

# **Reflections on launching and operating a transit start-up in a challenging competitive and regulatory environment**

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Prepared for the Roundtable on Innovative Business Models for Mobility:  
Regulation of App-based Ride and Bike Share Services  
1-2 November, 2018, Beijing







Average occupancy of private vehicles in Mexico City is **1.5 passengers.**

Vehicular congestion is consistently ranked among the **worst in the world.**

**35 million workday trips:**

- 7.2 million trips/day on private vehicles.
- 1.4 million trips/day on taxis and 156.4 thousand on ridesourcing platforms.
- 4.5 million trips/day on subway
- 1 million trips/day on BRT
- **11.5 million trips/day on jitneys**











**MB Metrobús**

Fotografía: Agencia El Universal





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PREPA 5





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90%

of people polled in Mexico City report feeling insecure while riding on transit.

22%

of women stopped using public transport to reduce risk of becoming a victim of a crime.



# How can government make collective mobility more attractive than private mobility?

*(especially when they are not willing to make politically unpopular choices and have little wiggle room in the public budget)*

# What should be the government's goal as planner and regulator of public transportation?

- Accessibility?
- Affordability?
- Contain negative externalities?
  - Congestion, Pollutant emissions, fatalities?
- Harness positive spillovers?
  - Economic development, urban planning?
- Equity?
  - (Peñalosa's "City and Equality")?
- All of the above? A few of the above?



# JETTY

We deliver a safe, comfortable, reliable  
and affordable transportation alternative...



# JETTY

... in a city where most public transit is dangerous, uncomfortable, unaccountable and unsubsidized.





**A good trip. Always.**



**EFFICIENT**



**SAFE**



**RELIABLE**



**COMFORTABLE**



**AFFORDABLE**

**Buen viaje. Siempre.**

**JETTY**

# What is Jetty?

A TNC?



Microtransit?

chariot



Bus aggregator?



Other?



