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IRU Position on Mobility as a Service

IRU Position on Mobility as a Service (MaaS) in the EU.

I. BACKGROUND – A NEW MOBILITY ERA

A number of fundamental trends are currently challenging the existing mobility landscape. Digitalisation, automation, decarbonisation, a reliance on data and the emergence of the sharing economy – to name but a few – are defining a new mobility era.

An increasing number of cities are evolving into what the European Commission (EC) terms “smart cities”, places where digital and telecommunication technologies are being used to make traditional networks and services more efficient for the benefit of inhabitants and businesses alike.

Combined, these trends have resulted in MaaS becoming the new paradigm in passenger transport. The [MaaS Alliance](#) defines MaaS as: “the integration of various forms of transport services into a single mobility service accessible on demand. To meet a customer’s request, a MaaS operator facilitates a diverse menu of transport options, be they public transport, ride-, car- or bike-sharing, taxi or car rental/lease, or a combination thereof. For the user, MaaS can offer added value through use of a single application to provide access to mobility, with a single payment channel instead of multiple ticketing and payment operations.”

MaaS pilots are currently being tested in many cities and regions around the world with various business models and architecture. MaaS systems are normally composed of:

- The MaaS operator (also called the MaaS provider or MaaS vendor) that provides the MaaS solution and sells mobility services to travellers.
- The MaaS integrator that gathers and integrates data from mobility service providers.
- The actual mobility service providers, namely transport operators or providers of other mobility solutions such as bicycles, e-scooters, etc.

Depending on the business model, the distinctions between the three categories can be blurred. For example, MaaS providers can also act as MaaS integrators, MaaS providers and integrators can be commercial entities (e.g. start-up companies, Original Equipment Manufacturers (OEMs), large private mobility service providers), public authorities, or even transport operators. Moreover, there can be several levels of integration, from data to ticketing to reselling, or where cross-modal integrators aggregate the data of other integrators active in smaller markets.

The smooth functioning of MaaS systems relies primarily on (i) trust and the willingness to cooperate among the different players; (ii) the availability of data regarding mobility services such as: static data (namely pre-defined information on routes and the general existence of transport services), dynamic data (i.e. real-time data on the availability of mobility services at any given moment), prices of mobility services, and availability of infrastructure; and (iii) the ability of MaaS providers to provide integrated ticketing services that enable seamless travel by a combination of

several transport modes. Pricing also depends on the type of MaaS model: integrated ticketing can be provided by simply aggregating and reselling the primary offer of mobility providers, or by repackaging and providing a separate offer (e.g. monthly subscriptions offered by MaaS providers that may include discounts and cover several modes).

II. IRU POSITION ON MAAS

The EU has already enacted legislation designed to facilitate MaaS (the MMTIS Regulation) and is considering further legislative measures in the area of integrated ticketing. In some cases at the EU Member State level, national legislation has already been enacted to enable MaaS.

Forcing transport operators and intermediaries to make their data available to national access points (under EU law), or directly to MaaS integrators (under national rules) and potentially further forcing them to allow the integration of their sales by MaaS operators does not guarantee benefits for travellers, businesses and society at large. Forced integration, be it at the national or EU level, will also not solve in and of itself the many remaining challenges. Forcing a shift in the market structure without addressing the challenges will only prompt an authoritative intervention in the free market economy with unpredictable consequences in the operational landscape, including, inter alia, the creation or strengthening monopolies at the intermediary and even transport operator level.

MaaS is becoming an EU phenomenon that is increasingly affecting mobility service providers across the EU Member States. Fragmentation of MaaS models and of regulatory responses (or, often, lack thereof) create business and legal uncertainty for transport operators.

