENT CAPABILITY REVIEW	–	PRICING STRUCTURE AND APPROACH FOR ALL PROCUREMENT	✔	COMMUNICATIONS PLAN	–	ETVDS VALIDATION CAPABILITY	✔	STATION / ROUTE / BARCODE / JOURNEY ANALYSIS	✔	GOVERNANCE MODEL	✔
CUSTOMER RESEARCH	✔	AGREEMENT WITH TPRS ON FUTURE BARCODE CHARGES	–	SOLUTIONS DESIGN	–	PRODUCT / FLOW VOLUME ANALYSIS	–	SERVICE AGREEMENTS		INDUSTRY COMMUNICATIONS		RCS DATA PRODUCTION	–	RCS DATA COMMS		ROLES AND RESPONSIBILITIES	✔
CX GUIDELINES	✔	REBATE MECHANISM		CX DESIGN WITH TFL	✔	REFINE TOC IMPLEMENTATION & PRODUCT ENABLEMENT PLANS	–	CUBIC PROCUREMENT – GATELINE UPGRADES	✔	STAFF COMMS & TRAINING	–	CG RECORD COMPLIANCY	–	DATA VISUALISATION (TABLEAU) DESIGN	✔	OVERALL INTEGRATED PROGRAMME PLAN	–
CX BEST PRACTICE	–	IMPARTIAL COST RECOVERY REVIEWS	✔	COMMERCIAL AGREEMENT AND VARIATION OF CURRENT AGREEMENT(S)		INTEROPERABILITY &INTERAVAILABILITY PLANS	–	HANDHELD SCANNERS - TBC	–	STRATEGIC COMMS: PR, MEDIA, ADVERTISING DESIGNS		AGREE BACK OFFICE APPROACH	–	TABLEAU TRAINING	✔	PROGRESS REPORTING	–
CUSTOMER PROPOSITION	–	CX AT GATES - DESIGN		TOC INTEGRATION PLANS		MANAGE DELIVERY ASSUMPTIONS AND DEPENDENCIES	–	BACK OFFICE - TBC		SEC. OF STATE & MINISTER COMMS	–	FEASIBILITY ANALYSIS OF POTENTIAL SOLUTIONS	–	BUSINESS CASE MODELS AND TOGGLES	✔	RISKS AND ISSUES	–
CX AT GATES	–	BENEFITS REALISATION APPROACH		DELIVERY PHASES (TBC)		STAFF COMMS AND TRAINING TEMPLATES	–			SENIOR STAKEHOLDER COMMS	–	PROPOSED SOLUTIONS REVIEW	–	TOC LEVEL BUSINESS CASES	–	REQUIREMENTS TRACKING	–
				CX DESIGN WITH TFL		HEADS OF TERMS / AGREEMENTS	–			TOC/OG/TPR/SUB NATIONAL BODIES COMMS	–	DEFINE SOLUTION AND ARCHITECTURE		DATA AND INSIGHTS FOR BENEFITS REALISATION		BOARD / STEERCO & STAKEHOLDER MGT	–
		UNDERPINNING ALL DESIGNS				LESSONS LEARNT FROM PREVIOUS PHASES	–					PROCUREMENT / NEGOTIATION CYCLE		MANAGEMENT REPORTING		INTERLINK WITH OTHER RDG / INDUSTRY PROGRAMMES	–
		POLICY & REGULATION IMPACTS				FUNDING REQUESTS OF PHASES	–					BUILD AND DELIVER MVP				BENEFITS REALISATION	
		RSP STANDARDS										RELEASE CYCLE ONGOING				BUSINESS CASE & FUNDING APPROVALS	–
																FINANCIALS & RESOURCE TRACKING	–

WAYS OF WORKING



We deliver the Barcode Project in an Agile working environment. This means we work in two week '**sprints**' using a **Taskboard**. We plan and prioritise our sprint from our agreed roadmap and backlog and choose the activities to commit to that sprint. The team regularly review and close the sprint with sharing activities done with stakeholders e.g. a demo

One of the key principles of Agile is **collaboration**. Every day, the team have a daily stand-up at 9.30am to review the work we are completing from the Taskboard; the board is made up of **tasks** on sticky notes, this is how we track our sprint progress. The team members share what they have done in the past 24 hours, what they will be doing in the next 24 hours, and any blockers with achieving their tasks.



As well as our planning and review sessions, we also hold a sprint and phase **retrospective**, where the team and stakeholders identify what went well i.e. we should continue doing and what didn't go well i.e. needs improving. This quick fire and regular feedback means we can quickly react to and evolve our approach for optimal delivery.