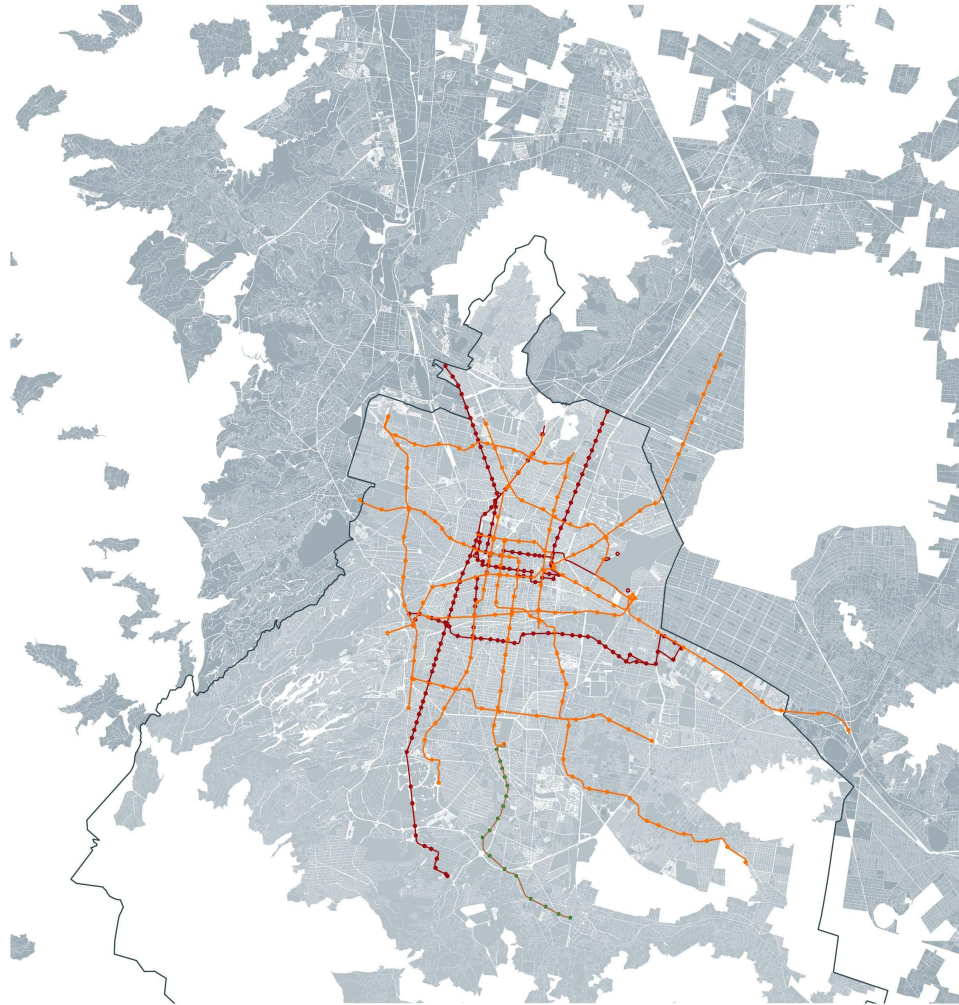
# Our service

We connect our users with transportation operators that meet our quality standards:

- Trained and well incentivized drivers.
- Well maintained vehicles equipped with cameras and GPS.

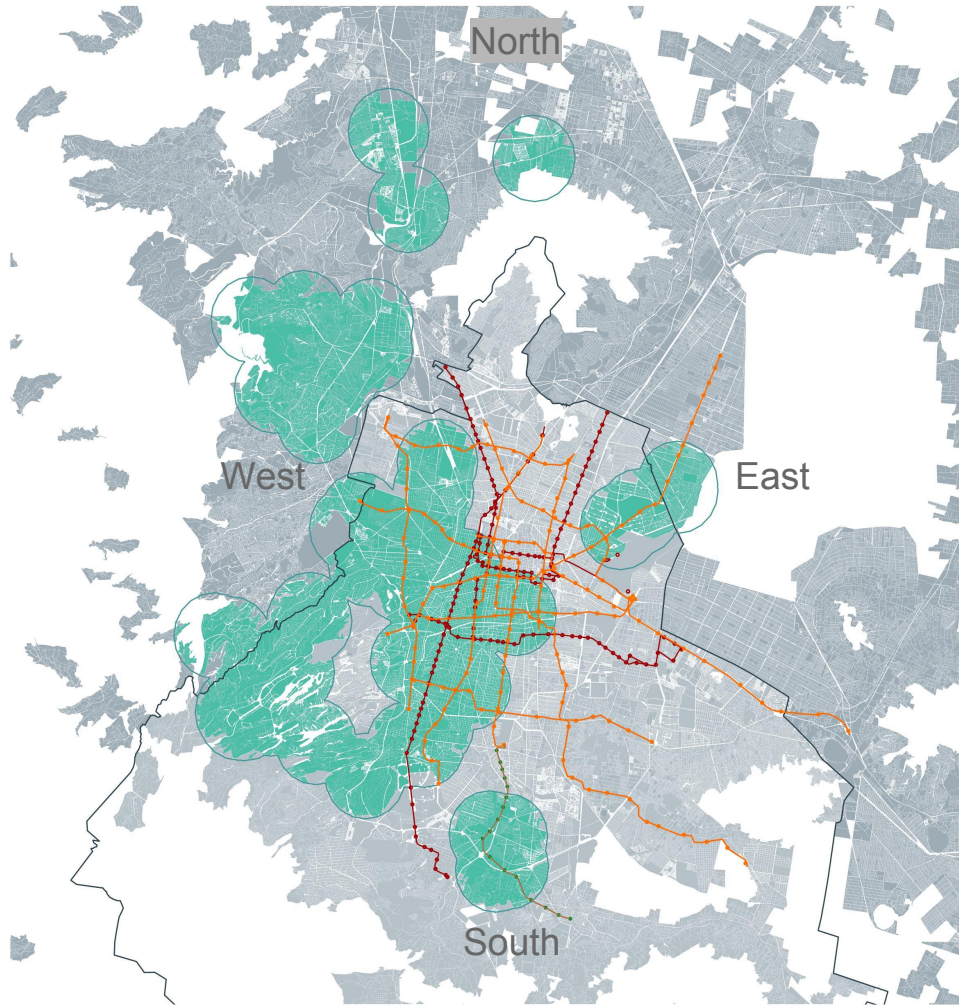


We monitor every trip establishing bidirectional communication with passengers, providing immediate feedback to our transportation suppliers about: 1) Driver performance, 2) Passenger feedback, 3) Ridership, 4) Revenue trends.