Transport operators are the backbone of MaaS but they cannot fully buy into the concept if their concerns are not addressed in a systematic manner across the EU; hence, the calls by IRU's bus, coach and taxi members for EU intervention to tackle the MaaS challenges and ensure the smooth functioning of passenger mobility in the EU. That will involve adhering to the following provisions:

1. Governance

The [EU Platform-to-business Regulation](#) and the [e-commerce rules](#) are not enough to ensure the proper functioning of transport markets in the interests of passengers and businesses alike. Balanced MaaS systems can only be achieved if both the operators' roles and the role and responsibilities of MaaS integrators/operators and the access conditions of mobility service providers to MaaS systems are addressed. In the latter case, through governance and regulation. In particular, such legislation must address at least the following key issues:

- Transport operators must be able to voluntarily opt into MaaS systems

Mobility service providers should have the freedom to integrate MaaS systems or not, especially when MaaS systems require the provision of real-time information and ticketing integration.

The provision of real-time information may substantially increase the cost base of transport operators, in particular for the vast number of current operators that do not even have such information available for their own operations. Integrated sales represent a serious intervention in the operators' business model given the potential loss of customer control and, depending on the MaaS model applied, partial loss of control over the setting of their own prices in non-regulated markets. The free market economy revolves around letting operators select their own business models.

- National establishment for MaaS operators

MaaS operators must be established nationally since they manage local markets. Municipalities, tax authorities and other authorities with competence in this sector must be able to monitor their activities.

- Check-your-partner obligation and inclusiveness

MaaS operators should be obligated to check the compliance of their integrated mobility providers with the legal requirements applicable in their respective sector (e.g. licencing, commercial register, safety, etc.). As passengers no longer have direct access to transport operators, they need a guarantee that they are purchasing a safe travel service. Equally, as operators no longer obtain customers directly, it becomes more difficult for the relevant tax authorities to verify the accuracy of their registration for tax purposes. These imbalances can only be remedied by obligating MaaS operators to conduct background checks on the businesses they integrate into their platforms.

Any mobility service provider passing the check-your-partner test by the MaaS operator should be accepted into the system. The avoidance of discrimination is key in MaaS systems.

- Public control over MaaS systems

Public authorities must assume the responsibility of ensuring that MaaS systems are inclusive and not established as closed ecosystems.

Public authorities selecting MaaS operators/integrators shall observe transparent, non-discriminatory and objective criteria and procedures, in accordance with the relevant EU and national public procurement legislation.

When MaaS operators are either public entities themselves or empowered by public authorities, their selection of integrated mobility service providers must always be governed by the rules and procedures set by the public procurement directives and, where applicable, Regulation (EC) No 1370/2007 on public passenger transport services by rail and by road.

- Ranking

The ranking of transport options should only follow objective and transparent criteria and charging fees for priority ranking should be prohibited. Moreover, in case of MaaS operators having operational divisions, self-promotion must be prohibited.

- MaaS operators' contractual liability for the actual provision of the mobility service and their role in the protection of passengers' rights

The contractual liability of MaaS operators towards travellers should be clarified and limited to the individual liability of each mobility service provider.

2. Protection of commercial data

Harmonised rules for the protection of commercial data are needed, with at least the following two pillars:

- Data reciprocity. Data aggregators must provide the operators with access to their data as stored in these systems. In closed systems where data is not publicly available, operators must be informed about the use and re-use of their data (including aggregation). In addition, to compensate for their loss of branding, integrated mobility service providers should retain ownership and right of re-use of their quality and online reputation data, such as online consumer reviews.
- Data portability. MaaS operators must allow transport operators to take their data and transfer them to other providers. Data lock-in systems must not be allowed as they foster monopolies.

3. Cost issues for transport operators

- Given the natural tendency towards monopolies of online markets, commission fees that MaaS operators can request from integrated businesses should be prohibited or at least limited. This could prevent the charge of monopolistic prices.

