

METROLINX
EXPRESSION OF INTEREST
PRESTO PAYMENT & RELATED MARKETING
PARTNERSHIPS
RFI-2020-CMBD-069

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1 Introduction and Objective:

Metrolinx is seeking a partner(s) for PRESTO payment and related marketing partnership opportunities. In 2021, PRESTO is beginning to enable open payment capabilities across the Greater Toronto and Hamilton Area (GTHA) transit network allowing customers to pay for transit directly with their Credit and Debit cards in addition to the existing well-known PRESTO stored value (e-Purse) card. This launch is part of an evolution in payment methods that will provide new contactless/cashless payment options to customers, including recently introduced PRESTO E-Tickets.

This inflection point in PRESTO payment methods and technology presents an exciting opportunity for PRESTO to expand its relationship with the payments industry. This document describes the specific partnership opportunity categories and the process for submitting, evaluating, negotiating and accepting pitches from interested parties.

Metrolinx envisions opportunities relevant to industry players that include Financial Institutions, Payment Networks, Fintechs, Digital Wallets, Loyalty Programs, and Retailers as well as among other potential areas. This could include Payment Product Enablement (including co-branded/developed products), Payment Acceptance & Operations, Customer Engagement and Sponsorship, Marketing & Branding opportunities. Metrolinx extensive advertising and marketing assets across GO Transit and UP Express are opportunities for partners that are integrated into the PRESTO payments ecosystem to support and maximize the rights and benefits received through the Expression of Interest.

These opportunities are intended to surface value in PRESTO for the province, our customers and Transit Agency clients through mutually beneficial relationships with partners. High-level objectives for Metrolinx include:

- **Improve financial efficiency** through revenue generation and cost savings opportunities; and
- **Obtain capabilities and assets that improve the PRESTO offering** and support longer-term strategic objectives.

2 About Metrolinx

Metrolinx is an agency of the Government of Ontario, overseeing GO Transit, PRESTO, and Union Pearson (UP) Express. Metrolinx as the regional transportation agency of the Province of Ontario is tasked to work with federal, provincial, and municipal partners, the private sector and other stakeholders to create an integrated transportation system to support a higher quality of life, a more prosperous economy and a healthier environment. Metrolinx is responsible for making investment and planning decisions to expand transit and ensure a well-connected region.

Metrolinx and our business brands (PRESTO, GO Transit, UP Express) provide direct access to millions of riders across the Greater Toronto and Hamilton Area (GTHA) and Ottawa, and a captive audience on a GO Train or Bus for an average of 30 minutes per day for your brand to engage.

PRESTO:

PRESTO is the fare payment system that enables the integration of Transit Agencies across Ontario. PRESTO seamlessly connects eleven (11) transit agencies across the GTHA and Ottawa. These are Brampton Transit, Burlington Transit, Durham Region Transit, Hamilton Street Railway, Miway, Oakville Transit, OC Transpo, Toronto Transit Commission, York Region Transit as well as GO Transit and UP Express.

Today, the PRESTO system has reached over 730 million taps in 2019 across approximately 17,000+ devices and 8.3 million active cards, of which approximately two (2) million are used each month. PRESTO processes approximately \$2 billion per year in load transaction volume and over 67 million boardings per month. The current portfolio consists of more than four (4) million customers and over 70% share of GTHA transit ridership.



Figure 1 – Graphic showing the current agencies served by PRESTO

GO Transit:

Metrolinx owns approximately 300 kilometres of rail corridor spanning across the GTHA, as well as over 60 GO Train Station properties. GO Transit serves a population of more than 7 million people throughout the Greater Toronto and Hamilton area (GTHA).