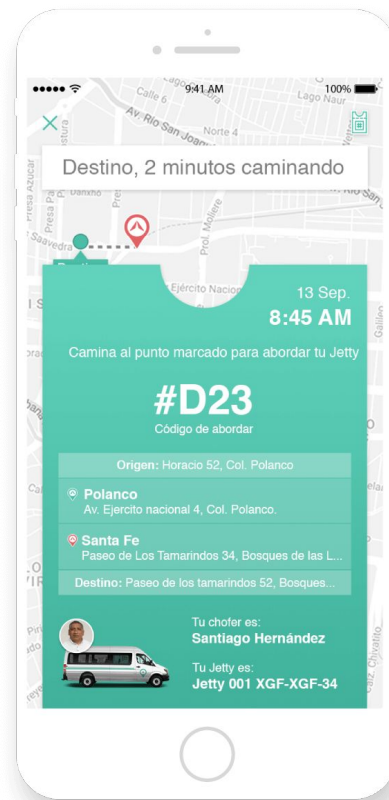
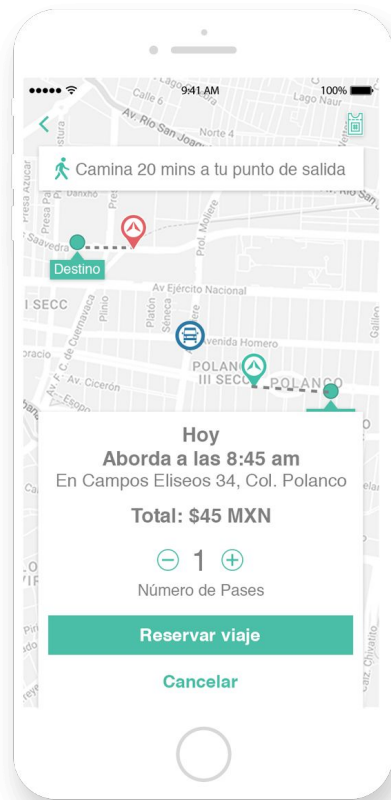
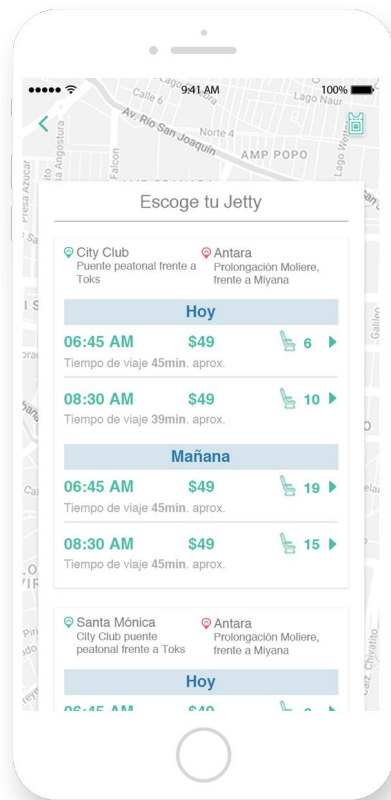
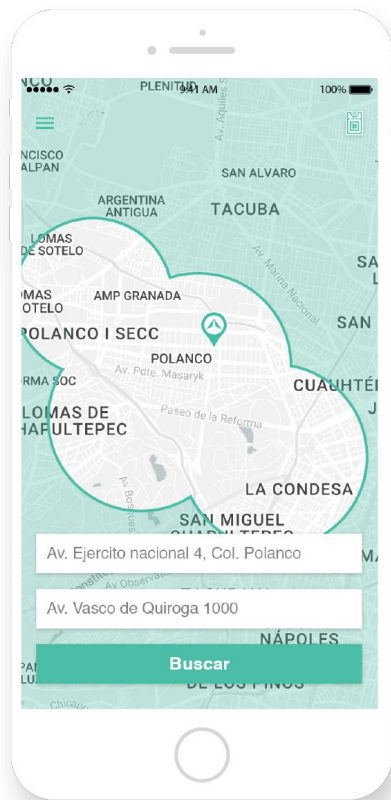
# Subway and BRT network



