myki Ticketing

A ticketing system procured as technology, when the value lived in the whole passenger-to-payment journey

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VICTORIA, AUSTRALIA
COMMITTED 2005 · ~AUD 1b
replaced the Metcard system

myki was procured as a ticketing system. **EPM would have valued the complete passenger-to-payment process**, *and judged every system, action, information flow and contract obligation against that end-to-end outcome.*

01 What Happened, and the Deeper Failure Beneath It

WHAT THE AUDITOR-GENERAL FOUND

Victoria committed almost **AUD 1 billion** in 2005 to develop myki, replacing the Metcard system, expecting more efficient, attractive and reliable public transport at the lowest whole-of-life cost. The audit found significant delays and cost increases that **compromised the original business-case objectives and benefits**.

DEFICIENCIES IT ATTRIBUTED

Initial governance; project planning; contractual arrangements; scope definition; oversight; and management of delivery risk. The original scope and contract were vaguely specified and overly ambitious, and weaknesses remained in the contract-performance regime.

THE DEEPER ECONOMIC-PROCESS FAILURE

The project framing was **"replace the ticketing system"**. The real economic process was: *enable a passenger to establish and pay the correct fare conveniently, while generating reliable information for transport operations, planning and revenue management.*

That holds three distinct sources of value: **passenger value** (convenience, confidence, access), **transport-system value** (reliable patronage and travel information), and **economic value** (correct fare collection and sustainable operating cost).

A technically functional smartcard creates no value if the passenger, device, fare information, support process or contract regime fails elsewhere.

02 Decompose — The Passenger-to-Payment Process

Information

- passenger information
- fare rules
- card registration data
- stored-value balance
- fare calculation
- patronage data
- operator information
- contract & performance data

Actions

- acquire & register card
- load value
- touch on & off
- calculate fare
- handle exceptions
- reimburse
- support customers
- report patronage
- manage the supplier

Systems

- smartcard & readers
- fare-calculation engine
- value-loading channels
- device network
- customer-support systems
- patronage reporting
- the contract-performance regime

People

- passengers
- customer-support staff
- transport operators
- revenue-management staff
- planners
- the procuring authority
- the supplier

What this exposes: the smartcard was one component among many. The contract-performance regime is itself an **information component**, meant to trigger supplier-management action; if it is vague or weak, it cannot protect value.

03 Attribute — Where the Economic Value Actually Sat

PROCESS COMPONENT	ECONOMIC VALUE EPM WOULD ATTRIBUTE
Complete passenger journey	**Where passenger value is won or lost**: convenience and confidence across the whole touch-on to touch-off experience.
Fare rules & calculation	**High information & revenue value**: correct fares underpin both trust and sustainable revenue.
Device availability	**High risk value**: a journey fails at the weakest working device, not the strongest.
Passenger & refund information	**High information value**: complaints and refund patterns are early signals of process failure.
Contract-performance regime	**High risk-protection value**: service levels and performance data must trigger supplier action, or value is unprotected.
Contractual & technical flexibility	**Option value**: design choices that make future change difficult quietly destroy it.

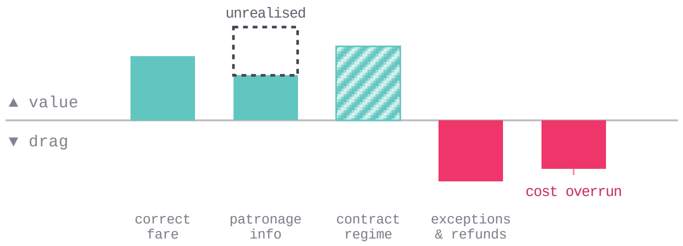
Why this matters: scored this way, contract terms and passenger experience stop being background detail. They are economic components: if the performance regime cannot protect value, the technology alone cannot deliver it.

From value profile to *the decisions it would have changed*

04 Diagnose — The Patterns EPM Would Have Surfaced

THE ECONOMIC VALUE PROFILE OF THE PASSENGER-TO-PAYMENT PROCESS

ILLUSTRATIVE · RELATIVE VALUE, NOT DOLLAR FIGURES



Scored across the value lenses, the process shows value concentrated in the complete journey, not the card. The profile is a **ledger, not a delivery milestone**: the hatched bar is a contract-performance regime whose value was underweighted, and the dashed cap is patronage information the process produced but did not fully use.

VALUE AT THE BOUNDARY

Value lived in the **whole passenger-to-payment journey**, not in the smartcard alone.

WEAK CONTRACT INFORMATION

A **vague, under-calibrated performance regime** could not trigger the supplier-management actions needed to protect value.

BENEFIT-PERFORMANCE DISCONNECT

Delivery treated as success while **expected outcomes and benefits went unachieved**.

UNREALISED VALUE

Passenger, device and patronage information **not fully used** to improve the service.

OPTION FORECLOSURE

Contractual and technical choices that **made future change unnecessarily difficult**.

SCOPE & COST DRAG

A vaguely specified, overly ambitious scope driving **delay and cost increase**.

05 Redesign — The Decisions That Visibility Would Have Enabled

RESEQUENCE

Test complete passenger journeys and exception scenarios before broad rollout, not after.

SUBSTITUTE

Replace system-centred acceptance with passenger-outcome and whole-process acceptance.

AMPLIFY

Give passenger complaints, refund patterns, device performance and operator experience greater decision weight.

PROTECT OPTION VALUE

Avoid contractual and technical choices that make future change unnecessarily difficult.

06 What's In It For the Executive

IF YOU'RE THE CEO

"We signed off on delivering a smartcard. EPM asks whether passengers could actually establish and pay the right fare conveniently, because that, not the card, was what we were buying."

IF YOU'RE THE CFO

"The contract looked like cost control. EPM would have shown the performance regime was too weak to protect value, and that a vague, over-ambitious scope was an economic liability, not just a delivery risk."

THE CREDIBLE ALTERNATIVE OUTCOME

Not a guarantee of an on-time launch. Rather, a **more tightly scoped, passenger-centred rollout** in which each deployment stage was contingent on demonstrated fare, customer, operational and information value, not simply delivery of ticketing technology. A calibrated performance regime and preserved flexibility would protect value as the system evolved.

EPM retrospective interpretation. The Victorian Auditor-General's findings are drawn from official sources; the EPM value profile, attribution, diagnoses and alternative decisions are an analytical interpretation applied after the fact, not findings of the audit. EPM does not guarantee success. It changes the decisions made about a process before technology, people, data, contracts and deadlines are committed. Primary source: Victorian Auditor-General, Operational Effectiveness of the myki Ticketing System (2015).