- Quality data and minimum data sets must not lead to the exclusion of SMEs who cannot afford the costs involved with gathering and providing such data. MaaS systems must be designed in such a way that transport operators are accepted according to the provision of minimum, non-expensive data sets.
- It must be easy and affordable for all transport operators to plug into MaaS solutions via universal communications standards. In addition, special funds and financing mechanisms to support the digitalisation of EU mobility companies should be created.
- Pricing issues have to be addressed taking careful account of the need to reconcile the issues of subsidised and free mobility markets with the risk of price alignment.

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EU REGULATORY FRAMEWORK AND CHALLENGES & OPPORTUNITIES – DETAILED ANALYSIS

I. INTRODUCTION

The Mobility as a Service (MaaS) concept is playing an increasingly significant role in the provision of mobility services. Important EU legislation will shortly enter into force and further legislation in that area is already being considered. EU Member States have also been enacting their own national legislation enabling MaaS. These legislative developments may impact the business and operating models of transport operators. In this position paper, IRU passenger transport members identify the opportunities and challenges of MaaS from the perspective of bus, coach and taxi transport operators and set out their overall position on the MaaS concept.

II. EU REGULATORY ACTION IMPACTING MAAS

The European institutions have recently concluded a number of initiatives aimed, inter alia, at governing data sharing and the deployment of cross-border multimodal mobility in the EU. They include the implementation of:

- Commission Delegated Regulation (EU) 2017/1926 with regard to the provision of EU-wide multimodal travel information services ([MMTIS](#)): between 1 December 2019 and 1 December 2023, transport authorities, transport operators, infrastructure managers and transport-on-demand service providers will have to gradually provide static travel data to national access points (NAPs) set up by EU Member States. The obligation to provide dynamic travel and traffic data will depend on national implementation. The data will be made available for re-use by travel information service providers via licence agreements, outlining the requirement to use such data in a non-discriminatory manner.
- Directive (EU) 2019/1024 on open data and the re-use of public sector information ([Open Data Directive](#)): the Directive establishes the principle that public sector data must be available and re-usable for commercial and non-commercial purposes and sets out the conditions governing re-use. In the road transport sector, the Directive only applies to State-owned public transport operators and not to private operators entrusted with public service obligations.
- A Commission study on the remaining challenges for EU-wide integrated ticketing and payment systems ([Executive summary](#)): the study investigates and provides a comprehensive analysis on the legal and commercial challenges of delivering EU-wide integrated ticketing and payment systems and what possible actions and initiatives at the EU level could be foreseen.

III. ANALYSIS – OPPORTUNITIES AND CHALLENGES

1. Opportunities

- *MaaS potential benefits for society*: potential contributor to solving environmental and congestion issues. By providing travellers with a seamless mobility experience that includes collective and shared mobility, MaaS has the potential of making these modes of transport more attractive, thus reducing the reliance on private car use. This can contribute to more sustainable mobility systems and reduced congestion.
- *MaaS potential benefits for travellers*: seamless travel and potentially a cheaper alternative to private car use. MaaS can provide each traveller with a tailored

point-to-point solution for his/her travel. Without extensive research time, the traveller can access a demand-driven offer that is both easy and convenient. Discounts or monthly subscriptions (including public transport and taxi) may help the traveller compare the costs of private car ownership and use to the costs of a more efficient transport solution facilitated by MaaS, resulting in cost savings if the latter option is chosen.

- *MaaS potential benefits for transport operators*: potential to increase sales and achieve economies of scale. MaaS could improve the perception of collective transport thanks to the seamless traveller experience. Consequently, bus, coach and taxi operators could benefit from MaaS schemes by finding new selling channels and access to an otherwise unreachable customer base. This could potentially increase sales and revenues. In addition, MaaS operators can help with savings, particularly in respect of the costs involved in marketing transport services, which would otherwise be entirely borne by transport operators. Small and medium-sized enterprises (SMEs) in the mobility sector could especially benefit from MaaS systems as the visibility and cost savings offered could have a considerable impact on their operations.