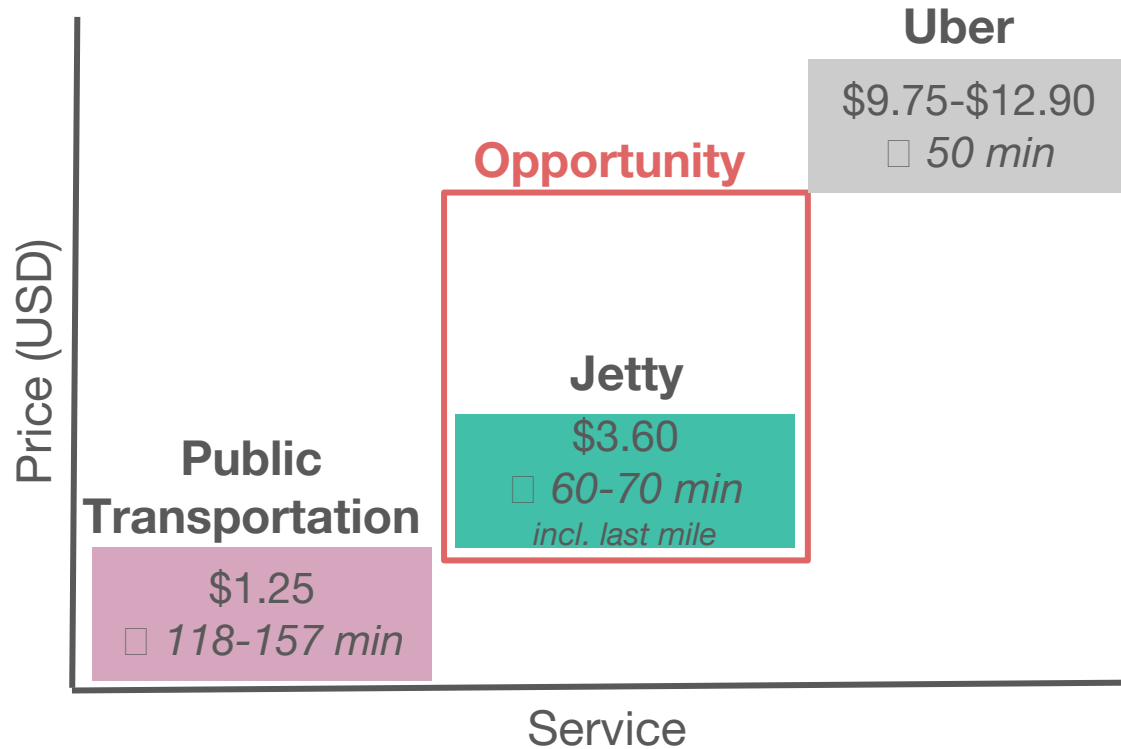


**Our coverage area**

# How Jetty works



# Quality/cost trade-off



Jetty is more affordable than private mobility and faster, safer and more comfortable than public transportation.

