



EMPOWER
Rewarding Change

EMPOWER GUIDANCE NOTES

7. Tips for Building Viable Business Models

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Tips for building viable business models

To successfully implement positive policy interventions to change mobility behaviour, a four-stage method is recommended:



A coalition of organisations who share a vision for sustainable transport is built.

How to do that?

There are many ways to do this, depending on the circumstances in the urban area. First, identify the lead beneficiary and investigate who the main stakeholders are in terms of operators, service providers and incentive providers. Second, build relations and a sense of urgency using different means of communication, e.g. visits, meetings, lectures and demonstrations. Third, reach an agreement on a shared vision for sustainable transport with a critical mass of organisations.

TIPS

- *Look for associations or coalitions of partners with an interest in sustainable transport in your area that you can use as a starting point for your coalition.*
- *Look for events for sustainable transport that you can use to build initial relationships or projects related to sustainable transport involving interested organisations*

Outcome

An agreement between the organisations for a vision for sustainable transport where the premier mean is to reward change through incentive schemes. The agreement is manifested in a letter of intent.

Section 3.

Governing principles

Develop governing principles for how to implement and operate the incentive-based scheme.

How to do that

Appoint a coordinator who develops a plan for the initiative, including procedures for managing the initiative. Estimate the cost of the initiative and secure the necessary funds.

Outcome

An agreement between the coalition members, for how to coordinate and fund the initiative.

Section 4.

Business modelling

The coalition develops a business model for implementing the incentive-based scheme.

How to do that

Business models are best developed in workshops involving all types of coalition members. That way different needs and perspectives are considered while partner commitment is built. The business models vary depending on the type of lead beneficiary. The following table exemplifies differences in business models depending on lead-beneficiary:

	Transport operator	Public Organisation	Private Organisation
Key customer segment	Mid income travellers	Citizens in suburbs	Employees
Key value propositions	More value for money; relax; better use of time	Travel smarter; receive local value offer	Travel smarter; receive value boost
Key distribution channel(s)	EMPOWER Service plus PTO digital service plus Bus service	EMPOWER Service plus Interface to use smart services plus local bonus card	EMPOWER Service plus Interface to use smart services
Key revenue streams	Increase in ticket sales	Cost savings; Increase of mobility service revenues	Cost savings; Increase of mobility service revenues
Key profit logic	Return on investment; Solution export	Cost savings plus increased revenue minus operational costs; Increased attractiveness of community	Cost savings minus operational costs; Brand development

TIPS

- Use the following questions to facilitate the discussions on the different perspectives of the business model.

Pillar	Building Blocks	Guiding Questions Used in the Modelling Process
Product	1 Value Proposition	What value does the EMPOWER solution deliver to different user segments and usage situations in the Lead-city? Which customer challenges is the EMPOWER solution helping to solve? What customer needs should the service meet in relation to the targeted case? What bundle of offers should EMPOWER provide to different user segments and in different usage situations?
User interface	2 Target Customers	For whom is the service intended to create value? Which user segments can be defined for the service in the Lead-city?
	3 Distribution Channel	Through which channels should the service be delivered to users? Through which channels should the service be marketed to users? In what way can existing channels be used to reach the users? If parallel channels exist, how can they be integrated?
	4 Relationship	What type of CRM do different user segments expect from the provider of the EMPOWER solution? Are there any existing CRM channels that could be utilised or improved?
Infrastructure management	5 Core Processes, i.e. key activities	What key activities does the EMPOWER Solution require in the Lead-city?
	6 Key Resources and Components	What key resources does the EMPOWER Solution require in the Lead-city?
	7 Value Network, i.e. key partners	What key partners does the EMPOWER Solution require in the Lead-city?
Financial aspects	8 Cost Structure	What are the most inherent costs for the EMPOWER Solution in the Lead-city? What are the costs for the key activities? What are the costs for the key resources?
	9 Revenue Model	How is revenue generated from the EMPOWER Solution in the Lead-city? What are the revenue streams for the EMPOWER Solution in the Lead-city? Who should pay? For what should they pay?
	10 Profit	What is regarded as monetary profit when operating the EMPOWER Solution in the Lead-city What are the social / environmental profit when operating the EMPOWER solution in the Lead-city

Outcome

The outcome of this stage is a business model accepted by the coalition members.

The coalition implements and operates the business model.

How to do it

Configure the digital service to the requirements of the business model. Fund the operational budget and provide the agreed upon rewards and incentives. Create campaigns to raise awareness among travelers and monitor behaviour changes to design new interventions.

TIPS

- *Be careful to adjust the business model as members enter or leave the coalition.*

Outcome

Changes in mobility behavior.



Collaboration Agreement between Partner X and Partner Y and Partner Z.

With the objective to substantially reduce the use of conventionally fueled vehicles in the urban area of XX, Partner X, Partner Y and Partner Z, do sign the Collaboration Agreement.

1. AREAS AND SCOPE OF COLLABORATION

The areas of collaboration covered by this Agreement include the adoption of a shared business model and the necessary software tools to implement positive policy interventions to change mobility behavior. The approach empowers travelers, operators, and public and private organizations to understand, help choose and successfully implement positive policy interventions to change mobility behavior.

