Appendix A

BUSINESS CASE

REAL TIME BUS INFORMATION VIA SMS

1. Introduction

The Real Time Information (RTI) System for local bus services has now been successfully operating for approximately 5 years. The RTI system in Brighton and Hove is perceived within the UK as one of the best examples of a fully operational RTI system in the UK and already receives a variety of visitors from the UK and abroad.

In addition, Brighton & Hove City Council (BHCC) have an agreement with the South East Traveline (SELTA) to provide SMS via their contract with Kizoom. Through this agreement, all Service Level Agreements and charges with the mobile phone operators have been agreed.

As part of the initial research for this project we have contacted four local authorities to establish the following:

- Whether the service provided is free of charge or charged at 25p per message.
- The costs to the local authority per month, whether the service is charged at 25p or free of charge.
- How SMS has been marketed.
- The allocated budget for marketing SMS.
- Whether any of the costs were shared with the local bus operator.
- The most successful method of marketing SMS.
- Any other comments.

The results will be referred to throughout this document.

2. Reasons

BHCC are investigating and deploying other uses of technology to provide RTI alternatives to the traditional display screens on the street, for example via a website, LCD screens in shops, public buildings and businesses.

BHCC have received requests to provide RTI via various technologies, one of the most requested methods is via SMS. Providing RTI via SMS would allow users to access RTI for any bus stop in the city, thus not relying on the use of on street display screens to provide the same information.

3. Options

As explained in section 1, BHCC have already entered into an agreement with SELTA to provide SMS information through the contract with Kizoom.

BHCC could enter into a contract with Continental to provide SMS directly rather than going via SELTA, however Continental have not delivered this kind of service previously in the UK and BHCC would not be able to benefit from the agreement currently in place with SELTA.

The benefit of interfacing to the Continental system with SELTA is:

- The Service Level Agreements have already been setup with the mobile operators.
- Set up costs and annual charges for the system have already been agreed.
- The user will also receive timetable information if the RTI system is unavailable.
- The bus stop ID's have already been assigned by Kizoom and is part of a national scheme.
- As Kizoom were awarded the contract nationally by Traveline, BHCC will be part of national scheme and thus users will be familiar with the system elsewhere in the county.

It is therefore recommended to develop SMS using the tendered and awarded service via SELTA and Kizoom. SELTA have agreed two options of charging for the SMS service with Kizoom. The service can either be provided free to user, with the costs be covered by the local authority (LA), or charged to users at 25p per message plus their standard text message

charge at no cost to the LA apart from the connection charge and annual charge.

A report is being submitted to the Cabinet Member Meeting on 19th February 2009 to establish which option BHCC should consider i.e. a charge of 25 per message to user or free to user.

It is difficult to ascertain from other LA's whether it is beneficial to provide the service free of charge or at 25p per message. For instance, Wales provide the service free of charge and provide a mixture of RTI and timetable, but the Welsh Assembly Government meet the annual revenue costs of approximately £13,000. Hampshire charge the user for the SMS service, therefore their annual revenue cost is £6,000 per annum.

4. Benefits Expected

The benefits of providing the SMS service to users are as follows:

- All bus stops within the city will be able to provide both RTI and timetable information to the end user, even those currently without an on-street RTI sign.
- The cost of providing the information is substantially cheaper than providing the information via on-street RTI signs. The cost of providing an on street display is approximately £12,000 - £15,000 per bus stop with a cost of maintaining the sign at £6,000 over a 10 year period. With the provision of SMS, RTI can be provided at all bus stops within the city at a fraction of the cost

If SMS is deployed within BHCC the benefits will be measured by how many message requests the service receives.

5. Risks

The two options of whether to provide SMS free or charge or at 25p per message both bring risks i.e.:

If the service is charged to the user at 25p per message:

- Costs may be considered too high and therefore BHCC could invest in a service that is too expensive for users.
- Does not promote Social Inclusion as a service will be provided only to those who can afford to pay for the service.

