



# Indego 2018 Business Plan Update

**Executive Summary**  
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Prepared By



On Behalf Of:



## Executive Summary

The 2018 Indego Business Plan Update is a strategic plan intended to guide the growth and management of Philadelphia’s bike share program over the next five years. It was developed under the City’s Strategic Transportation Plan, [CONNECT](#). Since its launch in 2015, Indego has become a valuable part of the transportation landscape, serving residents, visitors and employees throughout a **23 square mile** service area. By the start of 2018, the program had 121 stations in Center City and adjacent neighborhoods within North, South, and West Philadelphia, and serves more than 2,000 riders on average per day. Indego is recognized as a national leader in implementing bike share with equity; from its beginning, it has incorporated strategies for community engagement and accessibility in low-income communities and communities of color. The City of Philadelphia and the Indego program are core members of the equity-focused Better Bike Share Partnership.

### Summary Statistics (at end of 2017)

System Opened:	April 2015
Stations (1/1/18):	121
Docking Points:	2,400
Bikes:	1,117
Ridership (2017):	782,000

Indego is a public program, owned and managed by the City of Philadelphia. However, unlike other forms of public transit, Indego does not rely on public subsidy to operate. Operations are entirely funded by user revenue, sponsorships, advertising and philanthropic grants. The title sponsorship by Independence Blue Cross (IBX) is the



single most important partnership for the program and has supported much of Indego’s success to date. Significant support from private foundations has proven critical in supporting outreach and engagement efforts, as well as the expansion of the program into underserved areas of the city.

The 2018 Indego Business Plan Update comes five years after the 2013 *Philadelphia Bike Share Strategic Business Plan* laid out the groundwork for what eventually became Indego. The 2018 Business Plan provides an update to the strategic vision of the program, identifies areas of improvement and growth, investigates changes to the bike share market, and provides recommendations to support the future success of the program. The City and its partners have made major investments in bike share, and this business plan seeks to maximize that investment by preparing Indego for the future in a dynamic bike share industry.



## Strategic Vision

The strategic vision sets the overall goals for bike share in Philadelphia for the next five years and guides the recommendations put forth in the plan. The 2013 plan included a vision statement that reflected the City’s vision for launching a bike share program. As part of this study, the team revisited the strategic vision for the program, including an updated vision statement, mission, goals, and objectives to reflect the needs of an existing program. The 2018 Indego Business Plan Update is a deliverable of the City’s CONNECT plan, and shares CONNECT’s vision for Philadelphia. The mission statement outlines the specific way that Indego will help achieve that vision, and the values and goals statements provide program managers

with a set of specific benchmarks to evaluate the performance of the Indego system.

**CONNECT Vision Statement:**

*A transportation system that benefits everyone. It is a system that is safe, affordable, accessible, and reliable at moving Philadelphians, visitors, and commerce so neighborhoods thrive, people are healthy, and the economy grows.*

**Indego Mission Statement:**

*To provide bike share as a high quality, reliable, affordable, flexible, and healthy transportation option that gives the user access to the City and our diverse communities.”*

### 2018 Goals for the Indego Program

Values	Goals
Opportunity and Access	1. Increase personal mobility in Philadelphia, providing people with better access to destinations throughout the City.
Equity	2. Provide a service that is inclusive, accessible, and affordable to all users.
Health & Safety	3. Provide a safe mode of transportation that promotes active and healthy living.
Finances & Transparency	4. Create a system that is financially sustainable, transparently operated, and accountable to the public.

## What are the Issues Facing Indego Today?

### Indego's Performance

The business plan conducted an existing-conditions analysis that serves as a check-up for the Indego program. Several findings will impact the direction Indego takes over the next five years, including:

- **User equity:** Indego has one of the most diverse ridership bases of any bike share program in the country. Its investment in user equity has shown results but there is still work to be done to ensure Indego riders mirror the demographics of the areas the system serves.
- **Member retention and attraction:** While the program has a high reported satisfaction rate, Indego has room to improve the user retention rate and user revenue. One key area of improvement is to bring more infrequent users (e.g. tourists) to the program.
- **Long-term ridership trends:** Indego's ridership per station has gone down as it expands into lower-demand residential neighborhoods. There is a need to balance outward expansion with investment in places with high demand for bike share.
- **Capacity to grow:** Indego has the capacity to grow the fleet and station system without making major investments in additional staff.
- **Unmet needs:** While there is certainly room to expand Indego into new neighborhoods of Philadelphia, there are several gaps in coverage within places like Center City which already feature Indego and have a very high demand for bike share
- **High operating costs:** Indego has one of the highest operating costs per bicycle among peer bike share systems. The system's small size compared to peers means it cannot fully achieve the economies of scales larger bike share programs benefit from.

### Industry-Wide Trends

Indego is not just impacted by internal performance but also wider bike share market trends. Understanding the impact of emerging business models and technology is a key part of this study:

- **Dockless bike share:** Dockless bike share does not require a docking station and generally relies on technology onboard the bicycle and a user's cell phone app to complete transactions. Numerous privately-funded dockless systems have launched in major cities across the United States, disrupting the bike share market by introducing new competition. Dockless bike share is highly dynamic: many companies have both started and closed operations in the past 18 months. It is expected that private operators will enter the Philadelphia market under a regulatory framework managed by the City. Indego should be ready to respond with a compelling and competitive product and a sustainable business model.
- **New contracting models:** Other publicly-operated bike share programs are embracing cost/risk share agreements that take advantage of the large amounts of private capital entering the bike share industry. Such arrangements mean that private partners take on some responsibility for funding the program in exchange for a degree of control over operations and expansion.
- **Technological Innovation:** New technologies, including dockless bike share equipment, electric-assist bike share (e-bikes), and innovations in mobile payment and customer innovation are impacting bike share programs. These innovations promise to make bike share more convenient for customers and affordable to run for operators.

