BUSWORLD ACADEMY WEBINAR SERIES

In partnership with

CheckMyBus

Coach Industry Comeback! Digital Strategies & Success Stories

CLOSING SESSION: The Future of Bus & Coach
Survive today, grow tomorrow
What are the future trends for bus – what does it mean for today’s decisions
Survival

- Mobility & Travel Restricted
- None or limited government support
- Shift of user behaviour

Covid-19

Opportunity

- Digital Acceleration
- Post-Covid trends in favour of bus
- Rethink Mobility – new modals

Rethink Mobility – new modals
Solutions from the market

Restart of network – rebuild but smarter
National Express

Invest in User understanding and transfer to
digital and marketing
Mobility ADO, Marino Bus

Use technologies for smarter and more
flexible route management and pricing
Grupo Flecha Amarilla, Oliver Wyman, City of Kolkata

Opportunity for new business – e.g. Employee
transportation, Intermodal, direct to door
Flibco, Zeelo, University of Milano (study)

Digital services to handle Covid better. Pay as
you earn services.
Vy / Turnit, CDOT / Betterez

Invest in own E-Commerce set-up. Pays-off fast
Civa
What we expect to happen

Push to digital
- Merge of models
  - Dynamic networks
- Dynamic networks + Autonomous
  - Connected: Intermodal / Touristic

Covid
- Consolidation & Recession
- Increasing need for sustainable Mobility

Exponential Market Growth
Visible & Connected!

*Flights will shift more to point-to-point*

*Individual tourism (+domestic) will rise further*

*Lack of interfaces = Lack of visibility*

*Bus + Train will be key to feed*

*People require transparent solutions direct to target*

*But bus often the best choice*

Hotel → Rental Car

Airport → Taxi, Uber, Driver

Attraction → Guided Tours

Vacation Rentals → Rental Car
Is it a bus or is it a seat?
Models and modes will merge - dynamic models take share
User needs are “simple”

Find offer easily
Right time
Right price
Right comfort
Book & travel without hassle

Relative strength of bus
Game Changer!
Dynamic Networks + Autonomous

Chicken-Egg for Demand & Supply

On demand – first solution

e.g. Australia since 7/2018

Trondheim, Norway since 8/2020

Picture Sources. Christopher Pillitzer / Trippr.info / connected automated driving
Why bus is a solution?

Flexible, Go Anywhere

Solves BEST Congestion and Pollution

The cheapest mode of transportation
Why and How to start NOW?

Digital could come at low invest

Opportunity to redefine business is NOW

Partnership vs Consolidation

✓ Pay-as-you-earn: ticketing, marketing, online distribution
✓ Follow behaviour changes = new business
✓ Online grows faster than offline
✓ Almost all future opportunities require digital interfaces

✓ Shared Ground Mobility will grow
✓ When a business comes to “halt” there is opportunity to redefine
✓ Large travel players look into more opportunity

✓ There will be consolidation
✓ Partnerships are key now to create new business
✓ Partnerships are helpful to reach critical mass and thus “prevent” consolidation
Bus will see massive growth

The challenge is to create the right fundament in difficult times
Where to prioritize now?
- Invest time in training to provide quality service and adoption of technology
- Work on Pricing and route planning by using past data and Patterns
- Engage or start engaging with Loyal customers through own social media fan base.

What we believe for the future?
- Covid forces operators to adopt technology - which will help the bus ecosystem to grow exponentially Post-Covid
About Reservamos

- Founded in 2013 by graduates of MIT and TEC de Monterrey.
- Selected as top travel startups by Skift in 2019. Endeavor Company.
- Business models:
  1) **Reservamos SaaS** → Travel technology provider for the bus industry
     - We help bus companies outperform by enabling smarter selling in the digital economy
     - Offering: Ecommerce & revenue management suites
     - Trusted by: Greyhound, Primera Plus, Rapido Ochoa, Vencedor, among others
  1) **Reservamos.mx** → Mexico-based online travel marketplace
     - We believe the digitalization of the ground passenger will drive growth of the overall travel industry in LatAm
     - Offering: multi-vertical OTA = ground, air, & “bus + hotel” packages.
Distribusion makes bus accessible worldwide

~300 Carriers

~150 Retailers

Fully managed connection between carries and retailers

Contract  Commercial  Technical  Settlement
Voyego/Endava: Marko Javornik

Endava – a leading European Software Engineering Services Company (7000+ Engineers)
Voyego – part of Endava, focus on digital mobility & travel

Where to prioritize now? Survival.

Digitalization will win. MaaS is the new vision, proper digitalization of infrastructure is the path to get there.

Think about: a) frictionless UX, b) platform economy, c) ecosystem strategy, d) data driven approach (digital twins), e) agility
What is BAAV?
- Flemish federation
- 148 bus/coach operators
- busfan.be

“All small bus companies will die, if they don’t regroup in tech”

Neutral = no advertising
Fishes swimming in 1 school

Digitalising is a must

Big enough offer + investment
What is **scenario planning** and why is it relevant to **thrive in the future**?

