

#Train2EU: the first European Railway Company

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Samenvatting

De Europese spoorsector is duidelijk aan vernieuwing toe, vinden Natuur & Milieu en de Jonge Veranderaars van het Nederlandse spoor. Het huidige aanbod voor grensoverschrijdende treinreizen wordt slecht en niet eenduidig gecommuniceerd via tig van kanalen. Boekingssystemen zijn erg omslachtig, flexibele reservering bestaat nauwelijks. Ook blijkt het aanbod niet aan te sluiten bij de behoefte: 20% van de Nederlandse vakantiereizigers door Europa zou best met de trein willen gaan maar vindt geen passend aanbod. Het onderbreken van een stimulerend ondernemersklimaat en sterke focus op alleen de nationale situatie in lidstaten draagt hier niet aan bij. Desalniettemin is er dus een groot potentieel dus van internationale treinreizigers, die het aandeel van de trein in de Europese transportmix (van nu slechts 4 tot 5%) kunnen vergroten!

Daar willen Natuur & Milieu en de Jonge Veranderaars zich graag voor inzetten. Vergroten van het aandeel treinverkeer zal de milieubelasting van het Europees transport verlagen. De internationale trein door Europa is immers een uitstekende vervanger van de auto of, nog beter, het vliegtuig. Hiermee kan tot 75% CO2 uitstoot bespaard worden en wordt een grote bijdrage geleverd aan luchtkwaliteit en bereikbaarheid rondom de grote steden en drukke wegen. Bovendien is de trein bij betere directe verbindingen ook echt een sneller en comfortabeler alternatief. En biedt het een unieke reiservaring!

Om het potentieel voor internationaal treinreizen te ontsluiten en het aandeel in de Europese transportmix te vergroten, zien de schrijvers van dit paper maar 1 korte termijn oplossing: het oprichten van een nieuwe Europese spoorwegmaatschappij #train2EU.

Deze nieuwe organisatievorm gaat verder dan de huidige EU samenwerkingen en richt zich op 2 kerntaken:

- het beter communiceren en vermarkten van het huidige aanbod en
- het uitbreiden van het huidige aanbod met meer directe verbindingen naar gewenste EU bestemmingen

Om dit te bereiken zullen alle actoren in de spoorsector hun steentje bij moeten dragen. Door effectiever samen te werken en deels de ruimte te geven aan nieuwe ondernemers in de spoorsector kunnen we voor iedereen de spreekwoordelijke taart groter maken, en vooral veel meer mensen met de trein door Europa laten reizen.

Lees verder in dit paper denk mee op het CVS congres hoe en met wie wij dit willen gaan doen.

#Train2EU: the first European Railway Company

1. Introduction

The idea was planted during the pleasant cooperation between the young professionals of the rail industry in the Netherlands (organized in the "Jonge Veranderaars") and environmental organisation Natuur & Milieu in the past few years. Both were interested in rail and increasing its share in the European transport of passengers. And both were utterly surprised by the inefficiencies and old-fashioned way of organization in the traditional, national dominated rail sector in Europa. This paper elaborates on our idea to bring the European rail sector and especially its services for the intra-EU passenger to the next level. Our idea: #Train2EU – the first European Railway Company!

2. We are...

We are #Train2EU. We love to travel through Europe by train. Some call us rail nerds, which we consider an adequate description of what is wrong with European rail travel. Because the way things are today, you need to be a devoted enthusiast as well as an established expert in order to benefit from Europe's fragmented, old-fashioned and non-user-friendly rail services.

We are young professionals in and around train travel: rail infra, travellers' associations, rail services, construction, engineers, environmental NGOs, travel agencies, IT services, etc. In short, we are the ones who will be running and using the European rail system in the next 20 years.

We are children of the '80s and '90s, raised in an age of technological progress, wealth and peace, in a Europe without borders. And we believe European rail travel can and should be organised better.

3. We see...

A planet that requires us to re-think European transport

The world around us is more and more troubled by disputes over dwindling natural resources. We are the first generation to face the full consequences of mankind's mindless exploitation of natural resources, changing our environment and climate into something we cannot in good conscience pass on to our children, who are just being born and whom we have just started raising.

