

Promoting the European Green Deal through competition policy

A joint comment by five of Europe's leading MaaS-operators

DG Competition has published a call for contributions on questions about how competition rules, the Green Deal and sustainability policies work together. MaaS Global, Skipr, Tranzer, Lexypass and UbiGo warmly welcome this initiative and want to thank the European Commission for the opportunity to present our views on the connections we see between competition policy and the Green Deal.

While MaaS is an important component of the Green Deal, the competition challenges in the industry do not directly correspond to the questions posed in the consultation. The challenges relate mainly to the application and scope of existing competition policy in the MaaS market with a primary focus on state aid and antitrust issues in the cooperation between the public and the private sector.

As MaaS is an important key to the modal shift and the green transformation of mobility, we hope that the Commission is open to taking these concerns into account in the consultation. In this comment, we respectfully provide our views on how MaaS will support the green transformation, why competition is key to unleashing the green potential of MaaS and how competition challenges are currently blocking this potential.

Mobility-as-service (MaaS)

MaaS is the integration of various forms of transport services into a single mobility service accessible on demand. For the user, MaaS offers added value through the use of a single application to provide access to mobility, with a single payment channel instead of multiple ticketing and payment operations. 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, car rental or lease, or a combination thereof.

MaaS..

- ✓ makes everyday life easier with more accessible, affordable and sustainable mobility
- ✓ reduces congestion, pollution and frees up public space
- ✓ offers the public sector richer and more accurate data about travel demand
- ✓ offers new sales and business opportunities for both new and existing mobility providers

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MaaS as a tool for the Green Deal

The European Commission has set out ambitious goals for the European transport sector to deliver a 90% reduction in greenhouse gas emissions by 2050, while at the same time providing Europeans with more affordable, accessible, healthier and cleaner transport alternatives.

In Europe, road transport makes up 70 percent of all transport emissions, over 40 percent¹ of which is made up of passenger cars. In order to combat the climate crisis, it is clear new efforts are needed to create an unprecedented change in mobility behaviour. **To reach the goals of the Green Deal, Europe needs to be bold and seize opportunities for innovations like MaaS.**

MaaS is a prime example of a circular economy, using existing infrastructure and services more efficiently, while at the same time strengthening the offering with new forms of mobility. It also has a significant emission reduction potential which has been highlighted by the Finnish Climate Panel² among others. The panel specifically highlighted the superior cost-effectiveness of servitization vis-a-vis measures like renewing the vehicle fleet.

Similarly, the International Transport Forum³ has estimated that **MaaS can reduce the CO2 emissions of our transport system by 30 % and vehicle-kilometres by 50 % by 2050.** MaaS encourages a more sustainable combination of mobility, moves users from single occupancy to shared vehicles and makes multimodal trips significantly more seamless and attractive. It also makes the transport network more efficient, reducing the amount of vehicles needed and giving more comprehensive data to create smoother capacity management.

The challenge with changing mobility behaviour lies in the fact that it is essentially dependent on the free will of Europeans. The European Commission can nudge, steer, incentivize but not force citizens to switch to more sustainable alternatives. To succeed with the goals of a modal shift, there needs to be more attractive alternatives than there is today.

In this, MaaS constitutes one of the most significant opportunities for behavioural change. A global study⁴ published earlier this year examined the preferences of 20,000 citizens and the potential of 20 different concepts to influence mobility behaviour. **MaaS reached the top of the three concepts and was one of the most resonant concepts among citizens.**

Similar results have been seen in studies in Europe. **69,5 % of Europeans state they would want a single application for all transport modes⁵ and 38 % willing to switch the car for more sustainable alternatives if they can provide a similar or higher level of flexibility⁶.** In practice, this would mean a reduction of 70 million cars on European roads. To seize this opportunity and cater to this demand several different kinds of MaaS services need to be made available and given room to develop.

¹ National emissions reported to the UNFCCC and EU Greenhouse Gas Monitoring Mechanism

² 2015, Suomen Ilmastopaneeli: Tarve, tottumukset, tekniikka ja talous – ilmastonmuutoksen hillinnän toimenpiteet liikenteessä

³ 2019 ITF Transport Outlook

⁴ 02/2020 Kantar, Mobility Futures Study

⁵ 2020 FIA Region I study

⁶ 2019 MaaS Global survey by Kantar TNS

Competition key to unleashing the potential of MaaS

Global transport spend is expected to grow to €7.6 trillion by 2030 as reduction in personal car ownership is more than offset by acceleration of on-demand mobility⁷. The size of the mobility market alone makes it impossible for any single actor - public or private - to respond to future customer demand and mobility needs. This is why several experts recommend an open ecosystem approach to MaaS⁸, because multiple players with different offers are needed in order to supply the future customer demand.

In essence, an open ecosystem is built on open interfaces (API) where MaaS-operators and transportation service providers develop and share data, infrastructure and technologies to help create mobility solutions covering every mode of transport.