10 December 2020
Bruno Peelaers
Director, Strategy & Performance

Expertise
• Strategy Development
• Management alignment
• Market research
• Trusted advisor

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The way we move from A to B is changing, major societal trends combined will define the direction of change

Societal Macro Trends

Economic
- Sharing economy
- Recession driven by COVID-19

Society & lifestyle
- Increasing urbanization
- Aging demographics in developed world

Technological
- AI & Big Data
- Emergence of new materials

Ecological
- Global warming and related mindset shift
- Circular economy

Electrification of vehicles
One in three European consumers plan to buy hybrid/electric vehicles next

Connected vehicles
Virtually 100% of vehicles will be connected

Autonomous Driving
10% of total distance will be driven by autonomous vehicles

Vehicle & transport digitalization
40% of the population will be 'digital generation'; Sharp increase of online vehicle purchases expected

Vehicle Sharing
Shared driver-driven vehicles account for ~30% of miles driven

Sources: Deloitte – State of the Consumer Tracker

Survive today, grow tomorrow | Busworld Academy
The healthcare crisis is driving changes in automotive needs

Survey question: To what extent do you agree or disagree with the following statements?
22nd or August, n=1000/country, Wave 8 vs. Wave 7

Global Sentiment

- I'm putting off regular maintenance for my vehicle.
  - 26%
  - 22%

- The idea of owning a vehicle is valuable to me.
  - 72%

Over the next three months, I plan to limit my use of...

- Public transit: 57%
- Ride-hailing: 49%

European* Sentiment

- If available, I will buy my next vehicle online.
  - 19%

Belgian Sentiment

- 42%
Scenario planning

Context
Scenario planning needs to prepare a structured recovery and sustainable continuity of your business

Taking measures to ensure continuity
- Setting temporary unemployment
- Discontinuation of contracts
- Introduction of flexible working
- Evaluation working capital and cash needs
- Enter into a dialogue with key customers to support business continuity, ...

Reflecting on lessons learned and resilient rebuilding

Drawing up a strategic financial scenario plan, by:
- Analysis of the lessons learned
- Evaluation business model and analysis of ecosystem of the future
- Installation of operational and financial robustness
- If necessary, restructure of the value chain
- Digitisation working environment, incl. business processes, back-office functions,
- ...

Today
RESPOND

Tomorrow
RECOVER

Future
THRIVE

EMERGING STRONGER THAN BEFORE
A balance is needed between short term measures to ensure the continuity and long term investments to remain relevant as a company in the new normal.

What is your preferred approach?

For each company, it makes sense to have an **objective and substantiated scenario plan** so that everyone in the company is **aligned and have their act together**.

There is a need for responsible leadership which finds the **balance** between, on the one hand, ensuring a **reboot on the short-term** and, on the other hand, the ensuring **long-term continuity of their operations**.
In order to ensure a sustainable restart, companies need to prepare strategically and financially today with a scenario-based recovery plan to emerge stronger from the crisis than before.

Do you have insights into the dimensions below?

- **Relative exposure**: Is your industry hit more or less hard than the average industry? Which impact and opportunities are there specifically for your industry?

- **Robustness**: How well positioned are you compared to the competition? Can you emerge stronger? Do you have a robust financial position, infrastructure, culture and leadership, customer loyalty, supply chain?

- **Adaptability**: Can you navigate seamlessly between the shocks and are you able to decide quickly, and if necessary, change/customize your business model and organizational structure, faster than the competition?

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**SUSTAINABLE RECOVERY** through strategic and financial scenario planning =

- Rebuilding sales (revenue)
- Controlling costs
- Cash planning and financing

Ensure a sustainable restart and secure operational resilience.
Strategic and financial scenario planning

Approach
With the acquired (data-driven) analyses and insights, it is important to outline with the management group which strategic tracks can support a sustainable restart.

**Basic questions to answer**

**Where is our value chain affected?**

**Business model evaluation**
- What is the most significant disruptions in the value chain?
- Are these disruptions of temporary nature or are they structural?
- How strong is my financial position to deal with these disruptions?

**How do we return to the new normal?**

**Return to the new normal**
- How should our business model be adjusted to win in the post-corona era?
- What actions should we take to return to full capacity?
- Which forms of financing will we use to fund the restart?

**What are the different scenarios?**

**Scenario planning**
- How will the disruptions evolve in these uncertain times and what are the appropriate actions?
- When do we switch between scenarios?
The outcome of the process results into a list of the most important conclusions with a clear and actionable scenario plan.

### Scenario 1: Best case

<table>
<thead>
<tr>
<th>Hypotheses</th>
<th>Action plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Suppliers are 100% available</td>
<td><strong>Value driver:</strong> 80% of the customers are back by summer 2021</td>
</tr>
<tr>
<td>Bus capacity is still limited (60%) due corona measures</td>
<td><strong>Area</strong></td>
</tr>
</tbody>
</table>
| Internal sales teams are operational and indirect sales are increasing | **Rebuild sales** | • Full focus on sales and pre payment of bookings  
• All sales staff is operational  
• Digital sales is promoted | Today |
| 80% of the customers are back in summer 2021 | **Cost control** | • 50% of the drivers are operational, others remains in temporary unemployment  
• 50% of the coaches are operational, others are no longer insured to control costs | May-June 2021 |
| Suppliers are 100% available             | **Efficient management of working capital/cash** | • Optimise contract-to-cash cyclus  
• Optimise commercial finance contract | Today |
| Offering                                 | **Strengthen funding structure** | • Real estate in sale and lease back  
• Additional loans to cover the operational costs | June 2021 |
| Channels                                 |                                                                            |                                           |
| Customers                                |                                                                            |                                           |

Examples are purely illustrative.
It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change

—Charles Darwin
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