Technological innovation and efficiency measures are a great improvement on many energy wasting and polluting activities. But even with the best available technology, modern travelling behaviour makes the transport sector particularly hard to turn green. Land-based transport has the option of being electrified, drastically reducing traffic noise, eliminating urban air pollution and greatly reducing energy demand for vehicles. The rise of electric cars, however, is unlikely to substitute the increasing numbers of car

kilometres in the EU. Experts agree that the growing volume of air travel¹ is impossible to make sustainable, as aviation remains dependent on hydrocarbons as a light-weight energy carrier: heavy batteries are obviously not an option for aircraft.

For many European trips, rail with its expanding electrification could offer good value in a transition to more sustainable energy and transport. Compared to planes and cars, trains can reduce CO₂ emissions drastically (up to 75%) bringing climate saving CO₂-reduction targets within reach. With much better electrification options, trains can make us less oil dependent, thus increasing security of our energy supply. And compared to car travel in Europe, trains will lead to much less air pollution, a major reduction of traffic jams and a strong decline in traffic casualties. Current train share in international passenger transport, however, is as low as 4%².

A European rail sector in need of re-inventing itself

Behind the scenes, we see underlying causes for the poor rail share in European travel. The main market for train operators is still domestic². Yet, this was not always the case. Kees van Goeverden (TU Delft) already showed us at last year's CVS that international train services have in fact decreased last 40 years in both quality and quantity.³ External factors played a role here, such as the introduction of internet, political changes in Eastern Europe, push for free markets by the European Union, dwindling governmental support, and the (indirectly subsidised) rise of low cost air carrier. But also a change in business climate with the EU-wide shift to more liberalized railway companies, has in fact led to conservative risk avoiding strategies instead of developing new businesses.

As a result, the international rail sector nowadays shows to be in survival mode (with exception of cargo travel and regional cases – see text box), scared to take risk and weary of competition. Infrastructure, booking systems and security systems are not standardised or poorly harmonised, and there is no European public transport authority with ownership over the problem and mandate to fix it. From a passenger perspective, the most obvious problems are:

- the hassle of booking any journey that is not a main capital-to-capital route (the existence of the *Treinreiswinkel* is as such evidence of this, where actual people need to dive into various planning and booking sites to find the right connection for the best price)
- the increasing price of train tickets (especially compared with decreasing air travel fares), often caused by the implementation of high speed rail connections (and as a consequence the cancellation of direct connections in that trajectory on normal rail)
- the increasing amount of reservation obligations with very limited room for ad hoc bookings (often limited to book up to 5 days before your journey) or cost-free cancellations

¹ The European Environment Agency presented in 2009 an outlook on the modal split of passenger transport in EU. Figures show an increase of the share of aviation of 8.7% in 2005 growing to 12.2% in 2030 (12 Gigapassenger-kilometre or 10⁹ passenger-kilometre), were rail will decrease from a 7.7% share in 2005 to a 7.5% share in 2030. http://www.eea.europa.eu/data-and-maps/figures/fig-2-modal-split-of-passenger-transport-in-eu-27-1990-2030/term_f03_graph2_2008.eps/image_original

² Amadeus shows in their market analyses (2011, 2012) a market share of 4% for international travel in passenger rail market. In passenger volumes this is even less: only 1% share.

³ Paper contribution by C.D. van Goeverden, for CVS 2013

Liberalisation

In the 1990s, a philosophy of liberalization of rail services gained traction in the European Union. Among other infrastructures, railways should benefit from free market competition at lower public funding. To this end, countries have decided that railway infrastructure and train operations should be at least separated on a legal level. Countries vary in the extent to which separation has been executed, where British and Dutch governments went as far as creating an independent infrastructure company.

This liberalisation of the railway market has benefits and drawbacks⁴. Many Dutch regional lines have seen new rolling stock, an increase in train frequencies, in punctuality and as a result of all this in passenger numbers. But Train2EU is not an agenda to further liberalise the European railway market: there are several examples of how liberalisation has backfired, and cross-border railway services have significantly declined in parallel.

The role of liberalisation is one of many issues that we aim to debate and research further – but not the only one. There is a real risk of initiatives like Train2EU drowning in the quicksand of competing ideologies. Our basic premises is that the current situation needs to be opened up, but not left to market forces because they may hollow out rail travel. In the extremes of a fully state-controlled and regulated railway and a fully liberalised free-market railway, the right balance has not been found yet. This balance is probably not static but flexible. And it probably requires tailor-made solutions for specific bottlenecks across Europe.