We are embarking on a massive transformation of the GO Rail network - the backbone of rapid transit in the region - to give customers a faster, more convenient way to connect with the things that matter. Metrolinx provides communities with the connection to the people, places and events that matter to them. Union Station is one of many hubs in the network, centered in downtown Toronto with direct access to the Scotiabank Arena, Rogers Centre, Ripley's Aquarium, and the CN Tower. Exhibition Station provides direct access to Budweiser Stage, BMO Field, the Canadian National Exhibition, Honda Indy and many more cultural events and festivals. For many fans and attraction seekers, their ride on the GO Train becomes an enjoyable extension of their experience. Other transit hubs include the Hwy 407 Bus Terminal, a multi-modal transit hub hosting TTC subway, and YRT/VIVA and GO Transit bus service.

Union Pearson Express¹:

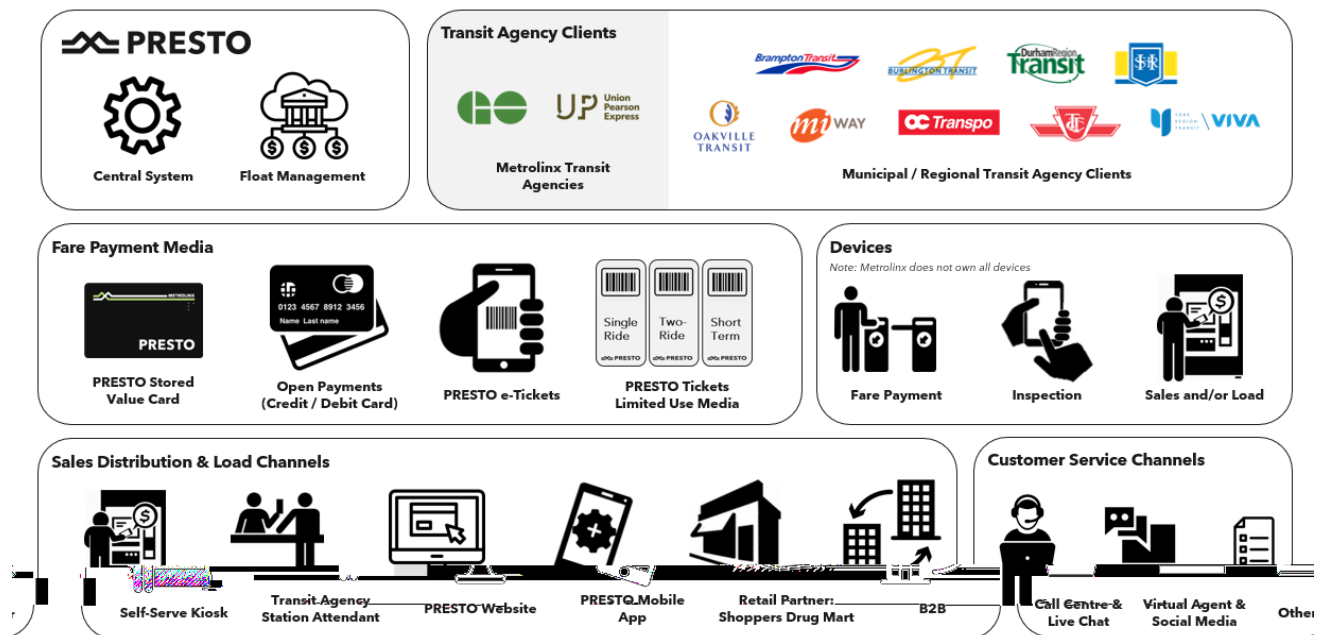
UP Express launched in 2015 as a world class air rail link providing exceptional customer service. This unique line provides service to downtown Toronto from Pearson Airport in 25 minutes, connecting Toronto city centre to the world.

