



DOCUMENTATION OF
THE THIRD PEER REVIEW
AT THE CONSORTIUM MEETING
PADOVA | 13.10.2014

OVERVIEW

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1. PEER REVIEW IN SMARTSET

1.1. Introduction:

Within SMARTSET a regular peer review among the project partners - notably between lead and follower cities – is implemented within WP 5.

Such peer reviews are performed by meetings established back-to-back with project consortium meetings and deal with relevant actions and challenges in the course of project implementation.

Within SMARTSET such peer reviews are not a matter of simply judging an activity – but rather a form of know-how exchange, “external” evaluation and support of the reviewed/discussed application site in a high quality manner – carried out within the project consortium.

In SMARTSET, peer reviews are applied for following reasons:

- To ensure and increase the quality of the SMARTSET project implementation
- Every application site gets acquainted with an external, yet informed perspective
- To engage in mutual learning and know-how transfer with trusted peers
- SMARTSET is the perfect platform for understanding, following, evaluating and helping each other to further develop the application sites’ concepts and implementation with freight distribution systems.
- SMARTSET partners are lead and follower cities, thematic experts, from different backgrounds and working in different contexts. Thus a comprehensive advise can be jointly built
- There is no judging of situations in a theoretical manner. Peers and evaluated application site “sit in the same boat” have and get “first-hand-experience”; therefore it is easier to give assessments on how a specific application site’s activity was dealt with and how it can be improved.

To allow every application site to be transparent and open in the peer review discussion, all SMARTSET consortium partners commit to:

- Putting the focus on the specific application site’s needs/interests
- Being objective
- Keeping all information exchanged confidential
- Promoting openness, integrity and sincerity for mutual learning in the peer review
- Keeping in mind that there are different cultural influences and different contexts influencing the respective project partner’s implementation work
- Promoting an open enquiring and critical attitude (both in the peers and the reviewed application site)

For getting the most out of the time for a peer-review meeting an intensive preparation phase (e.g. by questionnaire to application sites) is followed by different interactive settings at the peer review meeting itself.

1.2. Third Peer Review Meeting, 13.10.2014

1.2.1. Preparation:

The second SMARTSET Peer Review meeting was held on the 13th of October 2014, back-to-back with the 4th Consortium Meeting in Padova, Italy.

The aim was an exchange and mutual support on following topics in different settings:

- Incentives and Regulations
- Critical mass of customers for business case
- Software used or needed for booking/tracking
- Growth dynamics of a new terminal

The third Peer Review meeting was prepared by:

- Building on the topics identified in the course of the 2nd Peer Review, a list of issues for possible discussion in the 3rd Peer Review was sent out to all applications sites. Those 3 topics with the most votes were selected for the Peer Review Meeting.
- Sending out a preparation paper for all partners, including a division of tasks for the different project partners in the Peer Review Meeting.

Figure 1 below describes the sequence of the second SMARTSET Peer Review.



Figure 1: Sequence of the second SMARTSET Peer Review

2. FIRST PART: INCENTIVES AND REGULATIONS

2.1 Introduction

Incentives and favourable regulations are key to success of the business models developed in SMARTSET. Therefore a full work package (WP3) is dedicated to the issue on development and alteration of the regulatory framework and incentive instrument.

A first step in Work Package 3 was made with the elaboration of a joint document on “Regulation experiences – report on success stories and limitations”. The next step for the application sites will be the actual implementation of new regulatory and incentive schemes.

2.2 Content and Proceedings of the Peer Review

The first part of the Peer Review followed the format of a speed dating session. There regulations and incentives that were successfully implemented or are envisaged to be implemented were discussed, as outlined in the table below:

| | | |
|---|---|---|
| <u>Speed dating session - First round (25 min):</u> | | |
| Question: Which <u>regulation</u> in my application site was/shall be altered or implemented for supporting the success of the business model, and how? | | |
| Group 1: - Sundsvall/Trafikverket - Gothenburg - Newcastle | Group 2: - Rome/RSM - Padova - Forli | Group 3: - Graz - Berlin/Wildau |
| <u>Speed dating session - Second round (25 min):</u> | | |
| Question: Which <u>incentive</u> in my application site was/shall be altered or implemented for supporting the success of the business model and how? | | |
| Group 1: - Berlin/Wildau - Padova - Sundsvall/Trafikverket | Group 2: - Rome/RSM - Newcastle | Group 3: - Forlí - Gothenburg - Graz |
| Plenary session: Input from the groups and wrapping up (20 min) | | |

2.3 Points discussed

First Round - Question: Which regulation in my application site was/shall be altered or implemented for supporting the success of the business model, and how?