Opportunities for spectacular market development

Nevertheless, we see a large potential! Both in the current supply of services, as in the hidden potential of demand. On the Dutch borders, several improvements in rail services have shown to attract more passengers. Between 2006 and 2012, Thalys Amsterdam-Paris expanded service from 6 to 10 trains daily, cut travel times upon the opening of the Dutch HSL-Zuid and saw passenger numbers increase by 50%⁵. In the regional field, the 2001 reopened line Enschede-Gronau attracts 2000 passengers every workday and even 3000 on a Saturday⁶, and Arriva saw its ridership on the Groningen-Leer connection grow by 50%⁷ upon increasing the frequency from every 2 hours to every hour in 2013.

IT solution providers like Amadeus are moving upwards into the conservative rail sector, taking with them valuable lessons learned from other modalities like aviation. Amadeus has the ambition to build the one planning and booking tool a passenger travelling through Europe by train would need (or even – on the longer term - to compare all

⁴ Paper contribution by Wijnand Veeneman, Didier van de Velde & Lars Lutje Schipholt for CVS 2007

⁵ Monitoring Spoorgebruik 2011 / 2012. Interne rapportage voor ProRail en Ministerie van Infrastructuur en Milieu. ProRail Vervoer en Dienstregeling, mei 2013.

⁶ Goed op weg? Van sturen naar faciliteren. Bijlagenrapport. Technisch-inhoudelijke onderbouwing van de Evaluatie Mobiliteitsbeleid Enschede 1996-2011. Keypoint Consultancy bv, 17 februari 2012

⁷ Source: Arriva Trains.

modalities, across all providers), including all supply of rail services and with one uniform system of pricing, booking and sales.

Treinreiswinkel (based on research done by NS) speaks of a hidden market potential for holiday travellers from the Netherlands into Europe. Their surveys show that currently about 5% of the holiday travellers into Europe travel by train, while 20 to 30% of the car/ airplane travellers would consider/ like to go by train into Europe.

Still, there are barriers to overcome. Both in enhancing the quality of the current supply of intra EU rail services, and in increasing the supply with more direct connections to <1000km destinations⁸ from a country's capital.

4. We dream...

We dream of a travel experience which is as easy and seamless as using our smartphones to get in touch with our friends across the globe.

We enjoy the freedom to travel that generations before us have made possible.

We believe it is a matter of choice to make travelling all over the planet available to everyone, regardless of income or age, in a way that adds value to the world rather than draining and polluting it.

And we believe that European rail is the best travelling experience you can have on the old continent, with the least impact on environment, resources and climate change.

Enabling working while traveling for business, or starting holidays as soon as you board, train travel keeps the joys of travel available for generations to come.

Our mission is to provide Europe with a seamless long-distance travelling experience, meeting the demands 21st century society has of a sustainable transport system. Because land-based high-density transport systems tick most boxes of what we think is needed, we choose rail travel as the backbone of our products and services.

5. We act...

We take our role to transform of European rail into the modern service as we would love to use ourselves. To address the issues and obstacles on our way, we set up a *social enterprise* that is inspiring and inclusive of people with thoughts and ideas. We operate in three phases, each with their own products and audience. Phases are stacked rather than subsequent.

1. Sharing the dream
2. Improving the quality of the current rail services in the market

⁸ Common knowledge and experience show that today, up to a maximum of 800 to 1000 km radius the train can be a worthy opponent to travel by plane or car – looking at travel time and comfort (and depending on its price).

3. Increasing the range of rail services on offer, to disclose the whole market potential for international train travel in the European Union

These phases are detailed below, but in no way set in stone. The very nature of the first phase opens up the process to brilliant ideas and critical review from outside the current group of enthusiasts. In fact, we are keen to expand this group with people who share the dream, and you are cordially invited.

First phase: Sharing the dream

You are now reading the first step in sharing our enthusiasm and our dream. With this paper, we are challenging and activating our peers, superiors and international counterparts. Next, we will start a social media campaign and set up a network of stakeholders in order to co-create the mission with professionals and future clients. In parallel, we contact political enablers during a visit to the European Parliament by a delegation of Train2EU. This way, we are growing our body of ideas, competences and action plans. Finally, we will organize funds from various sources to start up our social enterprise.