Further information about Metrolinx and PRESTO can be found at the following links:

- 1) <https://www.prestocard.ca/en/about/using-presto>
- 2) http://www.metrolinx.com/en/projectsandprograms/presto/presto_background.aspx
- 3) <https://blog.metrolinx.com/category/presto/>

¹ UP Express partnership opportunity may exist post April 2022 if current partnership arrangement expires

3 PRESTO System Overview



Key Stats:

- Approximately ~\$2B Load Transaction Volume
- ~40M ePurse loads and over 700M boardings (taps)
- Approximately ~70% Adoption Rate across all agencies
- Approximately ~2.3M Unique Cardholders per month; over 4M in a year
- Approximately ~900K Autoload subscriptions
- Network of approximately 17K+ devices across the GTHA and Ottawa

Note: Key Stats represent pre-COVID-19, FY2019-20

4 PRESTO Payment Partnership Objectives

Metrolinx's objective is to surface value in the PRESTO system across the value chain, including its large pool of payments transactions, the rollout of open payments (credit/debit card), as well as the existing stored value card and other fare media. High level objectives are to (1) improve financial efficiency through revenue generation and cost savings opportunities and (2) obtain capabilities and assets that improve the PRESTO offering for both transit agencies and customers, enhancing our ability to achieve long-term strategic objectives (including enabling increased ridership across

the region). The below Detailed Partnership Objectives further elaborate on these objectives.

Detailed Partnership Objectives:

a. Increase Revenue:

We are interested in working with a partner to explore PRESTO's untapped revenue generating potential. We are considering short-term programs including marketing partnerships that could result in immediate revenue and support the rollout of open payments, as well as longer-term strategic opportunities that would require deeper business and operational model integration and include multi-year relationships and revenue generation.

b. Cost Saving Opportunities:

We are interested in working with a partner to enable direct or indirect cost savings for PRESTO, such as lower transaction fees, reduced card issuance costs, joint or outsourced management of payment acceptance operations, optimization of existing media and distribution channels, leveraging partner channels to augment communications/messaging, and improving the detection/prevention of fraud.

c. Increase Ridership:

We are interested in working with a partner that can help increase ridership across our regional client base. This includes helping PRESTO to achieve key metrics such as increasing PRESTO's market share on transit (PRESTO Adoption), increasing the number of PRESTO users, and bringing tools and capabilities that can enable PRESTO to drive incremental transit trips across the region through increased usage from the existing rider base or attraction of new riders to transit.

d. Customer Experience & Value:

We are interested in working with a partner to elevate and enhance the customer's transit journey experience supporting a seamless, modern fare payment experience across the region. This could include incentives, rewards, and promotions that can increase ridership and or reduce the customer's cost. In addition, to ensure access and equity for customers, we seek partners that can enhance PRESTO's offering and reach to all transit riders including underserved and under/unbanked customers.

e. **Client Value:**

We are interested in working with a partner to enhance the value of the overall PRESTO offering to our transit agency clients (e.g., products, tools and capabilities).

f. **Partner Relationship, Expertise & Innovation:**

We are interested in working with a partner that aligns with Metrolinx brands and values and is eager to collaborate to help shape future programs and design. We are interested in working with partners that can support innovation for PRESTO and value partners with a track record in transit and fare payments.

g. **Marketing Partner:**

Metrolinx is seeking a marketing partner that is integrated into the PRESTO payment ecosystem and is interested in developing an agreement, which includes financial or value-in-kind contributions in exchange for certain rights to Metrolinx assets (physical, intellectual, technological, etc.) from PRESTO, GO Transit and UP Express.

5 PRESTO Payment & Related Marketing Partnership Benefits

Partners can unlock many potential benefits including:

- Ability to drive attractive payment behaviors, by becoming synonymous with transit, an important every day spend category;
- High frequency of transactions and increased customer engagement that supports top of wallet objectives;
- A growing, large and broad spectrum of riders with ~8.3 million cards in market/wallets and ~4 million unique riders in Fiscal Year 2019-20;
- Access to and opportunity to influence a new and exciting open payments transaction pool increasing share of spend across payment cards;
- High average ticket and payment card penetration within load channels;
- Premium position in Ontario transit with majority market share in transit fare payments across eleven (11) transit agency clients: Brampton Transit, Burlington Transit, Durham Region Transit, Hamilton Street Railway, Miway, Oakville Transit, OC Transpo, Toronto Transit Commission, York Region Transit as well as GO Transit and UP Express;
- Access to 65+ stations, 800 trains, 500 buses across 11,000 km², servicing 73 million boardings per year for in-market promotions, activations and customer-focused engagements;

- Multi-channel marketing and customer acquisition opportunities and potential to create unique value for customers through select advertising and marketing assets;
- Strong portfolio of Physical and Digital assets; and
- Aligning with Metrolinx's high-profile family of brands and mission, increasing positive exposure and alignment with corporate environmental, social and governance goals.

