

The Business Case for Smartcards

The very fact that a significant number of schemes are implementing ITSO on smartcards to this level proves there is a business case for smartcards. But what is that case? Perhaps the place to start is to ask a simple question; what is it about smartcards that makes them ideal for being part of the local authority service delivery? The answer comes from the SCASC project in Scotland in the April edition of their 'Customer First' newsletter;

"Well, look at some of the many benefits listed below, and it is easy to understand why thousands of citizens, across the age ranges, are already using them.

Some of the Benefits for the Citizen include:

- Reduced card ownership – only need to carry one card
- Users can choose their applications on their card
- Single card help point, saves time re-issuing multiple cards
- Access to services via remote media using smart card
- Reward points/incentive schemes
- De-stigmatised services – Entitlements/concessions can be hidden on the card
- Ease of use – e.g. using e-purse for car parking
- Provides a means of photo ID – only form of ID for some
- Seen as worthwhile council activity
- Citizenship and image reinforces belonging

Application Provider Benefits include:

- Shared investment and operational risk: don't pay for full scheme set up
- Reduced fraud - ensuring an audit trail
- Shared branding - Individual partners benefit from promotion of card
- Electronic transaction reduces cost of managing cash
- Information management costs reduced
- Improved management information
- Access to wider markets

Some of the Benefits for the Councils include:

- Joined-up service provision
- Reduced costs of single card issuance and maintenance
- De-stigmatised public service provision – increase usage and take-up
- Can contribute to change in behavior – healthy eating, attendance and bullying
- Improved site security in schools – access control
- Better targeting of services – improved management information"



Mandated by the DfT

**Recommended by
E-Gov**

**Implemented by the
National Smartcard
Working Group**

**Mandated under EU
procurement rules as
the only specification
compliant with EN1545**

**By the end of 2006
3 Million ITSO
smartcards will be in
the hands of
end users in the UK**

All of these contribute to the business case – perhaps not all in direct financial terms; but there are also other elements which can be added to the case. The following list demonstrates some justifications used by schemes in recent months for their business case.

Social	<ul style="list-style-type: none"> • Savings in Passenger time <ul style="list-style-type: none"> ◦ Queuing for the ticket ◦ Buying the ticket ◦ Boarding bus or gate throughput <p>All these can have a price put on them using Approved Government Formula</p> <ul style="list-style-type: none"> • Security 	<ul style="list-style-type: none"> ◦ Passenger safety resulting in reduced medical and personal costs ◦ Staff safety (the perpetrator can be more easily identified in some cases) • Social service <ul style="list-style-type: none"> ◦ Supporting & implementing Government Initiatives • Customer preferences <ul style="list-style-type: none"> ◦ Longer gate times for partially sighted, deaf etc
Period	Some scheme have been evaluated over 15 years – the kit will last that long so why not?	
Service	Lost cards can be replaced with a current status which often doesn't happen now	
£ income	<ul style="list-style-type: none"> • Deposit for card which in effect is never refunded • Some schemes believe they can charge £5 for a card provided the benefits are attractive enough • By replacing a number of separate cards the individual card fees can be aggregated 	
Anti – fraud	<ul style="list-style-type: none"> • Avoidance of copied tickets • Staff fraud • Pass back 	<ul style="list-style-type: none"> • Use by wrong person • Overruns to extra zones • Not paid for
Commercial	<ul style="list-style-type: none"> • Benefits and ease of use increase % travelling • Knowledge of customers travel patterns lead to better service 	<ul style="list-style-type: none"> • Better operational statistics lead to economies

It would be remiss of me to not plug ITSO in this debate; ITSO adds a further dimension to the business case – one of interoperability and sharing at a number of levels.

	Possible LA Requirement	ITSO Applicability
Card Level	A range of cards which could be used in different environments: Low cost cards - single events Memory cards - Library cards Microprocessor cards - Citizen cards	ITSO offers a range of cards on an interoperable basis meaning that all cards can be recognised at all points of service. Consequently an event ticket may be loaded on a citizen card or a low cost card.
Application level	Library card	The ITSO ticket definitions can easily be utilised as membership details and the stored value or loyalty facilities could be used as payment mechanisms for additional services. Interoperability between libraries on an interoperable basis can be provided and if necessary secure end to end data for 'settlement'
	School meals	Again the ticket definitions can be used for entitlement, stored value transactions and loyalty schemes for such as healthy eating. Reload points can be located outside schools in libraries, local shops etc to reduce school gate bullying yet with secure data (money) reconciliations.
	Event ticketing	The range of cards would allow for both low and high cost events and would allow associated transport ticketing
	ID	The ITSO Secure Access Module (ISAM) will allow a range of security appropriate to entitlement, ID or even PKI for voting
	General	The ITSO card directory structure allows for 'private' applications to be defined and to utilise the ITSO card security and data transfer
Interoperability	Citizen use of cards without boundaries	The ITSO specification and key management service allow controlled use of applications nationwide as required. Data may be securely cleared and settled
Accreditation	Applications must work on all card types and service points	ITSO certification & testing by Integri can be extended to integrate further data structures, different application kit etc.
Security key management	Smartcards and applications need key management	The ITSO key management service from the Royal Bank of Scotland is ambivalent of the application and could be extended to include LA schemes to avoid large development costs of a parallel system.

Much of the material for this short article has been taken from Schemes who are actually implementing smartcards – for the very reason that they have proved a business case. Invariably it is based on sharing – sharing the card platform, the infrastructure – indeed the 'scheme'; and the even better news is that once you start then future add-ons have an even better case.

Let me leave you with one final quote from 'an informed Local Authority Source', which is particular to the introduction of free local concessionary travel but also has a wider context;

“Forget smartcards? I would counter that there is an even bigger case for smartcards in the control, management etc of schemes because the 'free' is only district specific. ETMs and smartcards (especially ITSO ones!) will give zonal control etc, far greater management information than paper, and also reduce fraud!”

Article prepared by Peter Stoddart Head of Marketing ITSO