## Recommendations for Indego over the Next Five-Years

The City of Philadelphia launched Indego in 2015 with a bold vision of an equity-focused transportation system that would change the way Philadelphians get around. The 2018 Business Plan Update comes at a time when the bike share industry is in a state of change, as new competition and business models are disrupting established ways of operating bike share. This Business Plan outlines ways Indego can be prepared for change. This study has outlined nine key strategies the program can implement to better meet its goals:

1. **Grow to 250+ Stations:** Indego depends on expansion to achieve economies of scale, better serve Philadelphians, and respond to the future competition. The City has set out an expansion goal which would more than double the number of Indego stations by 2024. This expansion would enable the City to cover an additional 15 square miles with bike share and to improve service throughout this expanded area. This expansion will require new sources of funding and partnerships to achieve. Today the City believes it can secure enough funding to reach 185 stations in five years. However, peer systems in places such as Boston, Washington DC and Chicago illustrate the importance of growth to retain and attract new users and partners, to serve more residents and visitors, and to reduce per-unit costs through efficiencies of scale.
2. **Expand in a Balanced Manner:** Future growth needs to balance the sometimes-competing desires of increasing system coverage and achieving financial sustainability. This business plan outlines an expansion policy where stations serving new neighborhoods in Philadelphia are supported by additional stations and capacity at high high-revenue locations.
3. **Add Capacity in the City's Core Areas:** The program's core areas of Center City, University City, and Temple University have the highest demand for bike share in the system. Many trips, including those in outlying neighborhoods, start or end in those core neighborhoods. As the program expands it must continue to add core capacity to ensure there are enough stations and bicycles to meet growing demand at both ends of a trip.
4. **Continue to Invest in User Equity:** Indego's equity mission makes it unique among bike share programs. Indego has made significant inroads with low income communities and people of color. It should not lose sight of the program's mission to serve all Philadelphians. Program managers should focus on sustaining existing relationships with key community stakeholders, and to deepen mutually beneficial partnerships with community-serving organizations.
5. **Optimize Use of Equipment:** Indego's stations can be quickly re-sized based on demand. To ensure the equipment is being well-utilized, the program should conduct regular audits and relocate docks and bicycles based on changing demand.
6. **Introduce New Technologies:** The business plan recommends Indego transition to a hybrid dockless station-based system. Such a system would merge dockless bicycles with simplified lower-cost stations and allow for more flexible operations and lower capital costs. Likewise, electric assist bicycles have the potential to dramatically increase ridership of the program. Indego plans to pilot e-bikes as an early-action

item, and may expand the fleet with e-bikes following a successful pilot.

7. **Invest in Partnerships:** While Indego is a City led program, it would not be possible without the close cooperation of a range of private, public, and non-profit partners. The City should continue to foster these relationships and take advantage of the strengths these organizations bring to the table.
8. **Lower Operating Costs:** High operating costs are one of the greatest challenges to Indego. Implementing the recommendations above will

all help to lower costs. The City should explore changes to its contracts and overall program business model that can further reduce costs and introduce some risk/cost sharing between the vendor and the City.

9. **Do Not Neglect State of Good Repair:** Indego's equipment is relatively new but will eventually reach a point where bicycles and stations require rehabilitation and replacement. The City should plan for these costs and set aside the funding necessary to ensure it can maintain Indego's high quality of service.



## Conclusion

The 2013 plan provided a strong framework for Philadelphia to navigate an uncertain bike share marketplace by learning from the successes and failures of already established programs. This careful planning has resulted in the Indego program today. It has become part of Philadelphia's transportation network, hosting thousands of trips a day. Indego has made a name for itself in bike share by promoting equity and access as core values, rather than an afterthought. Additionally, the program has done this as a public-private-partnership; Indego's operations are entirely funded by user revenue, sponsorships, advertising, and grants.

The 2018 Business Plan Update comes at a time when the bike share industry is in a state of growth and change, as new competition and business models are disrupting established ways of operating bike share programs. The Indego Business Plan utilizes data from the past three full years of operation along with lessons from programs in peer cities. The Business Plan looks at existing conditions, explores the program's current strengths and weaknesses. It includes an industry-wide assessment which examines how technology and new operating models could impact Indego, and the options for how Indego can respond to these changes. Finally, the recommendations section outlines key ways the program can make itself more competitive.

As Indego enters its next phase of growth, the business plan provides a comprehensive set of recommendations to strengthen and improve the program. The recommendations above cannot be completed without proper funding. Indego has already been successful at bringing together private and public-sector partners to fund bike share. Additional stations and updated technology provide opportunities to leverage these partnerships further. Re-bidding the operating contract can improve the overall organizational efficiency of the program and increase risk/reward share with an operator. If properly executed, this will allow for greater flexibility, as well as additional opportunities to tap into private investments which are currently driving the bike share industry.

Strong plans build strong programs, which is critical in dynamic industries such as bike share. Bike share technology evolves, business models change, and new players enter the market at a rapid rate. This constant change provides both opportunity and uncertainty; this Business Plan outlines ways Indego can prepare for change and navigate uncertainty to ensure Philadelphia's transportation system benefits everyone.



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