The potential benefits listed above are a starting point from which the partner and Metrolinx can develop a meaningful partnership that meets the objectives of both parties. The specific terms of such partnership would be set out in an agreement between Metrolinx and the partner.

6 Partnership Opportunities

Metrolinx is exploring opportunities across PRESTO's value chain. Short- and long-term opportunities are in scope, from marketing opportunities with PRESTO payment partners to opportunities to integrate more deeply into the PRESTO system. Metrolinx prefers partners that can be integrated across multiple opportunities and is also open to reaching multiple agreements as a result of this Expression of Interest.

The table below provides a summary of potential opportunities. This list is illustrative and opportunities are not limited to these possibilities. Potential partners are encouraged to think beyond the described opportunities to bring innovative and creative opportunities to the table.

As the regional fare payments provider across eleven (11) transit agencies, PRESTO is uniquely positioned to offer access to a pool of transactions that spans our client base of Brampton Transit, Burlington Transit, Durham Region Transit, Hamilton Street Railway, Miway, Oakville Transit, OC Transpo, Toronto Transit Commission, York Region Transit as well as GO Transit and UP Express. Supporting physical assets highlighted below (such as stations, vehicles or devices) are limited to GO Transit and UP Express, with the opportunity to further engage with our transit agency partners at their discretion.

Partnership Opportunities	
Payment Product Enablement	Co-branded open loop credit, debit, prepaid cards combined with or separate from loyalty programs; other standalone payment products e.g., gift cards
	Co-branded alternatives to the current stored value PRESTO card specifically a prepaid EMV card product
	Co-branded alternative fare media options (e.g. wearables)
Payment Acceptance & Operations	Opportunity to distribute and load new and / or existing PRESTO cards at mutually agreed locations
	Integration of PRESTO digital tickets into third party channels
	Payment brand acceptance opportunities
	Opportunity to engage in selected portions of PRESTO payment operations, e.g., managing float on stored value of loaded funds for accounts on file
Customer Engagement	Standalone proprietary PRESTO loyalty program
	Coalition loyalty program participation including accelerated 'earn', 'redemption', and linked loyalty program opportunities
	Access to PRESTO-controlled communication channels for payments-related advertising and promotional messaging
	Opportunity to leverage PRESTO mobile app and/or website customer interactions
Sponsorship, Marketing & Branding	Access and rights, including opportunity for exclusivity within designated partner category to use PRESTO and PRESTO Contactless Payment brands, trademarks, logo, imagery, messaging, etc., in customer facing marketing promotions and / or within the partner's own owned assets etc.
	Co-branding opportunities for existing or future PRESTO fare media including digital tickets, printed single-use tickets and the current PRESTO stored value card
	Promotional branding on PRESTO Payment Enabled Devices within GO/UP network
	Ability to include promotional brand materials with PRESTO cards at distribution
	Promotional branding and advertising on digital platforms including prestocard.ca, PRESTO mobile app, GO e-ticketing app
	Opportunity to acquire promotional and advertising rights at transit stations (GO & UP Express) including single brand takeovers, floor and wall decals, signage (digital and static), and activations to support program launch and longer-term customer acquisition and retention.
	Opportunity to acquire advertising, marketing, and promotional assets across Metrolinx network including advertising, signage, content, activations on high profile assets including trains and buses.
	Sponsorship and advertising opportunities on GO Wi-Fi Plus, the free customer Wi-Fi on-board GO Transit buses and trains.
	Experiential opportunities including on-site activations and corporate social responsibility
	Opportunity to access existing and future communication channels (email, social media, website, etc., including those to be developed)
Other	Proponents are invited to pitch additional opportunities for consideration that align with the stated Partnership Objectives.