In this phase, we deliver:

- A draft corporate **identity** for all ideas and initiatives, as well as an online presence in social media, aimed at establishing #train2EU as the brand name for sustainable, future oriented transport
- A **platform** for professionals, entrepreneurs, (European) decision makers etc. to meet and exchange ideas for new business
- A blank canvas and a brush for young visionaries who have ideas on how to modernize European rail, leading to **vision** documents outlining the future of European rail travel and its place in the wider transport network
- A **challenge** as well as a playground for existing rail companies to re-invent themselves and their products to meet 21st century challenges
- A **business plan** outlining how we will set up our social enterprise for the second phase, what budget is needed and how we will finance it

Second phase: Improving the access to the current rail services in the market

After creating common ground and securing the basic finances and structures, it is time for concrete steps. We start with low-hanging fruit by improving the quality of the current supply of rail services in Europe and how they are marketed to the public. To this end, we need to focus on a big bottleneck in the service chain: solving the booking issues.

We will develop a common platform that can be used by all train travel companies in Europe. It offers the same services for the same fares regardless of the website, country or company you book your ticket from. This tool will be made available in all European languages and through both a stand-alone #train2EU portal as well as the national railways sites. Web and smartphone App are essential in this. From the passenger perspective, the platform instigates trust by being easy to use and transparent, and guaranteeing that you get the best possible price for your travel in the complexity of rail operators that is still behind it.

Once such a system is live and marketed by all companies to potential passengers, big data mining can begin and more insights can be collected into the search requests of

potential passengers, their needs, travel information inquiries, etc. leading to more data about the market potential for EU train travel. This is an important part in market research Train2EU will commission.

In this phase, we deliver:

- A **public call** for solutions to the ticketing challenge, with guidelines and principles solutions should adhere to
- An **international conference** where several parties will present their solution to the ticketing challenge, to be judged by a panel of future users from across Europe
- An **action plan** aiming to make the best ticketing solution a reality, identifying the actors needed and making recommendations to them on how to proceed
- A **support platform** where other challenges to international train travel can be identified, discussed and guided to solutions and action plans
- A **headquarters** where all efforts to transform European rail are monitored, co-ordinated and supported, as well as checked with the Trans2EU mission statement
- A **business plan** outlining how we will set up our social enterprise for the third phase, what budget is needed and how we will finance it

Third phase: Enhancing international rail services

The insights of executing the second phase will give indication of the hidden market potential for train travel: unattractive offers with long travel times, many changes, and inquiries for direct connections which are not established yet.

In a joint venture with national operators, we identify missing links in the international services and bad connections. We regard these as business opportunities and intend to step into these "market holes" together with entrepreneurs, specifically including current national operators. For example, passengers' organization ROVER suggests to improve service at Venlo and Heerlen borders from current local train to intercity level, by extending Dutch or German long distance services⁹.

This way we can expand the supply of rail services and as such reach our goal to increase the share of rail in the modal split of passenger travel in Europe, most likely to the cost of the share of aviation and road.

In this phase, we deliver:

- A **list of business opportunities** made up of bottlenecks in the current European rail system
- A **platform to bring entrepreneurs together** on specific business opportunities, hashing out action plans to transform bottlenecks into solutions and services
- A **taskforce of specialists** that helps interested parties get started on implementing their solutions, finding funds, etc.
- A **widely known, respected and trusted brand** to be used by new solutions and services to get them off to a flying start