\*Mundo E - Av. Santa Fe 695 (23 km) leaving at 6:30 am

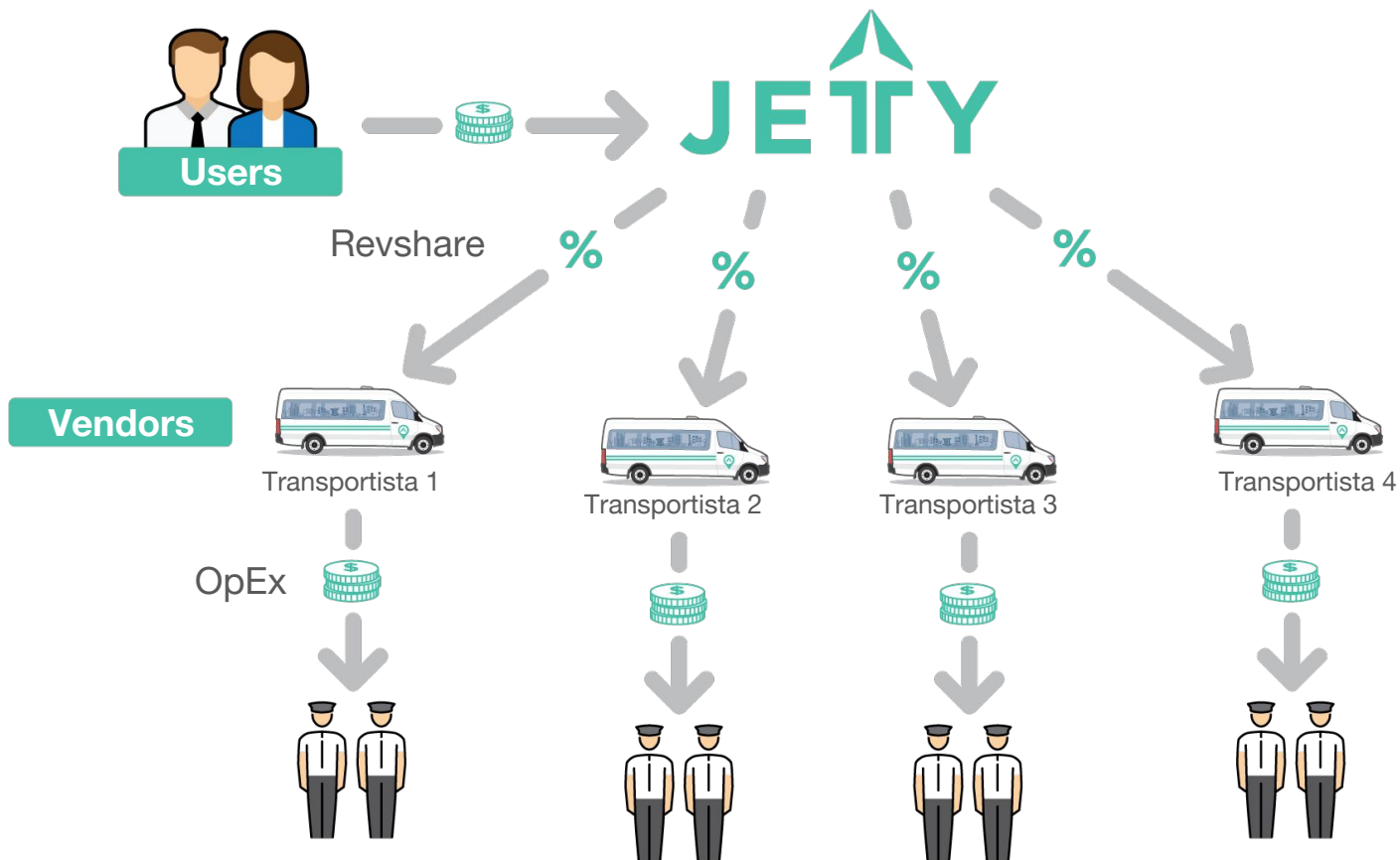




# Challenges prior to our launch (Aug'17)

1. Creating a minimally viable app -> Technological partner
2. Obtaining a permit to operate -> Ride-sourcing permit
3. Recruiting transport operators to supply rides -> Small transport operator bet on the model.

# Business Model



**Our launch**





Char

Marinos

Online Direct

15

Buen viaje siempre.

JETTY

xe

August 15th 2017

6:18 am

State of Mexico, Mexico



CH2

GPS: 9915.6141 W, 1930.4498 N; V: 0

15/08/2017 06:18:32

# and a few regulatory complications...

*Reglamento de la Ley de Movilidad, published September 17, 2017*

*Article 59: "Private chauffeured passenger transport services is hereby prohibited, when generated through two or more requests and serviced with the same vehicular unit offering the same trip to different persons, in the same path, journey or route."*

Prohíbe Reglamento de Movilidad compartir auto con otros usuarios

## Limita la nueva norma las apps de transporte

Dicen empresarios que disposiciones atentan contra Carta Magna local

VÍCTOR JUÁREZ

El nuevo Reglamento de Movilidad de la Ciudad de México restringe el campo de acción de servicios de transporte privado contratados a través de aplicaciones.

El Artículo 59 de redacción confusa, limita el número de usuarios que pueden utilizar un mismo vehículo que ofrece el servicio de transporte privado como es

una misma unidad vehicular que realice el mismo viaje a diversas personas, en un mismo recorrido, trayecto o ruta", se lee.

Asimismo, indica que la Secretaría de Movilidad (Semov) tendrá la facultad de restringir el servicio de unidades matriculadas en otras entidades federativas, argumentando cuidar el medio ambiente y la competencia económica.