2. Challenges

The aforementioned potential benefits of the MaaS concept are not a given and should not be taken for granted. Current MaaS schemes are not sufficiently established to state conclusively that they are beneficial in all circumstances. MaaS operators are still struggling to find a stable self-financing business model. The uncertainty of the operators' business models presents related risks for the other stakeholders involved, including transport operators and intermediaries.

MaaS presents significant challenges that have to be clearly identified. Unless adequately addressed, these challenges may not only threaten business models and the very existence of transport operators, but also undermine the aforementioned benefits for society.

Around 370,000 undertakings employing 2 million people provide road passenger transport services in the EU. Unlike other transport modes, the great majority of road passenger transport operators are SMEs. This is true for the bus and coach transport sector and even more so in the case of on-demand passenger transport by car (taxi and similar services).

From the perspective of transport operators, the shaping of MaaS business and governance models and the applicable regulatory frameworks will influence the revenues from this form of connected mobility. Consequently, the future success of bus, coach and taxi operators within MaaS systems will depend on ongoing developments, notably at the EU level, and the ability of the private passenger transport sector to steer them and guarantee a fair business environment between MaaS integrators/operators and mobility service providers, as well as among mobility service providers themselves.

The main challenges identified at this stage include:

- a) *Bias in the presentation of transport options (distorted ranking)*. The risk here is twofold, namely:
 - The ranking systems may not facilitate the choice of the most sustainable transport means or may not recognise buses, coaches and taxis as sustainable transport options. Solving environmental and congestion issues are a desired effect of MaaS but this is entirely dependent on the existence of ranking systems encouraging the selection of sustainable modes of transport. Equally, it is important to recognise that buses, coaches and taxis are all sustainable modes of transport thanks to their collective nature.
 - The ranking system may favour certain operators. The access of SMEs to new sales channels is conditional upon their visibility in the MaaS operator's presentation of the transport options. These rankings can be biased for a variety

of reasons, including the promotion of own services (if the MaaS operator has ownership connections with a transport operator) or the promotion of operators paying for priority listing in the ranking of transport options.

- b) *Increased costs for transport operators.* In an ideal world, MaaS should result in a decrease in costs for transport operators owing to the potential economies of scale. However, if the issue of transport operators' costs is not consciously addressed at the regulatory level, MaaS can substantially increase:
- The cost for transport operators to adapt the format of their data to be compatible with the MaaS integrator. The variety of MaaS systems tested across the EU and worldwide has led to the emergence of a variety of data formats. The costs involved in adapting to these data formats, especially for operators active in various markets, should not be underestimated.
 - The cost for transport operators of collecting data that are not readily available in their systems. Depending of the MaaS model, this may require transport operators to provide dynamic traffic data. Many SMEs in the passenger road transport sector do not have internal technical and human capabilities to collect such data. If such an obligation is legally imposed or simply required by the MaaS integrator/operator on a de facto basis, these operators would most likely be unable to join MaaS schemes.
 - Commission fees charged on transport operators for the provision of MaaS services. MaaS integrators and operators are still searching for sustainable business models. Most providers do not ask for commission fees in such early stages as, in general, transport operators have yet to be convinced of the advantages of joining MaaS schemes. However, once the market stabilises and MaaS schemes reach a sufficient critical mass, it is probable that MaaS integrators/operators may charge commission fees for their services.
- c) *Difficulties in reconciling the pricing of subsidised transport markets and free transport markets.* MaaS systems bring together a variety of public and private mobility providers. The conditions characterising the provision of their services can be materially different since they combine subsidised transport markets and free transport markets. In the MaaS models where operators do not simply re-sell mobility services but can repackage and reprice such services, the risk can be twofold:
- Subsidised transport services may be exposed to the risk of operators having to accept reductions in their tariffs that they had not taken into account when negotiating their public contracts. This may negatively impact their profitability.
 - Free transport markets may be exposed to the risk of having to accept fixed tariffs in order to be part of the package. To a certain extent, this may equate to a price regulation for the free transport market. This may reduce the flexibility of private operators to set their prices and limit competition.
- d) *Transparency of price and pricing-related information may lead to price alignment and general increases.* MaaS will provide a transparent market in terms of pricing. Depending on how much information transport operators have to disclose and whether they retain the flexibility or possibility to sell tickets via their own channels, MaaS may lead to a de facto price alignment among competing mobility service providers. This may decrease competition and ultimately cause a general increase in prices for transport services.
- e) *Natural shift in the market towards the dominant MaaS operators (the “winner takes all” principle).* Whether MaaS operators are selected by authorities or just freely emerging in a market, they generate new markets connected with the provision of MaaS services. As with many other digital markets, once stabilised, these markets will most likely shift to favour one provider. In some cases, such a monopoly may already be predefined through the intervention of an authority wishing to deal with only one service provider. The more important MaaS markets become in terms of securing a substantial customer base to mobility

