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MOBILITY AS A SERVICE

A SUM OF PARTS PRESENT TODAY

1. WHAT IS MOBILITY AS A SERVICE?

Mobility-as-a-Service (MaaS) provides travellers a single-entry point for all possible mobility solutions and allows for integrated and seamless customer experiences, including payment and insurance.

2. MEGATRENDS SHAPING THE FUTURE OF MOBILITY

Personal Vehicles Ownership

Global vehicle sales have stalled since 2016. In 2019, sales declined by 4% and the slump is expected to continue in 2020. [1]

1: CNBC (2019)

Urbanization

More than 68% (or two-thirds) of the world population will live in urban areas by 2050. [2]

2: United Nations (2018)

Smartphone Utilization

Ride-hailing services through mobile applications have eclipsed traditional taxi services since 2016, fueled by an explosion in mobile cellular subscription growth.[3]

3: Business Insider (2019) and World Bank Data (2020)

Traffic Congestion Carbon Emissions

Urbanites in large cities can lose up to $1,000 yearly while sitting in traffic [4] while experiencing elevated air pollution and high carbon emissions.[5]

4: The Economist (2018)
5: World Bank (2018)

3. MOBILITY AS A SERVICE LANDSCAPE: EMERGING RISKS

Ride Share

An online arrangement where passengers share journeys with others going in the same general direction and travel in private vehicles driven their owners.

There are two seismic challenges that face the ride-share market:

- Insurance structure and pricing – what coverage is active for the driver, at what point in the journey
- Whether drivers are considered as independent contractors or employees per the AB5 Bill that was recently passed in California

Car Share

A model of car rental that provides on-demand, short-term access to a vehicle usually reserved through a mobile application.

In the case of peer-to-peer platforms, the ownership of risk and liability now lies with the personal vehicle owners rather than corporations.

This elevates the question of liability and point in time. For instance, most personal motor insurance excludes coverage when owners rent out their personal car.

Car Subscriptions

A model of car rental that offers individuals access to a suite of vehicles, with maintenance, road-side assistance and insurance often included for one all-inclusive price.

The general trend with short- or long-term car subscriptions is such that the insurance coverage is generally higher than what is provided with on-demand car-sharing programs, which is usually at minimum financially responsible limits.

The causal factor being customer experience, which has become a key differentiator for car subscriptions.

Micromobility

A category of modes of transport that are provided by very light vehicles, usually carrying one or two passengers for personal use.

Unlike ride-share, car-share, and car subscriptions that shift risk from individuals to commercial entities, the volume of scooters and bikes on the roads with traffic present newer risks.

The scaling of these services stresses the tension between personal and commercial insurance solutions.

4. WHERE TO NEXT?

Shifting towards integrated mobility is a challenging business issue. Mobility players have to deal with technical and regulatory considerations – the need for data, technology retrofitted with legacy vehicles, open ecosystems, city readiness, and most of all, determining the right economic model that provides a seamless experience for the customer.

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