"La Secretaría podrá restringir el servicio de unidades matriculadas en otras entidades federativas a las que contratan el Servicio Privado con Chofer en la Ciudad de Mé-

xicó en el Artículo 258 de la Ley de Movilidad, que castiga a quienes ofrezcan el servicio sin contar con la concesión con cárcel y una multa de 500 veces la unidad de cuenta.

De acuerdo con Onésimo Flores, socio de la empresa Jetty, que inició operaciones el mes pasado con el rechazo de transportistas del Estado de México, el nuevo Reglamento pone a empresas como la suya en un esquema de incertidumbre que limita su operación.

"Que sin aviso, sin anuncio y sin posibilidad de opinar se cambie de un día para



La operación de servicios como Jetty, que usan vagonetas y transportan a un grupo de usuarios, quedó en entredicho.

Combaten accidentes vehiculares por alcohol

VÍCTOR JUÁREZ  
Y SHELMÁ NAVARRETE

Las delegaciones Miguel Hidalgo y Cuauhtémoc arrancaron sus campañas para alertar por el abuso del alcohol y el riesgo que conlleva conducir bajo su influjo.

En la Cuauhtémoc, bajo el lema "Reviéntate, pero no en pedrazos", la asociación civil Convivencia Sin Violencia llevará a cabo acciones enfocadas a los jóvenes.

"Tiene como finalidad evitar accidentes, llamar a la conciencia y demostrar que pueden trabajar juntos, sociedad civil, Gobierno y empresarios por una causa común: un espacio seguro a la



**Users queuing for a seat, before implementation of Jetty**



**Users who booked their seat, after implementation of Jetty**



# Confirming our hypotheses

**After relaunching we confirmed the following:**

Our users choose to pay more for:

1. Comfort.
2. Safety.
3. Security with their time and with their money.

Our transport operators love:

1. Having more control of their operation and revenues with Jetty.
2. Regaining a market they had already lost.

# Scaling up: Partnering with new operators



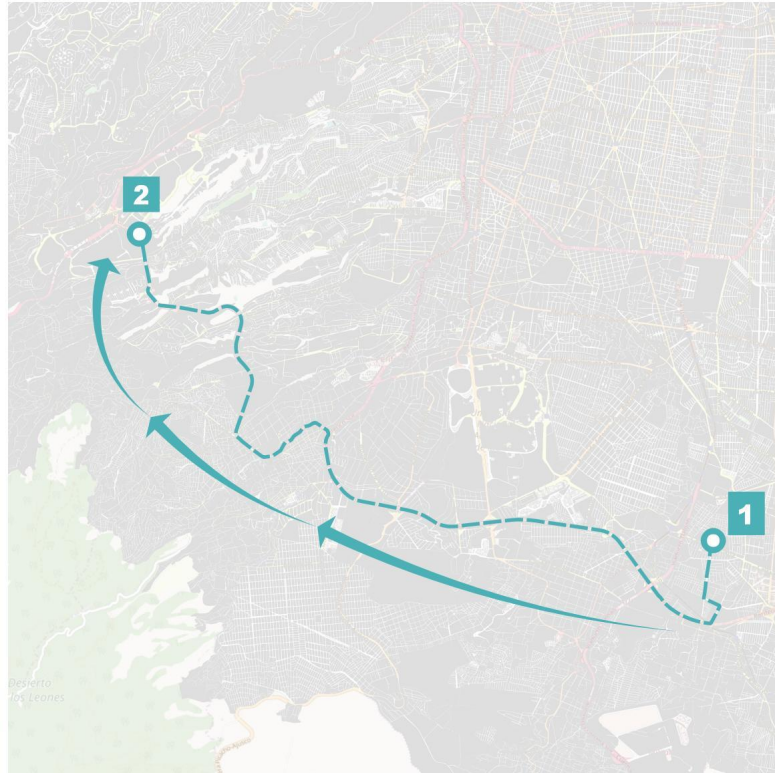
Jetty has partnered so far with 4 different jitney associations, and is in negotiations to add several more to our network.



