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European Commission – DGTREN F4
Integrated Ticketing Consultation
Rue de Mot 24 5/92
B-1049 Brussels

Subject: Consultation on Integrated Ticketing for Air Rail Transport.

We share a common interest with the Commission in assuring that Integrated Ticketing for Air Rail Transport becomes a reality.

WHO WE ARE AND THE CONTEXT OF OUR SUBMISSION

Since 1999, our company, AccesRail, has been a pioneer in improving consumer access to European Railway tickets globally by making them available on the airline primary screen display of the following Global Distribution Systems: Amadeus, Abacus, Apollo, Axess, Galileo, Infini, Sabre and Worldspan. These systems reach 125,000 IATA Travel Agents world wide of which close to 40,000 are in Europe.

Today, DB (German State Railways), NS (Netherlands State Railways), SNCB (Belgium State Railways) and SJ (Swedish Railways) all have train tickets sold worldwide on the airline primary screen display of the world largest GDS companies. This means that any of those Travel Agents in the world looking for flight availability between Amsterdam and Brussels for example will see flights and rail services available for that route. They can then choose what is best for their customer.

In this context, air and rail have an equal opportunity of being selected. Rail and air are on the same distribution system, have the same ticketing and settlement procedures. Travel Agents incur no extra costs in issuing a rail ticket compared to an air ticket and since we have made railways behave like an airline on these systems, travel agents need no special training to issue a rail ticket.

In making Railways behave like airlines AccesRail has opened a world of opportunities for intermodality between air and rail. This was precisely our vision when we started the company. We wanted a customer to be able to buy a trip from New York to Amsterdam by plane and onwards by train to Brussels city centre. It was clear to us that intermodality between air and rail could not be achieved if travel modes destined to cooperate on a trip bought by the consumer did

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not share a common distribution and ticketing platform. Market realities and economics have forced the airlines into making this integration while State owned railways have kept with their own distribution and ticketing platform, each convinced it had the best system for their needs.

There is a general belief among Railway Operators that rail is different from air and Airlines also think air is different from rail. This attitude colors any possibility of cooperation and it is very difficult to break that perception. We agree that rail has more station stops than air, has more stations than there are airports, that rail has sleeper compartments while air hasn't , that air requires some form of check-in while rail doesn't etc. But all these differences are irrelevant to the consumer that buys a ticket between point A and point B. From this perspective, rail and air are virtually the same and this is what AccesRail has capitalized on and we have achieved this delivery to the market despite perceived differences on the part of the operators.

This long introduction was necessary to set the context for our comments. We have had to face a lot of obstacles along the way with this system integration between air and rail and we are proud of our achievements towards the objective of increasing passenger rail ridership in Europe. But we know a lot has yet to be done in order to have a significant impact. We believe the proposed effort on integrated ticketing for Air and Rail transport is paramount to successful intermodality.

HOW KEY PLAYERS SEE AIR RAIL INTEGRATION

Airlines

There are mixed feelings amongst airlines as to the business opportunities that air rail may represent for them. Those airlines in need of feeder services may be in favor although they are generally skeptical that rail could indeed be booked and ticketed the same way as an airline ticket. For most airlines however, they tend to see rail as a competitor that will come and steal their business on the 1 hour flight segment which comprises their most profitable routes.

Railways

Generally, Railways don't like to cooperate with the airlines as they are competitors on the 2 to 4 hour travel segment which they see as their "money making" niche. They also see themselves as very different to the extent that rail cannot be sold like air, it has more station stops, connections, classes of service, sleepers, sometimes unreserved seating and rules of transport are different.

GDSs

All GDSs are in competition with each other and their bread and butter come from the fees they get from carriers for travel segments processed through their system. Airlines are their main source of revenue but also rail for which individually they have created secondary screen applications for domestic sales in the different European countries.