An open ecosystem gives the public sector data to improve existing services and influence over the framework for mobility, while utilising the market economy to drive innovation and improve the mobility offering for citizens. The approach does not equal a deregulated transport sector or a regulatory “Wild West”. Quite the opposite – MaaS benefits from strong regulation focusing on the impacts and delivery of societal goals.

An existing example of a similar structure is the telecommunications market. Operators guarantee that customers have a network that works, regardless of whether they own or maintain it. The competition between operators guarantees the quality of the service, while roaming makes it possible for the customer to move freely between cities, regions and countries without losing their connection. The vision is that an open ecosystem would enable the same ease of use and the same principles of roaming in the mobility sector.

In an open ecosystem, the customer is king and can choose between a range of different mobility offers and subscriptions that suit their daily lives. With several different operators competing, the quality of services and the variety will rise, giving customers stronger options for living comfortably and sustainably.

The European MaaS-market

Sustainable multimodal mobility services are dependent on a functioning public transport system with affordable mass transit services. Public transport is essential to ensure the predictability, sustainability and reliability of a MaaS-service. It is also a prerequisite for attracting customers as a significant majority will only consider buying MaaS-plans that include public transport⁹.

Today, many parts of the European Union are inaccessible to MaaS due to undeveloped digital ticketing systems or to insufficient data access. These challenges are, however, in many senses reasonably easy to solve provided there is political will.

⁷ KPMG market analysis 2019

⁸ MaaS Alliance, Guidelines and recommendations for creating a thriving MaaS ecosystem, 2017

⁹ M. Matyas: Opportunities and barriers to multimodal cities: lessons learned from in-depth interviews about attitudes towards mobility as a service, 2020

The most significant risks and challenges hindering MaaS-development relate to competition concerns, in particular pertaining to the cooperation between the public and the private sector. The challenges are mainly connected to operations under public service obligations and relate to three main themes; **the access to ticket products, the fair and reasonable terms for ticket resales, the public sector as a provider of MaaS and the role of public transport authorities in MaaS.**

As with any new service and market, the agility and speed of development are of essence to reap the benefits of this innovation. If the challenges are not expediently solved, they may have lasting effects on the mobility choices available to European citizens.

Access to ticket products

In the field of public transport, ticket sales and the use of resellers have traditionally been used to reach customers and raise the service level for public transport. Ticket sales have been considered to be a part of the range of activities and duties that a public service obligation allows competent authorities to carry out themselves or entrust to a third party.

While organising ticket sales will always be a natural part of the public service obligation, multimodality and MaaS puts ticket resales into a completely new context. In this context, ticket resales are **no longer solely a tool to guarantee a high level of public service but an elemental pillar in a new market.** To create reliable and attractive multimodal offerings, customers need to be able to purchase any ticket and subscription from MaaS-operators at a competitive price.

A growing challenge in many member states is the complete or partial restriction of access to the available PSO-ticket products. In some metropolitan regions, public transport authorities or operators refuse any access to third party resellers. In other instances, MaaS operators are only offered partial access to ticketing like single tickets, unattractive subscriptions or tickets for off-peak periods.

Refusing access to essential facilities is one of the acts that can constitute abuse of dominance under Article 102 TFEU. Restricting or blocking access to ticketing is detrimental to the development of the MaaS-market and hinders the development of new multimodal services for European customers. There is no known justifiable reason why the access to certain ticket types should be restricted.

Fair and reasonable terms

The second worrying trend in the competition landscape relates to the commercial terms offered in ticket resales. The challenges centre on the possibility to sell tickets at the same pricing principles as public transport with a reasonable margin. This is an issue in several member states with the conditions making it difficult, if not impossible, to function in the market.

To create a level playing field for MaaS-operators, the ticket prices would need to be stripped of avoided cost and include a reasonable margin to cover the transferred responsibilities. As public transport saves on the third party ticket resales, offering some form of wholesale price does not need to have negative financial impact. In most cases, third party ticket resales makes it

possible for operators to attract more customers to public transport or also to help balance out demand when needed.

As of today, Regulation 1370/2007 does not consider whether the obligation extends to include all public transport ticket resales when there are multiple resellers like i.e. MaaS-operators in the market. If the activities and duties that an operator can carry out themselves or entrust to a third party includes the control of ticket resales, **it is possible for a single transport authority to determine whether a MaaS-market can evolve and on which terms.** In essence, an authority or operator could use poor commercial terms for ticket resales to restrict access to public transport tickets, diminish competition and block a thriving MaaS-market from forming.

The public sector as a provider of MaaS

According to Article 4 of *Regulation 1370/2007* public service contracts must a) clearly define the public service obligations with which the public service operator is to comply. During the last years there is a growing trend of public transport operators with a PSO taking on the role as MaaS operators.

While there are not any significant obstacles to a public transport provider aggregating MaaS-services, **it is important to separate these operations from public service provided under a clearly defined PSO**¹⁰. As there are currently no contracts defining MaaS services as pertaining to the PSO in Europe, it is highly worrying that public transport authorities are treating MaaS-services as if they were included in the public monopoly. In addition to this, a growing number of regions are simultaneously restricting access to the market for other commercial MaaS-operators and transport service providers.