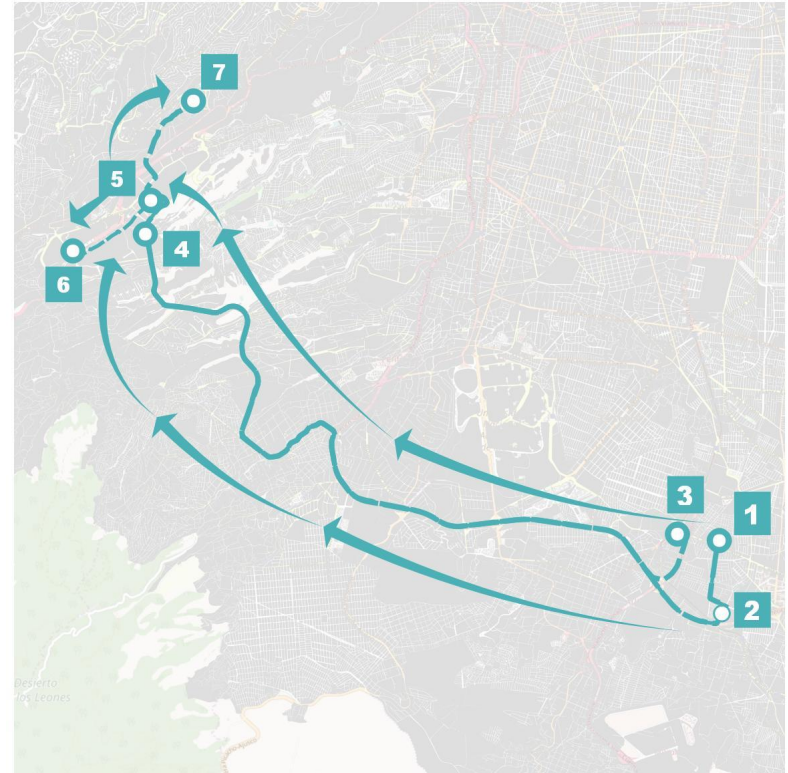


# Not “on demand.” Demand responsive experimentation

May, 2018



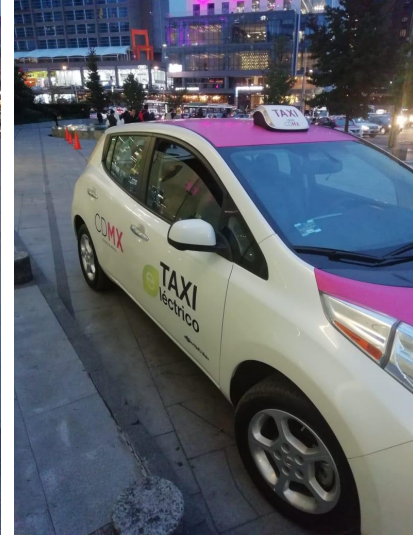
October, 2018



# Collective Taxi



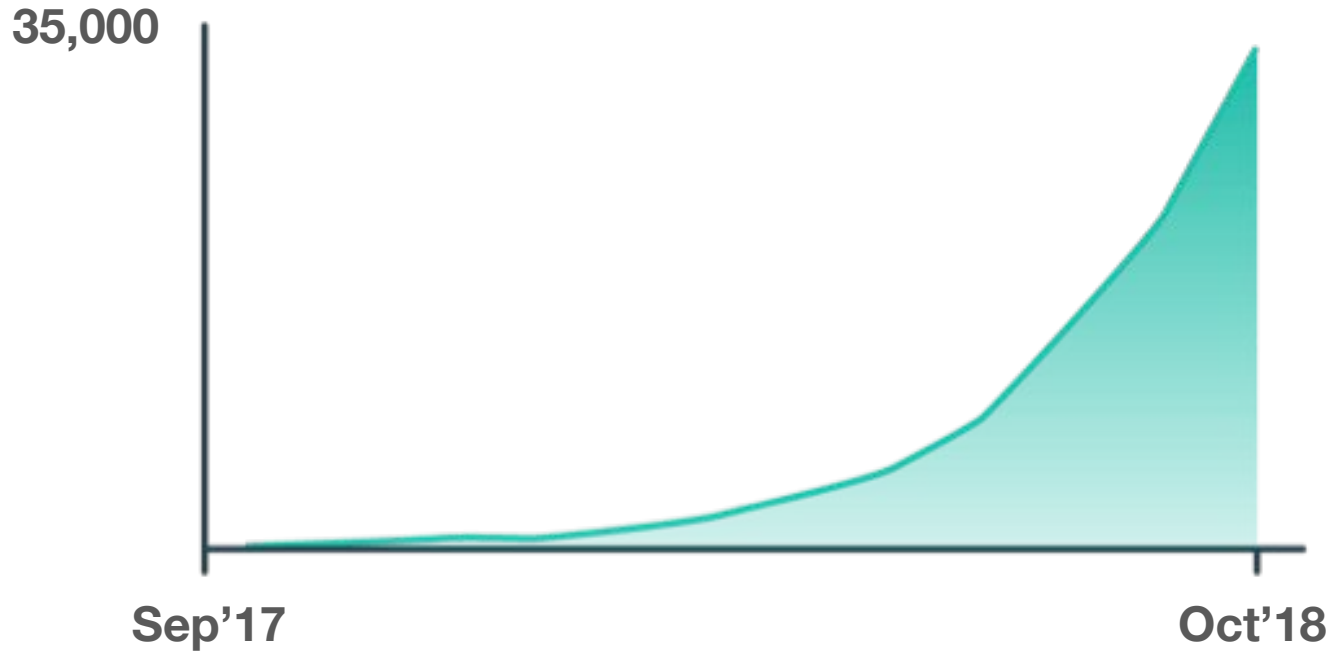
# Electric Shared Taxi



# Our impact


120,000 seats sold in 13 months

Last month





# Our impact in numbers

- The number of seats sold has grown at a **70%** CMGR for the last 6 months.
- **20%** of our users have already used our service more than 20 times.
- **80%** of our users continue using our service 15 weeks after first trying it.
- Our Average customer rating **4.96/5.00** 

**Excellent as always. On time and without inconveniences.**

**Thank you Jetty.**

Eunice García



**Great option, affordable and safe. Really improves my commute. I recommend it!**

Natalia Martínez Rodríguez



**A very professional driver. Excellent trip: comfortable and fast. Thank you.**

Andrea Díaz



# Our impact according to our users

- **49%** claim that they would have traveled by private car, taxi or ride-sourcing services if Jetty wasn't available.



- **90%** suggested that Jetty has improved the quality of their daily trips, over their preferred alternative.
- **87%** of our users consider Jetty better than their other transportation alternatives.

# Conclusions

1. **The quality of service provided by the industry can be dramatically improved** by (a) properly incentivizing its drivers and owners, (b) enforcing tight standards and (c) responding to passenger feedback.
