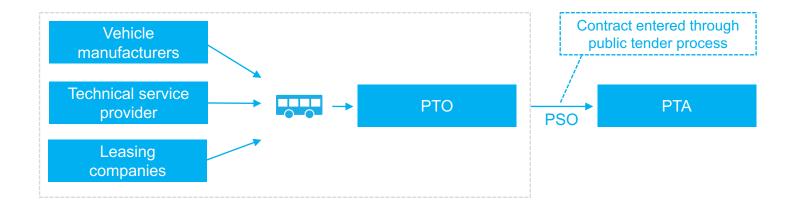
Do we need to rethink existing bus procurement models?

Dialogue seminar, Busworld 2017, Kortrijk, Belgium

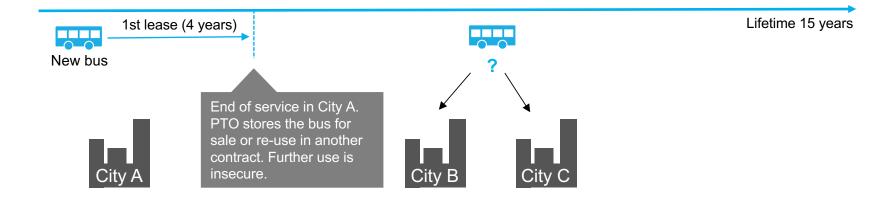
Kåre Riseng, Head of Procurement Development, Ruter As

Traditional business model between PTO and PTA





Case – vehicle lifecycles in a traditional model





Today's model – conflict of objectives

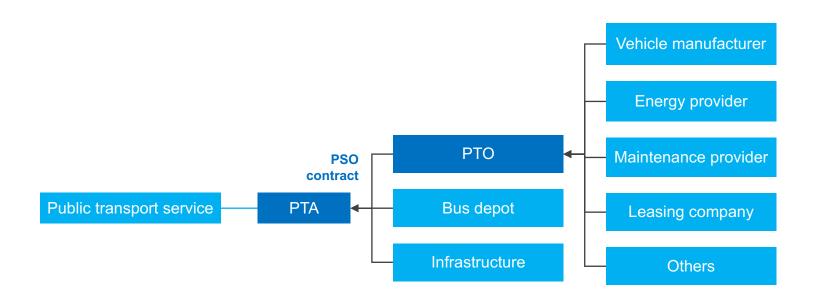
PTO (operators)

Predictable contracts with a duration that reflects the investment needed for the contract. Change of vehicles increases risk.

Flexibility that could handle dynamic market changes and fast development of new technology an innovative solutions

PTA (authorities)

Public transport vehicle supply chain

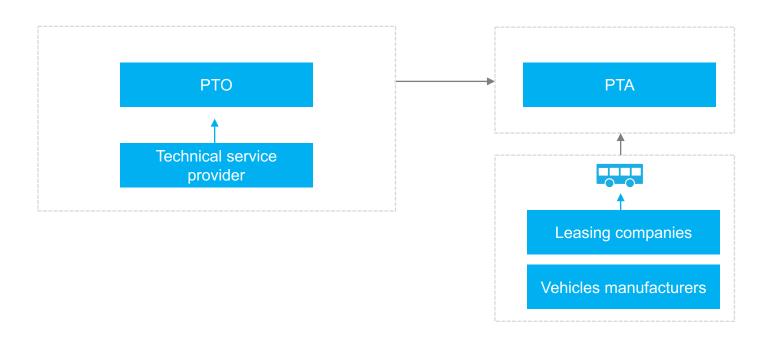




Idea 1

PTA buys vehicles and PTO operates them

Responsibilities of PTA and PTO (1)



Pros/cons alt 1 - PTA vehicle ownership



- Increased lifetime for vehicles.
- Lower risk for the PTO.
- Increased possibility to chose 2nd hand vehicles for low-density traffic.



- Less standardization and less volume.
- PTO cannot decide on vehicle specification.
- Local fleet management, more risk for the PTA.



Idea 2 & 3

Leasing Company provides fleet management to PTO/PTA (Flexible leasing model)

Acquisition methods for PTA/PTO's vehicles



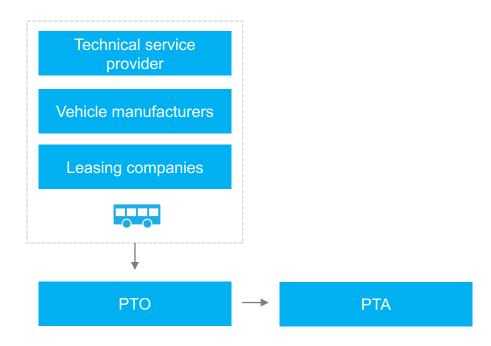


From local to global fleet management

Country C Country A Country D Country A Country B Country C Country D Country D Country D European Country A Country D Country A Country C Country D Country B Country D Country C Country D Country D Country A Country B Country C Country D Country D Country C Country D Country A Country B Country A Country B Country C Country A Country B Country C Country D **Nordic** PTO A PTO C PTO B **National** Depot 2 Depot 1 Depot 3 Depot 1 Depot 2 Depot 3 Depot 1 Depot 2 Depot 3

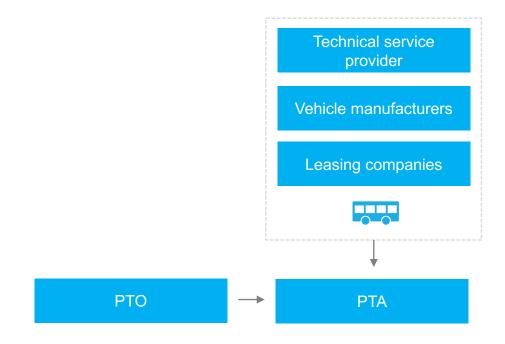


Vehicles based on flexible leasing model to PTO (2)





Vehicles based on flexible leasing model to PTA, which PTO operates (3)



Case – vehicle lifecycles in a flexible leasing model



Pros/cons alt 2/3 – flexible leasing model



- Increased lifetime for vehicles.
- More standardization.
- Reduced financial costs.
- Increased possibility to choose 2nd hand vehicles for low-density traffic.
- Increased volume per order.
- Lower risk for PTO.



- Non-attractive vehicles will not be re-leased.
- Less possibilities for the PTA to ask for local vehicles demands.



Providers of a flexible leasing model

Public transport operators (PTO's)	One or several operators in a joint-venture
Company owned by actors in finance sector	Leasing companies owned by banks, financing companies, funds etc.
Public transport authorities (PTA's)	Several PTA's in a joint-venture that provides leasing to PTA's
Vehicle manufacturers	Companies related to one or several vehicle manufactures
Vehicle sales organizations	Companies related to vehicle sales organizations
Other private companies	Investment companies