While *Regulation 1370/2007* allows PSO to cover a range of activities and duties, functioning as a MaaS-aggregator and operator in a new market is beyond the scope of offering passenger transport services. As the MaaS market and the market for mobility services is competitive, including MaaS aggregation in the PSO would also be in conflict with the European values of competition and a dynamic market economy.

To ensure a functioning market MaaS aggregation needs to be **clearly separated from a PSO for passenger transport services**. In addition, all products created under PSO would also need to be **offered to other MaaS-operators on equal terms to those of the publicly owned MaaS-operator**.

Finally, **any authority governing MaaS and the mobility ecosystem must be neutral in their approach to the market**. Issues arise if the supervising bodies are also players in the market or have particular interests vis-a-vis certain players in the market. This is why it would also be important **to separate the different roles of public transport authorities** and clearly part the referees from the players.

¹⁰ MaaS Alliance, Public service obligations and mobility-as-a-service, 2020

Recommendations to the European Commission

It is clear that MaaS is going to be a part of our everyday lives as it is already developing organically in many parts of the world. In order for MaaS to reduce emissions and increase liveability for citizens the Commission does, however, need to steer it in the right direction.

As MaaS operators we are committed to bringing new, innovative and sustainable mobility services to citizens in all of Europe. We believe in an open ecosystem with fair market conditions and we are convinced that any integrated service needs to have the public sector as a key partner. We see the EU as the region with the most potential to be a frontrunner in developing this exciting new industry.

Based on our discussions with national competition authorities, it is clear that there is some uncertainty on how to apply competition policy to the MaaS market. There are several ongoing investigations relevant to the MaaS market and we want to express our concern that these processes may come to different conclusions on the MaaS-market. To ensure the scalability of MaaS and the consistency of EU regulation, an intervention from the Commission is needed. As time is of the essence, we do not recommend introducing new regulation in this field but instead respectfully recommend that:

- The European Commission develops **guidance on the rights and obligations of all operators within the MaaS market**, both public transport - working under a PSO - and the independent MaaS operators as well as the applicable competition law in this interaction. The role of the Guidance should be to:
 - ◆ Promote the cooperation between public transport operators working under a PSO with independent MaaS operators.
 - ◆ Clarify the rights and obligations of all actors operating in the MaaS market from a competition perspective.
 - ◆ Define and guarantee unrestricted access for MaaS operators to ticketing and payment systems within PSO schemes. Refusing access to essential facilities, such as ticketing and payment systems, constitute abuses of dominance since this access is needed for MaaS operators to operate their services.
- **The Commission assesses the impact of possible state aid on the MaaS market.**
 - ◆ While MaaS operators are not opposed to the principle of EU-approved state aid granted to any undertaking active in the transport sector, it is important to carefully assess current market distortions in the MaaS market and first and foremost clarify the rights and obligations under EU competition rules.

In this work, MaaS operators are convinced that EU and national competition policies must be aligned and their authorities should cooperate to the best extent possible so as to ensure and uphold a level playing field for all operators active in the MaaS market.

We thank you for the opportunity to present our views on MaaS and sincerely hope our comments can be of use to the Commission moving forward.

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About us

Maas Global

Maas Global is the world's first Mobility-as-a-Service operator with a clear vision of modern traveling. We work towards a world where people move around seamlessly, using the most efficient modes available – from public transport to taxi rides, car rental to city bikes and more. We aim to offer a one stop shop to consumers, offering all transportation options under one easy to use application and a single monthly subscription.

Read more commentary on MaaS on our [blog](#).

Tranzer

Tranzer is the leading B-to-B (to-C) ticketing & settlement platform. We combine public transport with other forms of mobility. All the different options from A to B, compared clear and fair. Plan, Pay and Travel, for all transport operators, worldwide. For Tranzer platform Mobility as Service is a synonym for changing behaviour. We show the best travel options on the spot and give insight in the effect of these options (cost, CO2, time). This is how we keep our cities flowing and our mobility sustainable.

UbiGo

UbiGo is operating a subscription-based MaaS-service in Stockholm including Public transport, rental car, car sharing, taxi and bikes, with the mission to cover all mobility needs of a household and replacing car ownership. UbiGo was born out of the successful first-ever commercial MaaS-pilot in Gothenburg 2014 and plans to launch similar services in other European cities in close cooperation with local partners and with public transport as the backbone.

Skipr

Skipr helps organisations accelerate their employees' transition to sustainable mobility. They do this via Skipr MaaS app by promoting sustainable mobility choices to the employees: combining public transport with local and international mobility operators. In addition to public transport, Skipr offers a variety of shared mobility services, such as Bird, Dott, Uber and Lime. Skipr also offers a payment card, giving access to any European mobility provider. Unlimited mobility access! A convenient dashboard allows managers and employees to easily track their environmental impact because of their mobility.

Lexypass

Lexypass is a MaaS operator in the B2C field with focus on public transport and micro-mobility. A simple plan-book and pay platform is what we offer to our customers.