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Air rail integration on the primary screen display means they are going to lose the revenues they get from present secondary screen applications. Also, it means a level playing field for all GDSs in Europe when it comes to rail. The one or two market leaders have no interest in such a development while others in a "not so strong" position feel this may be the way to get a larger piece of the action.

CONDITIONS FOR SUCCESS

We welcomed the White Paper, its principles and the proposed orientations. However, after many years of consultation and work, it appears that progress is very slow towards the integration of air and rail. Our assessment is that the main obstacles come from the Carriers themselves; Railways on the one side and Airlines on the other competing for consumers travel and the vested interests of individual GDSs competing for the segment revenues.

To achieve the desired integration, it is necessary that both the Airlines and the Railways be presented with their schedules on the same display. This is the only way you can reach a complete air rail integration of schedule availability.

Most all European Railways are Government controlled and traditionally have focused their efforts on servicing their nationals. Each has its own rules, travel conditions, ticketing and reservation systems. For trans-border traffic, some common rules have been agreed upon which are regulated by the UIC, but each Railway uses its own distribution system. The UIC body has its own internal politics but it is safe to say that SNCF and DB have the control.

SNCF would like that its distribution system be the common platform for all Railways in Europe. With the High Speed Network developing in Europe and the Rail Team alliance, it looks as if SNCF will succeed in imposing its platform for trans-border trains.

In this context, the only way forward would be that the EU (an independent view with no financial interests) decides what is best for the traveler and the community. We therefore recommend that the EU pass a binding law that would impose the obligation of integrated ticketing for all Railways and Airlines wanting to operate in the EU.

If the EU also wants to play a facilitator role and contribute to accelerate even more the desired integration it may offer some special funding to the Railways that decide to have their products on the primary screen display alongside Airlines. The funding offer may be for a limited time so it achieves the objective of accelerating the process.

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OUR ANSWER TO SOME OF YOUR QUESTIONS

Scope of air-rail integrated ticketing
Question 1. What is in your opinion the market potential for these services?

Integrated air-rail ticketing opens the door to increased distribution for European Railways. Integration means that Rail will be available to all 125,000 IATA Travel Agents around the world. It also means that all airlines flying to or in Europe will be able to offer their passengers a rail journey from the airport to their final destination. It also means airlines and rail will be able to compete on medium length journeys. We think this will result in fewer flights over Europe as these will be replaced by train journeys. This will have a positive impact on the environment as well as potentially stimulate the regional economy of Europe with additional tourists.

Question 2. What are your comments on the scope of integrated ticketing as proposed, as a first step, at point 5.1? Do you think that the scope should be extended to other modes of public transport?

We believe that the Commission should concentrate precisely on air rail integration where the railway infrastructure is already present. The major airports already serviced by high speed trains should be the priority but one should not neglect Airport Express connections that give access to major train stations and thus an extended network of possibilities.

The integration of other modes of transport like coaches would probably not be difficult to do but the consistency of the service delivery may not be compatible with the target audience. It would be prudent to focus first on air rail integration.

Question 3. What are, according to you, the connections on which air-rail services are possible, in particular in relation to the criterion of the quality of the airport/railway station interface?

In cases where there is a Railway station at the airport, we see very few obstacles in air-rail connections. Minimum connection times can be built in the published schedules. When trains departures are far apart from the air departure or arrival, as long as customers have the correct schedule, it is then for them to decide if they wish to connect or not.

When there is no Railway station at the airport or when the traveler needs to use an airport express train to reach the main railway station, connection times would have to be increased and information on how to connect should be provided at the time of booking.

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Institutional framework

Question 4. What is your opinion on the feasibility and the contents of the voluntary agreement as proposed at point 5.2? Would you be ready to take part in it?

Since within GDSs, rail and air are actually competing and for the reasons described above, we think anything voluntary at this point would ruin the chances of proper air-rail integration in the short or medium term. An independent body like the EU needs to impose a ruling.