7 Partner(s) Selection

Metrolinx will be looking to select one (1) or more partners for the opportunities presented above. In selecting partners, Metrolinx will look to maximize the financial and strategic impact for Metrolinx, while considering ease of implementation and ensuring that it makes operational sense.

In considering the financial and strategic impact, Metrolinx will consider the following factors:

- **Cash Commitment.** The value of cash Metrolinx is receiving compared to the value of the rights being requested, as assessed by Metrolinx (including using net present value to compare value over time).
- **Cost Savings.** The value of anticipated cost-savings (e.g., reduced payment acceptance expense), as assessed by Metrolinx.
- **Financial Commitment to Invest.** Any financial commitment the partner is willing to invest to support the partnership (e.g., Launch Costs, Loyalty, Customer Incentives, Marketing Commitments, etc.), based on Metrolinx's assessment of the value.
- **Value-in-Kind.** The value of committed value-in-kind (e.g., media buy on non-Metrolinx owned assets, advertising on partner owned or controlled assets, staff support, hardware, software, and or consulting services etc.), as assessed by Metrolinx taking into account its usefulness to Metrolinx.
- **Regional Ridership.** The partnership's direct impact on regional ridership or PRESTO's capabilities to enable regional ridership growth (e.g., any accelerated rewards, ridership incentives or sponsored fares), as assessed by Metrolinx.
- **Cost of Fare Collection.** The partnership's ability to lower regional total cost of fare collection across PRESTO clients, through recognizing synergies or improving PRESTO's ability to enable them, as assessed by Metrolinx.
- **Customer Experience.** The enhancement of the PRESTO customer experience (e.g. Customer Journey enhancements) including any unique offerings that will be provided exclusively to PRESTO customers, as assessed by Metrolinx.
- **Access & Equity.** The partnership's ability to enhance PRESTO's offering and reach to all transit riders including underserved and under/unbanked customers, as assessed by Metrolinx.
- **Client Value.** The partnership's ability to enhance the value of the PRESTO offering to clients (e.g., products, tools and capabilities), as assessed by Metrolinx.
- **Brand Alignment / Reputation.** The fit of the partner's brand and reputation, as assessed by Metrolinx.
- **Track Record.** The partner's track record with respect to the proposed opportunity in transit and fare payments, as assessed by Metrolinx.

- **Innovation.** The ability of the partner to bring future innovation and opportunity, as assessed by Metrolinx.

8 Partnership Development Process

Outlined below are key dates and an overview of the process for participating in this Expression of Interest. A description of the EOI process, and the terms and conditions that apply to the EOI process are set out in Appendix "A".

1. **March 5, 2021:** Process and Proposal Guidelines document issued to all potential EOI participants and published on Metrolinx website and MERX
2. **March 8, 2021:** Start to Host One-on-One Information Sessions with proponents
3. **April 5, 2021, 4:00 p.m. (EDT):** First opportunity for proponents to submit a term sheet (the form of which is attached as Appendix B) to Metrolinx.
4. **May 6, 2021:** At any time on or after this date, Metrolinx may select one or more proponents and either enter into exclusive negotiations with such proponent(s) that are exclusive to their category, as defined by Metrolinx, or enter into a Partnership Agreement with each.

The EOI timetable above is tentative only, and may be changed by Metrolinx at any time, at Metrolinx's sole discretion.

Metrolinx may choose to host an optional public information session for interested parties. Please inform the EOI Contact) if you are interested and would like to be included.

EOI Contact:	Rick Radovski
E-mail:	Rick.Radovski@metrolinx.com

Information on the EOI Process is outlined in Appendix A: EOI Terms and Conditions. Information on submitting Term Sheets is outlined in Appendix B: Proposal Term Sheet.