If the service is provided free of charge:

- The SMS service could prove popular and become a service that requires further revenue.

The funding for implementing SMS, including marketing, is yet to be identified. The connection cost of £12,000 could be funded from the LTP for 2008/09.

Although it would be beneficial to provide the service free of charge, with the costs of already maintaining the RTI system and the costs involved in promoting the SMS service at bus stops etc, it is recommended that the service be charged to the user to ensure that existing funding could be used in promoting the service and towards further RTI signs in areas that require on street displays.

6. Costs and Timescales

A one off connection charge of £12,000 will need to be paid to Kizoom to link to the hosting service for the SMS service. A further £6,000 per annum will need to be paid to Kizoom as an annual maintenance charge for the hosting service.

If the SMS is free to use, Kizoom estimate that for a region with 1,000 stops the service will cost the region approximately £3,000 per year in messaging

costs. The region costs are shared within the SELTA Traveline region not just BHCC, therefore the costs for BHCC would be a proportion of £3,000.

If the system is charged at 25p per message to users Kizoom estimate the service will generate a revenue share to the region of approximately £1,000. Again the revenue will be shared within the SELTA Traveline region not just BHCC, therefore BHCC would receive a proportion of this revenue.

Further funding for marketing, advertising and incorporating SMS text numbers to shelters will be required. West Yorkshire has 14,885 bus stops within its county, BHCC have approximately 1400 bus stops. West Yorkshire's marketing budget was £115,000, which has been spent on creating artwork for leaflets, posters, FAQ leaflets, flyers, at stop advertising, local publications, radio advertising, bus advertising and promotional items.

Market Research in West Yorkshire has identified that the most popular method of advertising was via the advert on the bus shelter. West Yorkshire charge for their SMS and are currently attracting approximately 100,000 enquiries per month.

The success of the SMS project in BHCC would be highly reliant upon the success of marketing the service. Research from other local authorities has highlighted that posting the SMS numbers on stops, delivering leaflets to residents and presentations to various groups and fresher's fairs have proved successful.

The timescales from placing the order with Kizoom to launch should be approximately 2 months, which will be confirmed with Kizoom at the time of order.

Item	**Contractor**	**Cost**	**Annual Fee**
SMS system hosting	Kizoom	£12,000	£6,000
Marketing	BHCC	£15,000	
TOTAL		£27,000	£6,000

7. Investment Appraisal

The investment appraisal of the project would be for the users of public transport as they would be able to receive RTI and/or timetable information from any bus stop within the city at any time.

The project would also help to meet the SELTA targets in providing RTI and improving public transport in general.

For BHCC the investment appraisal for SMS would meet our targets of promoting public transport and encourage modal shift. The cost of implementing and maintaining the SMS service is more cost effective than installing RTI signs across the city, which incurs expensive maintenance / revenue costs. The LTP for 2006/7 – 2010/11 section 12.102 page 187 advises that:

> *Given the success of the scheme to date, the council is seeking to roll out RTPI along the main routes and also develop displays suitable for less well-served stops in the more suburban areas.*

However, due to the cost of maintaining the signs it is suggested that by providing SMS we would still meet the targets within the LTP by providing information for every bus stop in the city.

8. Evaluation

The organisation providing the SMS service, Kizoom provide monthly statistics on how the service is being used. This would provide useful information on which stops are being most used and may indicate to the BHCC which bus stops would benefit from an RTI sign and provide valuable information on where best to invest in RTI signs.

9. Conclusion

This business case has discussed the benefits of providing an SMS service for RTI in Brighton and Hove and the options available for providing this service.

It is recommended that BHCC should charge the minimum 25p per message for the service. This would alleviate any unexpected costs for the service to BHCC.

Marketing of the SMS service is an important factor to the success of the project, as highlighted by other authorities. Further discussions with the local bus operator and funding needs to be identified to ensure the service is used to its maximum potential.