2. It is possible to improve the quality and increase the coverage of public transit **without making massive capital investments or committing to operational subsidies.**
3. **A significant number of commuters are willing to forego less sustainable, individual transport modes, if a safe, comfortable, fast and reliable shared-ride alternative is available.**



# Our ask to regulators:

Please don't impose standards on startups that you do not enforce on the incumbent industry.

Please craft a framework that protects the public interest without denying us the opportunity to try new things.

Please give the public -especially the public that can't afford ridesourcing- an opportunity to try better mobility alternatives.



# Onesimo Flores

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@oneflores



# Thanks

# Our team



**Onésimo Flores**  
Founder

PhD in Urban Planning



**Sergio Bolaños**  
COO

Ex. Regional Fleet Manager



**Cristina Palacios**  
CEO

Serial Tech Entrepreneurs



**Bla Bla Car**



**Célestin Soubrier**  
CMO

Ex. Growth Manager



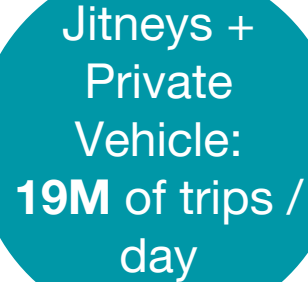
**Bla Bla Car**




# Market size (Mexico City Metropolitan Area)



35M of trips / day



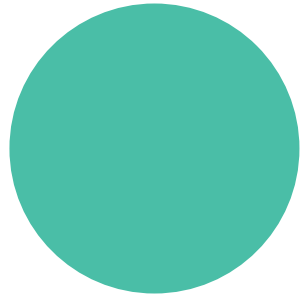
Jitneys +  
Private  
Vehicle:  
**19M** of trips /  
day



**0.5M** of  
trips / day

# Business Model

We take a 20% fee on each trip.



0.5M of trips / day



\$9.8 pesos

Average revenue  
share



\$4.9M pesos  
x 254 business days  
= \$ 1.245M pesos  
= US\$ 66.2M

Potential Annual  
Revenue