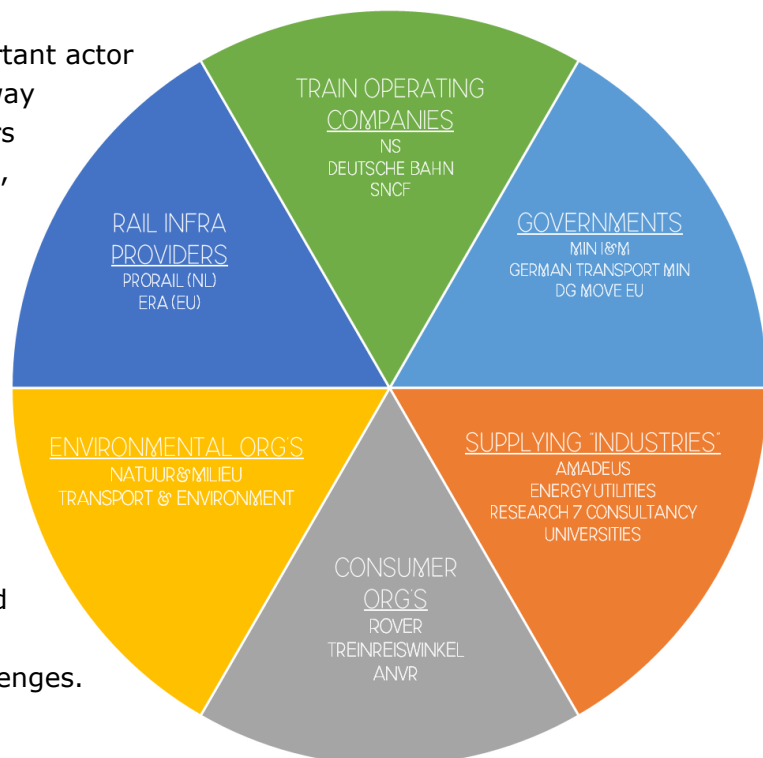
⁹ "Rails die verbinden". ROVER, september 2004.

6. We challenge...

Put simply, Train2EU is a burst of enthusiasm and energy combined with a vision on how European rail should be. We are quite aware that in order to make our vision a reality, we need other actors to step in. But right at the moment when we need more entrepreneurship, the existing rail sector is in survival mode (weary of opening up the market, protecting one's own share, wanting to be sure that all trains are fully booked weeks ahead). Our challenge to the sector is come out of hiding and embrace a change towards "enhancing the cake" by working together. The market potential is there, and with a growing client base of international train passengers, every individual company's share will grow as well.

This diagram holds the most important actor groups within and around the railway sector. These different stakeholders operate within their own segments, with limited interaction between sectors. Also, each segment is usually, in its own way, focussed on working within national borders.

Our proposition is to come out of hiding in both dimensions: vertically (from young professional to national director to international co-operation) as well as horizontally (finding like-minded spirits in other segments). Every stakeholder will have specific challenges. What can each player do?



Train operating companies

Every train operator has its own strengths in showing entrepreneurship:

- Former state companies have a lot of experience, assets that enable a certain risk of experimenting, and the interesting possibility to extend existing services⁹.
- New pioneers may have international travel as main activity, no traditional limitations, little to lose and new spirit.

So we need a bold sector with the guts to invest in what passengers want: attractive train services, easy access, affordable tickets, cross-border connections and in general a hassle-free travel experience. We invite all parties in the railway industry to identify and create opportunities to improve quality of international train services. Obviously, this requires train operating companies to work together more closely. A recent first step was made by the Belgian, Dutch and German railways who decided to harmonise their ticketing systems with the help of ticketing service provider Amadeus.

Rail infra managers

The most important task of infra management organisations (ProRail in the Dutch case) in international rail transport are to provide capacity on and access to the rail network.

Obviously, capacity should also be allocated to international traffic. Existing capacity should be assigned in a non-discriminatory way and capacity should be enhanced if market demands require so.

Another dimension of infra managers' tasks in international rail travel is to guarantee and provide technical interoperability. International trains should be able to run on different national networks. The wide range of national electrical and safety systems complicates this. What would help is to align regulations and make them transparent. European regulation is already in place for this: a swift implementation of the European Train Control System would ease the introduction of new international train services.

Governments

The main role of governments is twofold: to create a proper business climate; and perhaps more importantly, to set the guidelines for businesses so that international rail travel will develop in the proper direction. There is no silver bullet in either a free market ideology or strict regulations: an ideal mix lies in a flexible balance between the two based on what works in practice. Initiatives like those mentioned in chapter 3 might serve as best practice to identify success factors.