Group 1

- Sundsvall: Looking for a win-win situation for shop-keepers and delivery services.
- Gothenburg: In the shopping area, there is a time window for delivery services and this should be shortened for longer vehicles, respectively enlarged for energy-efficient vehicles. The delivery services should work on a walking speed mode to enhance safety.
- Newcastle: It should help to block the streets on the campus, hence to regulate the traffic in it.

Group 2

- Rome/RSM: A time window should be implemented to improve the delivery service. Furthermore it is important to search for areas to store freight.
- Padova: A pricing for delivery should be implemented.
- Forlì: It is important to involve stakeholders and operators in the process and to have a close look at the kind of vehicle which provides the delivery.

Group 3

- Graz: In general, bikes are not allowed in pedestrian zones, but there is an exception for cars (at delivery times, but also for emergency cars and taxis). To support the business model, it should be allowed for bikes, and especially cargo-bikes, to enter pedestrian zones.
- Berlin/Wildau: No regulations are planned.

Second Round - Question: Which incentive in my application site was/shall be altered or implemented for supporting the success of the business model and how?

Group 1

- Berlin/Wildau: It would be necessary to receive initial investments to rent or buy an area.
- Padova: It is important to mention that it is a service for the citizens and although done by a company (CityPorto), it would be good if the city provides vehicles for free.
- Sundsvall/Trafikverket: Sundsvall is still in the planning phase and it figured out that subsidies would be necessary and important.
- City logistics is a matter of negotiation

Group 2

- Rome/RSM: Rome follows an integrated approach where clean(er) vehicles pay less inner city toll (e.g. the normal price is EUR 2,100.00 and for clean vehicles it is EUR 300.00). This is an incentive to change the vehicle, and Rome undertakes an innovative pilot with a Memorandum of Understanding with companies who, in return, provide data to the city of Rome. There are areas available for a consolidation center.
- Newcastle: There is no need for incentives, but there is a need to provide an integrated zone with the Northumbria University. It is important to show that it is working, which is also an important commercial aspect.

Group 3

- Forlì: Restrictions are necessary, as otherwise an environmentally friendly delivery is not possible. Thinking about time windows for access regulation.
- Gothenburg: It is important to use the capacity of trucks better (capacity must be higher).
- Graz: It is important to either provide the possibility of a longer time-window to deliver goods, or to restrict the delivery to smaller vehicles. Furthermore, costs have to remain neutral and the identity of the delivery service needs to be detected.

3. SECOND PART: WP2 MATCH-MAKING

3.1 Introduction:

SMARTSET follows a lead and follower city approach, with follower cities having comparably less experience in sustainable and efficient inner-urban freight transport and consolidation centres. Follower cities are: Graz, Forli, Rome, Berlin and Sundsvall.

In the course of the 2nd Peer Review (Berlin, May 2014) follower cities (except for Rome) presented their state of work in WP 2 and formulated open questions. A subsequent match-making session identified which other SMARTSET city/application site has similarities/experience as well as proposals to answer the open questions raised (see documentation photos below).



In Berlin, it was agreed among the follower cities to keep further and detailed contact and exchange with the “matching city”.

Building on the topics identified in the course of the 2nd Peer Review, the 3rd Peer Review planned to take up these topics and discuss those pre-selected by majority by the application sites:

1. Critical mass of customers for business case
2. Software used or needed for booking/tracking
3. Growth dynamics of a new terminal

3.2 Content and Proceedings of the Peer Review

For the discussion three thematic tables were formed, headed by one pre-designated person:

Table 1: Critical mass of customers for business case: Guiseppe Siciliano, Gruppo CLAS

Table 2: Software used or needed for booking/tracking: Doris Wiederwald, FGM-AMOR and Claudio Brenna, Gruppo CLAS

Table 3: Growth dynamics of a new terminal: Gabriele Grea, Gruppo CLAS

- In total there were 45 minutes dedicated to the discussion tables.
- Participants were free to change between the tables.
- Another 15 minutes were dedicated to report to the whole groups by the head of the tables.