PROGRAMME GOVERNANCE

SMART TICKETING DELIVERY BOARD

Stakeholders from key organizations, acting individually and collectively to ensure strategy oversight, control and Programme outcomes are met

- Rail Minister
- RDG
- DfT
- Owning Groups
- TfN
- Transport Focus
- TfL
- Sub Nationals
- ORR
- 3rd Party Retailers Rep

SMART TICKETING PROGRAMME BOARD

Chaired by DFT, Barcode and Smartcard Project Leads attend to assess and track delivery success to meet the 2018 vision provided by the Secretary of State

- DFT Prog Mgmt
- RDG Prog Mgmt
- TfN

RDG STEERING GROUP

A single strategic steering group, responsible for driving the Programme strategy, issue escalation and maintaining programme control

- RDG Prog Mgmt
- RDG Tech Services
- Project Sponsors
- RDG Comms
- RDG Customer Directorate
- RDG Finance Partner

TOC NOTING FORUM

Opportunity for RDG Barcode, Smarcard and DWT Projects to update TOCs on project progress *

- RDG Prog Mgmt
- RDG Tech Services
- TOCS
- DWT Project Lead
- Barcode Project Lead
- Smartcard (RDG) Project Lead

* To be established

ITSO STEERCO

RDG Smart Card onboarding team to update TOCs on project progress – reports into SAFC

CUBIC WORKSHOP

A monthly forum for TOCs to attend with RDG, DfT and Cubic, for all supplier progress related items

- RDG Prog Mgmt
- DfT
- TOCs
- Cubic

PROJECT DELIVERY TEAMS

Multi-faceted delivery teams from across the industry, actively work on the programme together, delivering for the relevant Projects and workstreams during the lifetime of the Programme

- DWT Delivery Teams
- Barcode Delivery Teams
- Smartcard Delivery Teams
- Suppliers
- Retailers
- TOC Delivery Teams

INTERNAL COMMITTEES

Attendance for progress noting and next phase approvals

- Customer Board
- Customer Proposition Committee (CPC)
- Retail Programme Board
- Fares & Retail Board
- Settlement, Assurance & Financing Committee (SAFC)

Other RDG Committees – not attended by Smart Ticketing Programme currently

- Systems Dev & Implementation Committee
- Strategic Partnerships Committee
- Retail Strategy & Commission Steering Group

Smart Ticketing as a Programme is still being formed and therefore, we expect the governance framework to change to accommodate.

Barcode and Digital Wallet attend Customer Board in order to gain funding for project phases and sign off elements of the Programme. The Customer Proposition Committee approve the Smart Ticketing Customer Proposition, and SAFC are responsible for supporting the decision whether Customer Board should provide funding for future project phases.

The project teams have regular working group meetings with the in-phase TOCs to engage and track delivery.

SmartTicketing on National Rail

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HOW WILL WE ACHIEVE OUR GOALS?

ROADMAP TO ACHIEVE OUR VISION?

2017 2018

Q1 Q2 Q3 Q4 Q1 Q2 Q3 Q4

TOC IMPLEMENTATION
CX
DESIGN
CROSS LONDON
COMMS & EDUCATION
BACK OFFICE
DATA & INSIGHTS

P1 BARCODE IMPLEMENTATION (E2s Nov 17 / E1s Jun 18)

P1 GO/NO-GO DECCISION

CX ANALYSIS

CUSTOMER PROPOSITION

SIGN OFF

DEFINE COST RECOVERY MODEL

CHARGING BEGINS

CHARGING MECHANISM

COST RECOVERY MODEL APPROVED

DEFINE KPIs & METRICS

MEASURE KPIs & METRICS

P2 BARCODE IMPLEMENTATION (E2s Jan 18 / E1s Jun 18)

P2 GO/NO-GO DECCISION

P4 DWT GO/NO-GO DECISION

DWT FEASIBILITY REPORT

DWT DESIGN

DWT X-LONDON BUILD

P4 DWT

X-LON SOLUTION PROPOSITION

SUPPORT DWT AS X-LONDON SOLUTION

P3 BARCODE IMPLEMENTATION (May/Jun 18)

P3 GO/NO-GO DECCISION

COMMS STRATEGY

COMMS PLAN

INDUSTRY / CUSTOMER COMMUNICATIONS

BO TEAM STAND UP

CG RECORD COMPLIANCY

BUSINESS FUNCTIONAL REQUIREMENTS

ETVD, RCS, CG RECORD & TEST ASSURANCE DEVELOPMENT

ETVD, RCS, CG RECORD & TEST ASSURANCE DEVELOPMENT

TABLEAU V1

TABLEAU V2 & MANAGEMENT REPORTING SUITE

P4 BARCODE GO/NO-GO DECISION

P4 BARCODE IMPLEMENTATION

FINANCIALS

The Barcode Project is funded by an **RSP Working Capital Loan**. TOCs are liable investors at risk with the expectation of recovering their investment and a reasonable return based on TOC Weighted Average Cost of Capital (WACC).

The RSP Loan will be recovered using the Barcode Cost Recovery Model. All retailers of Barcode tickets will pay a **Barcode Fee** consisting of a percentage of the total transaction value. This will be set against **Capital costs + Operational costs + WACC (investor risk compensation) on the outstanding loan**. There will be a cap on the fee and a collar value below which no fees will be payable.

For each of the four Phases, funding must be approved before trigger dates so ordering gates/handheld readers can be agreed.

Smart Ticketing on National Rail is expected to be funded directly by the DfT (tbc).