The priorities of the collaboration are the following:

- Formulate a common goal for the collaboration
- A set of principles for governing the collaboration
- A shared business model for implementing the incentive-based scheme
- Incentives to provide through the scheme
- A software service to make the scheme available to the stakeholder
- Interventions, such as campaigns and challenges

2. LEAD BENEFICIARY

Partner X/Y/Z takes on the role of lead beneficiary. The responsibilities of the lead beneficiary are to monitor travel behavior and to suggest interventions through the incentive-based scheme as well as to take the overall responsibility for the collaboration and to work proactively to resolve any issues that might occur.

3. FINANCES

Any financial obligations must be agreed to relative to the activity to which it applies and shall be subject to the availability of funds on the part the partners. Each partner reserves the right to seek supplementary funds from third-party funding agencies for any activity developed within the scope of this Agreement.

Further agreements will be regulated individually as addendum to this agreement.

4. REPRESENTATION

The partners name as responsible for the coordination of the activities carried out under this Agreement:

A) For Partner X, xxx. B) For Partner Y, yyyy. C) For Partner Z, zzz.

5. VALIDITY

This agreement shall be valid for X (X) years from the date of signing and will be automatically renewed for the same period unless a written notice is received by one of the parties up to Y (Y) days before its expiration date.

<Date>

XXX

Partner X

YYY

Partner Y

ZZZ

Partner Z

<Add more partners if necessary>

#	Description of solution	Key stakeholders	Target Customers	Value proposition	Elementary offerings	Basic revenue model
1 Mobidot	Platform-based service enabling personalizing and incentivising end-user mobile services	Multiple, e.g. cities, transit operators, employers, travellers, service providers	Organizations: e.g. city mobility and traffic management authorities, transit authorises	B2B solutions where low cost personal level travel data or capabilities to influence travellers' behaviour are the main value drivers	Multiple: analysis of travel behaviour, incentive provision, behavioural change mechanisms	From operators (e.g. cities): Licensing, Pay-per-user service provision, and support fees from customers
2 SMART	End-user mobile service that enables traveller to understand travel behaviour, organize traveling and be stimulated to make smart travel choices	Multiple, e.g. city government, service providers, incentive partners and systems developers	Individuals: car commuters and commuters in general	B2C solution for travellers to understand and organize travel behaviour. The city or transit operator can stimulate travellers to make smart travel choices	Multiple end user features (e.g. mobility profile, multi-modal route planner) delivered through a mobile application, a website and a web shop	From operators (e.g. cities): less investments in infrastructure, monitoring multi-modal traffic flows and surveys on travel behaviour
3 Commute Greener	End-user service providing ways to measure and reward improved everyday travel behaviours as well as enable smart ride-sharing including social network features.	Multiple: e.g. city authorities, employers and equivalent organisations that enable contacts with end-users who mainly is driving CFVs	Organizations: corporations, city authorities concerned with congestion and environmental impact from CFV use	The solution offer expertise and a scalable system set-up enabling cities, corporations and citizens to gain measurable results and improve everyday travel	Multiple: e.g. campaign tool, measurement tool for travel behaviour, reward tool to stimulate smart travel change, ride-sharing support and social network features	From operators: the solution is sold to the operator as a campaign tool or as pay-per-use service
4 TSR	End-user service wherein public transit users receive transferable points, based on CEPAS card transactions, for using public transit weekdays with a boost on time slots where the demand on the system is lower	Multiple: city authorities, transit operators, service providers	Individuals: public transit users	B2C solution that enables customers to earn monetary rewards for using public transit. Tier levels and lottery system is added to increase attractiveness. The value for the operator of the solution is to spread demand of public transit from peak hours.	Website for registration, social media application for lottery and game and information. Solution connected to CEPAS public transit card.	From operators: the solution reduces transit operation costs through peak spreading
5 Mercic	End-user service wherein public transit users get personalised location based offers from engaged external partners	Multiple: city authorities, transit operators, third party providers of offers (in Montreal 340 merchants and 1000 event partners), service providers	Individuals: Public transit users	B2C solution that enables customers to get personalised and location based offers where higher tier levels, i.e. more transit use, results in better offers. B2B solution: a cost efficient channel for merchants to reach consumers	Multiple: Website of link to social media for registration. public transit card number is coupled to account and transaction data is retrieved from the transit operator back-end system.	From operators: reduction in transit operation costs through peak spreading and increased revenues from ticket sales From engaged external partners (future): minor fee
6 SUDS	Slim uit de Spits (Smart away from peak hours) is an end-user service aimed towards car travellers in the regional network to avoid peak hours and be rewarded for that change in behaviour	Multiple: city of regional authorities, commercial service provider and project management	Individuals: car travellers using the road network on a regular or incidental basis	B2C solution: initially a monetary reward, which was later converted to a point based system to promote changes in travel behaviour. Next to this, an app provide a fun factor and feedback on the travellers' behaviour	Multiple: app with features for tracking trips and provide pre-trip traffic information. Website that provides overview information and registration.	Main flow from operators: publicly funded scheme. Secondary flow: involvement of private partners