3.3 Points discussed

TABLE 1: Critical mass of customer for business case

- The topic of the discussion focused on how to reach the break-even point when starting a UDC-based city logistics initiative. We decided to address the topic based on the three main variables that affect the actual attraction of demand to a business, i.e. the product, its price, and its promotion. In fact, in some cases the failure to design the service in such a way that it meets some actual need of potential customers is the main reason behind the trouble in achieving a critical mass of consumers; the tariff scheme is obviously also paramount in reaching both a sufficient demand level and an appropriate revenue level; in some cases the product is well designed and the tariffs are efficient, but the potential customers are simply not aware of the possibility to adhere to the initiative.
- As concerns the product (or service) design, the main message coming out of the table was that it is extremely useful to realize what types of actor the service generates value for. In the Gothenburg experience, for instance, the inclusion of real estate owners in the stakeholder group allowed them to realize that initiative would have benefited them by increasing the quality of life of downtown areas, and therefore their value; as a consequence, a way was found to capture that value, not by means of a continuative involvement but in the form of a startup contribution. Also, in the Swedish city, it was quite clear from the pilot phase that core-business revenue would not be sufficient to break even, so additional activities were sought in order to increase revenues, and now advertising accounts for some 30% of the total turnover.
- As concerns price, a relevant message that came out of the discussion was that the most effective way to fix tariffs is not by means of a cost-based approach, but rather basing on a comparison to existing similar services, which are a proxy of the customer's willingness to pay; the main point is that the solution should be cost-neutral to the customer in replacing the legacy solutions. In the Swedish cases a flat tariff of 1€ per parcel is set. The setting of the tariff is the outcome of a dynamic process which involves dialogue with operators.
- As for promotion, as it turned out it is essential to pursue good relations with the main business actors, therefore the preparatory phase is essential in which concertation is set up. Often as few as 5 to 10 customers account for most part of deliveries. Transport operators need to see the city logistics initiative not as a potential competitor, but rather as a possibility to save money by having the chance to optimize their asset utilization.
- The object for critical mass for letting a business case translate into a viable business is has been set to some 200 parcels per day in the Swedish cases and in 7/8 parcels per day in Graz (a different service which includes home deliveries from shops to shop customers).

TABLE 2: Software used or needed for booking/tracking

Software systems that can be used for booking of services and/or tracking of deliveries are an issue of interest for many of the SMARTSET application sites.

It is important to have interfaces with other delivery systems, to ensure smooth services. Bartolini, an express courier system in Italy, has an interface with other systems when going over the border.

For container deliveries GPS is tested for tracking.

In Graz the software for the booking service is “home-made” by the courier service. If there are problems and/or questions clients phone the hotline of this courier service. Graz thinks of a list-mile solution by using a business-2-business approach.

Interporto Padova can serve as a role model for SMARTSET partners from application sites: software was developed by an internal department that also allows each customer to track its delivery. This software is also sold to other courier providers via a licence.

Interporto Padova is open to questions and requests by the SMARTSET application sites and can provide the direct contact to the programmers of the software.

TABLE 3: Growth dynamics for a city terminal

- How a city logistics terminal should be planned, and how its growth should accompany the development of the business? This is the main question around which the debate aroused, keeping an eye on best practices and successful experiences around Europe while focusing on Smartset application sites and their needs and expectations.
- So far, very little evidence is available on successful top-down planning approaches which have foreseen the construction of a dedicated terminal able to fulfill the expected business targets. Investments in a new terminal have often shown up as killing factors for city logistics initiatives, slowing down the implementation process and even harming the long term economic feasibility of solutions.
- On the contrary, successful experiences often relied among others on two specific drivers: the identification of an initial critical demand to be tackled, and the availability of space for consolidation and temporary storage activities.
- The start up phase of a city logistics initiative often faces a critical demand, a segment which is not efficiently addressed by the market and therefore represents an opportunity. This is the first test bed for the initiatives, which then are able to expand on a broader range of services and specialize on the last mile, when adequately backed up by fostering policies improving the attractiveness of sustainable approaches.
- Together with the vehicles, the availability of space seems to be the crucial aspect of city logistics initiatives, as well as an important factor in determining the city logistics model to be implemented. Rather than following a top down planning approach, successful initiatives often rely on a first screening of available spaces and their characteristics (accessibility, distance from operators’ and suppliers’ warehouses, size and technical equipment etc.), in order to evaluate and benefit from the opportunities that the presence of the asset allows.
- As examples, one of the critical success factors of the Padova Cityporto initiative is represented by the availability of space by the freight village, providing easy access to suppliers and operators which deliver their parcels to Cityporto; another example of this approach emerged is the Graz strategy, where the city is evaluating the possibility of combining the site dedicated to the promotion of electro-mobility with a new city logistics centre, in order to maximize the possible synergies between the two activities.
- Moreover, space as scarce resource can also be considered in some cases as a driver for enhancing acceptance of city logistics solutions: the availability of temporary storage spaces

in proximity to city centers can be used for example as an incentive for stimulating the use of clean vehicles according to a van sharing scheme.

- As a result of the debate, participants agreed that a “holistic” approach to terminal planning and building is possible only when a relevant market share is reached, also thanks to the achieved experience and the commitment of fostering policies; until then, the launch and consolidation of city logistics initiatives must rely on opportunities and assets.