

Date: 21 April 2016

Item: **Commercial Exploitation of Contactless Systems**

This paper will be considered in public

1 Summary

- 1.1 This paper seeks approval for TfL to enter into an agreement to commercially exploit the intellectual property (IP) and knowledge in its back office software for contactless payment systems.
- 1.2 A paper is included on Part 2 of the agenda, which contains exempt supplementary information. The information is exempt by virtue of paragraph 3 of Schedule 12A of the Local Government Act 1972 in that it contains information relating to the business affairs of TfL. Any discussion of that exempt information must take place after the press and public have been excluded from this meeting.

2 Recommendations

- 2.1 **Acting under authority delegated by the Board on 17 March 2016, the Committee is asked to:**
- (a) **note the content of this paper and the related paper on Part 2 of the agenda, including the proposal for a commercial return to TfL;**
 - (b) **authorise TfL to submit a proposal for a final fixed price for TfL's provision of a licence for ticketing back office software and the associated services to a commercial third party as referred to in the paper in Part 2 of the agenda (Final Fixed Price Proposal);**
 - (c) **grant the Financial Authority and Project Authority set out in the paper on Part 2 of the agenda;**
 - (d) **note that other authorities will be sought in accordance with Standing Orders;**
 - (e) **authorise the TfL Officers and Subsidiaries described in paragraph 2.2 below to:**
 - (i) **finalise the Final Fixed Price Proposal;**
 - (ii) **agree the terms of any agreement between Transport Trading Limited and the commercial third party for the provision of the licence of the ticketing back office software and the associated services (the Agreement) including, if required, the provision by TfL or a Subsidiary of a guarantee and/or a bond; and**
 - (iii) **agree the execution (whether by deed or otherwise on behalf of TfL or any Subsidiary (as appropriate)) of any documentation to be entered into in connection with the completion and implementation**

of the Agreement and any of the matters referred to in it (including, without limitation, all agreements, deeds, guarantees, indemnities, announcements, notices, contracts, certificates, letters or other documents); and

(f) authorise the TfL Officers and Subsidiaries to do all such things as they consider necessary or desirable to facilitate the Fixed Price Proposal submission or the implementation of the Agreement.

2.2 The following Officers and Subsidiaries shall have delegated authority:

(a) TfL Officers: the Commissioner, Chief Finance Officer, Managing Director Customers, Communication & Technology and General Counsel; and

(b) Subsidiaries: Subsidiaries of TfL including Transport Trading Limited (TTL) and any other subsidiary (whether existing presently or to be formed) of TTL and the directors of such authorised company shall be authorised to act for and on behalf of that company.

3 Background

3.1 TfL has developed and owns the intellectual property in the back office software used for processing contactless bank card payments (the Software) for fare collection on TfL's transport network.

3.2 TfL has been looking at various opportunities to exploit the ownership of the IP and knowledge it has developed in the Software by licensing its use to private sector third parties and other transport authorities on a commercial basis.

3.3 TfL is currently in discussions with a commercial third party and an international Transport Authority to grant a licence and provide development services to customise the Software to that authority's local environment.

3.4 TfL will then provide ongoing support to the software as well as additional consultancy services on an ad hoc basis.

3.5 The licence and the associated services that TfL proposes contracting for are being priced on a fully commercial basis and TfL will continue to own all the intellectual property rights in the Software, including all future developments resulting from the services being provided.

3.6 The details of the proposed arrangements are set out in the paper on Part 2 of the agenda.

List of appendices to this report:

None. A paper containing exempt supplementary information is included in Part 2 of the agenda.

List of Background Papers:

None.

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