



**From Engineers to Entrepreneurs:  
The need for social innovation in HSR**

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# Social Innovation is Critical to HSR Success

- Social and institutional innovation is needed to improve complex social-technical systems such as railways.  
(Reference: Barriers to Rail System Innovation Report, 2007)
- **Good News: Railteam** is a step in the right direction – towards social/institutional innovation.
- **Bad News:** “*High Speed Europe*” is the **wrong slogan**, ... technological innovation is not the problem.



# Barriers to rail system innovation (Siebt, 2007)

Barrier Type	Specific Barrier
Institutional	Monopolistic business model
	Political (internal and external) involvement in making operating decisions
Organizational	Lack of investment capital
	Insufficient professional resources
	Insufficient technical expertise – i.e. reliance on a specific technical path
	Problems caused by European railway re-organization (i.e. vertical competition within companies) that reduce cooperation and increase uncertainty
Socio-cultural	National orientation of railway companies
	Old-fashioned consumer image of railways
Technical	Long innovation cycles
	Misunderstanding of customer needs

# Social innovation can help make HSR more successful ...

- By helping create efficient and attractive new services tailored for today's transport demands – in other words: *... products & services focused on the customer.*
- This means changing our:
  - **Infrastructure:** from lines to networks;
  - **Focus:** from engineers to entrepreneurs;
  - **Institutions:** from independence to partnerships;
  - **Technologies:** from the telegraph to the internet;
- And, changing our slogan ...

# Create Customer-Centered Networks

## What:

- HSR to HSR;
- Local transport/rail; and,
- Intercontinental Airports.

## How: ... Improve coordination:

- Infrastructure
- Schedules (Taktfahrplan?)
- Tickets and Booking (Simplify)
- Services (Baggage? Lounges?)



- Single website for all travel needs (e.g. SNCF: L'EcoComparateur);
- Include local transport (CityTicket);
- Ticket exchange possibilities – flexibility is a key railway benefit;
- Ticketing machines (language!);
- Octopus-type rail tickets?
- *New types of tickets and booking possibilities allow new types of travel products: e.g. Night and Flight.*



# Apply modern pricing strategies

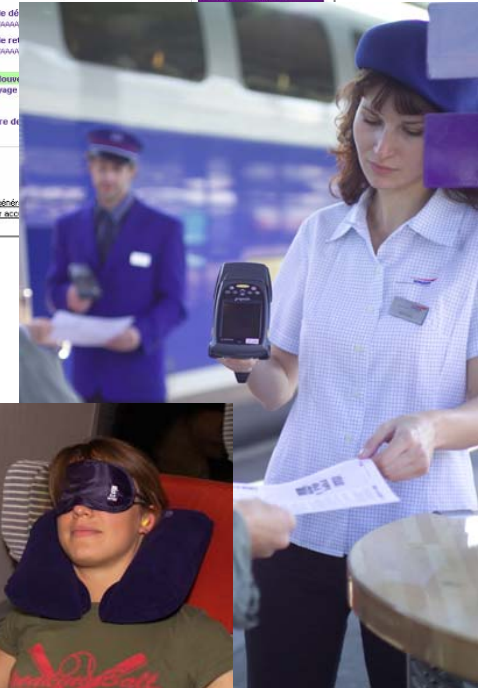
- Traditional railway pricing:
  - Peak fares are too low; and,
  - Off-peak fares are too high.
- Low cost airline ticket pricing: designed to fill every seat at the highest possible fare;
- *Develop load management based pricing schemes blending traditional railway benefits with techniques to increase income and ridership.*



# Create independent business units

## Example: SNCF – iDTGV service:

- Low cost airline ticketing model;
- Services targeted to specific markets (quiet, active);
- Operating efficiencies: e.g. tickets checked on platform;
- *Independent business units enable established companies to circumvent institutional barriers and test new ideas and products.*





# Form and enhance partnerships



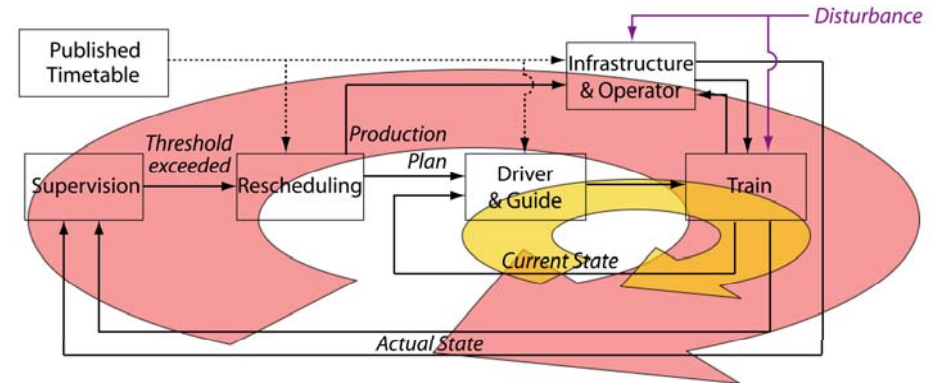
- **Railways have many potential partners:**
  - Other railways (Railteam);
  - Airlines (Lufthansa/DB);
  - Local governments;
  - Workers/unions (Southwest Airlines);
  - Private sector (PPP); and
  - Customers (frequent traveler programs).
- **Keys are mutual benefits, partner competency and good contracts;**
- ***Partnerships enable railways to offer improved products and more efficient operations.***



# Embrace new technology

## Example: Information Technology:

- IT approaches for improving train operations e.g. re-scheduling;
- IT approaches for infrastructure investments e.g. simulation;
- IT approaches for ticketing;
- *Coordinated IT approach provides the opportunity for new products, e.g. "real-time intermodal substitution" (RTIMS) ... (i.e. take a different train) ... fully using rail network substitution opportunities.*



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# Summary: *From Engineers to Entrepreneurs*

- Develop *customer-oriented* products that combine new ideas with traditional benefits of rail service:
  - Frequency;
  - Comfort;
  - Flexibility; and
  - Value.
- And, change the slogan ... Why?
- Because the best slogans communicate a “core idea” – an idea that ...
- ... *tells everyone in the organization what they should do in any situation.*

**My proposed Railteam slogan:**

***More Europe – Less Hassles!***

***... of course, it needs work.***

***Thank you for your attention and indulgence!***