providers, the stronger leverage MaaS operators will have over transport operators and intermediaries. This may result in unfair terms and conditions for transport operators and intermediaries, including, but not limited to, high commission fees. Loss of customer control, which is a characteristic of this type of intermediation markets, will amplify the dependence on MaaS operators. It is hence crucial to ensure that all mobility service providers can access and operate within MaaS systems on equal terms.

- f) *Exclusion of certain types of collective transport providers.* Most MaaS models include occasional services such as taxis or car rental but exclude other occasional services such as hired cars with drivers (e.g. limousines) or coach hire. If MaaS systems develop as true mobility hubs, providing an incomplete offer will be detrimental to passengers and businesses alike. In addition, most of the current MaaS models focus solely on local city traffic and fail to take into account incoming traffic into the city.
- g) *Contractual responsibility and passenger rights in MaaS systems*
- Contractual responsibility: MaaS operators are the party that sells the transport service – and sometimes issues the transport ticket – to the traveller but are not the party that actually provides the service. In cases where the mobility service is not properly executed, travellers will potentially be placed in a grey area where neither the MaaS operator nor the mobility service provider will consider itself liable. Situations have the potential to become even more complicated in the case of multimodal journeys and missed connections. Solutions will have to be found either contractually or via regulations to distribute liabilities between MaaS operators and mobility service providers as well as among mobility service providers themselves.
 - Accessibility: As transport operators lose direct contact with their customers, they are not in the position to discuss accessibility aspects with the traveller. This means that they do not know whether the customer has special accessibility needs (e.g. transport of persons with disabilities), and are not in a position to clarify whether they can accommodate those needs or not. Regulating this aspect is entirely at the discretion of the MaaS operators that, at the moment, have no obligations whatsoever regarding passenger rights (e.g. information, rerouting).
 - Passengers rights: Another issue is the potential legal risk to excessively expanding passenger rights applicable to other modes to bus, coach and taxi transport, in particular where MaaS services outgrow cities and become regional or national. Given that MaaS operators provide one ticket covering various modes of transport, there may be calls to align passenger rights across modes, which would materially challenge the business of the vast majority of SMEs and self-employed persons providing bus, coach and taxi services.
- h) *Emergence of commercial transport providers circumventing safety and social requirements of transport laws.* MaaS operators provide a platform for selling mobility services. Unless they have a certain degree of control in the selection of mobility providers, travellers may potentially be exposed to significant safety and even security risks. In addition, without the obligation to report suspicious business activities to the relevant authorities, MaaS providers may become hubs for promoting companies engaged in tax evasion or avoidance of social security requirements.
- i) *Data protection.* There is no protection of commercial data in the EU. If transport operators share their data with MaaS integrators, there are no rules offering any guarantees or transparency on the re-use of this data. Hence, in MaaS systems transport operators can lose control of precious, commercially sensitive information for their business without any legal protection to address their concerns.

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