Digital wallet is expected to be funded directly by the DfT or through TOCs, possibly with a cost recover model (tbc).

Barcode Phase 1
£5.5m

Barcode Phase 2
£5.04m

Barcode Phase 3
±£3.0m

Barcode Phase 4
±£9.7m

ITSO on Mobile DW
±£3.0m

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BARCODE CASHFLOW DIAGRAM

END

TOCs

20%

50%

30%

Risk of Finance Coverage: This will be used to reduce RSP funding requirements.

WACC

8

RISK COMPENSATION

Operational Expenditure: Maintenance will be paid for the Barcode reading element of the gate. Maintenance/license of Barcode handheld readers and system connection (to eTVD), Barcode cross-London running costs and BO system (current eTVD landscape until CBO).

2

+

Capital Expenditure: The biggest out-going capital expenditure will be on Barcode acceptance infrastructure provided by Cubic. As well as this, there will be Capex costs including; BO, Cross London and handheld readers (if centrally procured by RDG).

MONEY OUT

Barcode Acceptance Infrastructure

Barcode Acceptance Infrastructure: Sufficient infrastructure will be Barcode enabled, meaning Barcode tickets can be accepted nationally. This will help expedite digital enablement, drive industry growth, increase migration to online self-service and encourage reduction of at-station retail/TOD.

3

OUTCOME

4

Online Ticket Purchase

Eg. Total Retail Price

£100

Retailer: £5 (5% commission)

Carrier TOC(s): £95 (95% carrier)

OR.

If ticket is picked up at a TVM then TOD fee applies (no double charging: there will never be both a TOD fee and a Barcode fee applied)

Retailer: ~40p (TOD fee to TVM Owner)

No Double Charging: There would never be an instance of double charging of fees for both TOD and barcode (i.e. a barcode TOD collected from a TVM would only be charged the 40p TOD fee)

MONEY OUT

Credit Mechanism

Barcode Credit Mechanism (universal flat rate): Where train operators have existing gates and validators this will be credited at a flat rate per enabled gate or handheld validator (this will be at the quoted cost of introducing Barcode validation on to an existing Cubic E2 gate; and, for validators, the price of a new TTK handheld validator), as well as ongoing maintenance of eTVD (until CBO). This credit mechanism will mean TOCs will not pay out a barcode fee per transaction until they have been reimbursed for their investment in Barcode acceptance infrastructure. For new handhelds procured by TOCs on behalf of the programme (funding secured), these will be credited back in one-off lump sum payments.

5

Barcode Retailing

PAYMENT OFFSET

Cap and Collar: Barcode fee will have a maximum cap (30p) set below the TOD fee (40p) and minimum collar on transactions below a certain value

Universal Barcode Rates: All retailers will pay the same full Barcode fee (Base % and WACC %)

'Bank of RDG' (RSP)

1

RSP Working Capital Loan: The Barcode Programme will be funded by an RSP Loan (RBS). RDG have a credit facility via RSP Limited at a floating rate of LIBOR + 0.5% for £5.5m to cover the capital costs of Phase 1. Currently, including all organisational fees, the rate is expected to be at around 1%. Adding a forward-looking premium of 0.60-0.80%, this would result in an estimated nominal cost of around 1.60-1.80% over a five-year period.

7

Reporting and Fee Adjustment: The number of Barcode transactions and fees received will be reported at the end of each railway period by RSP. Opex costs will be reported annually. The barcode fee (% of barcode transaction value) will be adjusted annually, or by exceptional agreement, so the fees received match the capital repayment schedule and actual Opex costs incurred. This will manage the risk of more or less Barcode transactions than expected. The WACC % will continue to apply until investment costs are fully recovered.

Barcode Credit – Payment Offset: As part of this Barcode Payment, credits accumulated will be set against future Barcode Fees incurred by the operator and will be applied to reduce Barcode Fees from the start date.

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Variable Barcode Fee: From 12th November 2017, retailers will pay a variable base fee structure based on a % of the barcode transaction value. The aim is to recover the expected capex cost within 5 years and cover the likely maintenance costs for 5 years, based on a forecast of the likely number of Barcode transactions. A variable fee apportions fee payment to ensure low value tickets are still economic to sell, unlike with a flat fee.

WACC Investor Risk: Independent specialists consider that a range of 4.2-5.7% represents an appropriate level of return to be included as part of the variable Barcode fee, in order to compensate the investors for the risk they take by funding this Programme.

Universal for all retailers and all retail channels: All retailers (TOCs and TPRs) must be charged all elements of the barcode fee universally and in the same manner. Charging different barcode fees to different retailers would distort competition between those retailers in the downstream market. Whether the retailer is a TOC or TPR does not directly affect the cost of the product (the infrastructure required to validate barcode tickets). Charging differently for different retail channels (online vs onboard) can also be seen as applying dissimilar conditions to equivalent transactions, thereby distorting competition between retailers (TOCs and TPRs) in the downstream market too.

Payment Offset

MONEY IN

START

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National Rail

END

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National Rail

BRITAIN RUNS ON RAIL