The Commission wants to seek a voluntary engagement to develop an integrated ticketing system open to all operators (including future high speed rail operators), we think there is no need for that as the primary screen display of the various GDSs is perfectly suited to serve that purpose and AccesRail has demonstrated it.

Only a binding legislation will achieve the desired result of air-rail integration.

Technical aspects of the integrated ticketing

Question 5. What are your comments on the technical solution proposed for the integrated air-rail ticketing and the operating mode of the system as described at point 5.3? Do you see any problems related to it and if so, which ones? Can you envisage any alternative solution which could be satisfactory as far as a swift and economical implementation is concerned?

The technological trap would be for the Commission to rely on any of the interested players to implement this policy i.e. GDSs, Railways or Airlines. Evidently any of these players would try to use this to win market share from its competition and thus disturb the concept of a level playing field where all have equal chances to succeed.

AccesRail has a turn key solution ready to go now for any Railway in Europe or all the Railways of Europe. The only required development on the part of the Railways is to assure that their tickets can be issued as an e-ticket on the GDS and either be a true e-ticket or a ticket on departure (TOD) from the railway perspective. The customer only needs to be provided with a reservation for that train journey where applicable.

Given existing technology and the developments made in recent years with XML links to Railways in Europe and elsewhere, we can state that progress is such that air rail integrated ticketing is a reality with AccesRail and it has all the possibilities to grow if there is a political will. So in short, very little development needs to be done.

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Since most European Railways have TOD already, at least on their most important routes, AccesRail could be implemented pretty swiftly and it is the only company that has the unique dual expertise of rail and airline reservation systems. In addition, we have no interests in any of the existing competing players. Not more than half a year would be needed to develop the proper links to an existing distribution platform.

Any other approach would be like re-inventing the wheel. It would probably create an uneven playing field and would take years to develop as no current Railway possesses the expertise to successfully integrate with the airline world.

Project management

Question 6. Which is the most appropriate management structure for the first phase of this project?

Project management will follow the binding legislation to perform air rail integration. Railways will first have to make a clear and definitive decision to go in that direction with a clear deadline. Then, we trust proper funding and project management will be put in place to implement the project.

Operational aspects

Question 7. Are the problems involved in air-rail integration mainly of an *operational* nature or are they rather related to the *distribution* of the product? In the first case, please specify.

The main problems are political. The main players GDSs, Railways and Airlines are competing. Each wants to gain some form of advantage over the other. Unless they are forced to implement and cooperate nothing will happen.

Question 8. How important is it to travel with registered luggage on the entirety of the intermodal journey? Which solutions do you envisage?

Experience shows that this is not a requirement. In fact, this is more an airline requirement than a consumer need. All Railways and Airlines who have ventured to do that integration experienced limited consumer adoption. Consumers don’t seem to be comfortable with it.

Baggage handling when there are connections significantly increases the risk of losing luggage and travelers are aware of this risk. Our recommendation would be to concentrate on the reservation and ticketing integration and forgo baggage handling integration.

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Question 9. Do you have further comments on the text of the document? Do you have suggestions regarding action at Community level which was not mentioned in this document?

As mentioned previously, a compulsory piece of legislation is the only route to ensure success. Any other approach will face Railway politics and their built-in inefficiencies, Airlines fear of competition and GDSs wanting to protect their current positions. Although the imminent deregulation of railway transport in Europe will likely trigger some force for change, it would be unwise to rely only on new market forces to deliver this most needed air-rail integration. In the best case scenario, we will see some better integration of air and rail but it will be far from what is needed and can be achieved in Europe within the next 2-3 years.

If the Commission is prepared to wait another 10 to 20 years before delivering an integrated transportation model to Europeans, then it can leave market forces at play, otherwise it needs to act now as a lot needs to be accomplished. Air-rail, although important, is only one element of the desired integrated transportation service.

We thank you in advance for your consideration and we stay at your disposal for any clarification or complement of information you may require.

Sincerely,

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Strategic Partner