EU Commissioners of transport and regional development and national transport ministers should make a European market for travellers, not trains, and correct where the market fails:

- Create a level playing field between transport modes. The simple discrepancy in taxes between aviation and rail (aviation doesn't pay any levies on fuel, nor any access-to-infrastructure fees) puts rail on the backseat;
- Standardise infra and safety systems to ease transnational co-operation;
- Enforce open data for booking and information ('no data, no market')
- Set standards for passenger rights in the travellers' interest
- Take the lead in improving international rail travel, e.g. by establishing a European taskforce for international train travel, and setting requirements for train connections;

Especially on EU level there is an opportunity to create new policy instruments to push forward on rail in the modal split, as the EU White Paper on Transport¹⁰ has set such a strong target on modal shift.

National governments have a unique and special role in international train traffic: they are controlling shareholders of (national) railway companies, and are crucial in European decision making processes. This requires them to become very proactive and persistent in getting international train travel off the ground:

- Nudge railway companies out of their hiding place, stimulate them to an open and entrepreneurial approach
- Prioritise international railway regulation of national regulations, acknowledging that international rail travel can only take flight when the subsidiarity principle is re-assessed for this topic

¹⁰ The EU White Paper on Transport outlines the European Commission's multi-year strategy on transport policy http://ec.europa.eu/transport/themes/strategies/2011_white_paper_en.htm

- Ask the European Commission to take initiatives in harmonising e.g. ticketing, infra standards and security systems and put them on a fast track
- Pay particular attention to international rail travel when the 2011 Transport Whitebook is evaluated (expected between 2015-2017)

Supplying 'industries'

There are several industries and stakeholders supplying valuable products and services to the primary railway industry. Involving them in the transformation of European rail to a service-oriented travelling experience helps to find valuable creative solutions and new ideas. They too have a vested interest in expanding the market for international rail travel.

- Energy utilities can supply more renewable electricity to the railways, enhancing the sustainability of rail in the modal split. The energy sector faces a massive challenge creating more interconnectivity of the European energy grid. Since railway infrastructure also requires energy infrastructure, mutual benefits may be created with closer co-operation
- IT solution providers such as Amadeus can support the rail sector with important lessons learned from the aviation industry on efficient cross country ticketing and booking systems
- Research institutes can help expose the basic bottlenecks behind the decline of international rail travel, providing valuable lessons towards solutions. Also, interdisciplinary teams of students can help design the products and services of the future
- Consultancy services are at a crucial position as knowledge brokers between actors. More often than not, they are organized internationally, perhaps providing the best corporate backbone to expand ideas and solutions across borders.

Environmental organizations

These organizations can be used to inform the lend credibility to the public on the benefits of train travel for the environment compared to road and air travel. With a massive membership base as their constituency, they are also able to help kick-start the expansion of the international rail sector's customer base.

Environmental NGOs often have good access to many different stakeholders in their respective countries. Also, the international environmental movement is well organized and provides another crucial backbone to expand the initiative vertically across Europe. The challenge to environmental organisations is to think in terms of business cases, translating their green idealism into viable solutions that can thrive from a commercial perspective.

Consumer organizations

Organizations like ROVER and ANVR can work towards a better marketing of rail as a means (but also as an experience in itself) for holiday travel. Their role is crucial in voicing the needs and wishes of (potential) international rail passengers, and to keep addressing the railway sector in that they need to make customer satisfaction their core business. Rather than moving trains around Europe, people should be.

7. We invite...

We invite you ask yourself a question: are you part of the solution? You are attending CVS, meaning that you are a professional in the field of transport planning, perhaps even in rail travel. In the past decades, international rail travel has declined, and the current paradigm to grow out of it is limited and mostly money-oriented.

What could be your role in transforming international rail into a traveller-oriented, smooth and competitive transport experience for the European continent? You are hereby invited to hop on board the first initiative that aims to make rail travel a truly European treat again.

Take this challenge on, and help to mobilise the entire European rail sector from the inside out, starting in the Netherlands! Steps you can take today:

- **Young professionals:** activate your Facebook friends, international counterparts and their own CEO's: there is a market to explore here!
- **Company executives:** tap the energy of your young professionals and expand the buzz to national ministers and your international counterparts. You need to start talking about European travelers' interests;
- **Government representatives:** create the right atmosphere on your department and in European Council: let's organise truly European travel, with rail as the green and cost-effective back-bone. Be the government that supports the transformation.
- **CVS 2014 attendees:** comment on our vision and plans, help to co-create the next steps during a lively debate at CVS 2014!



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