

From North to South – easily!

Strategy Paper

September 2017



Preamble 0

Who are we? 1

What do we do and with whom?..... 1

 Scope of ScanMed RFC..... 1

 Stakeholders involved in ScanMed RFC..... 2

Our strategy at a glance 2

Vision and Mission 2

General Goals..... 3

Strategic objectives – Reliability and Simplicity..... 3

 Improve Reliability from A to B as a mean of building trust..... 3

 Diminish the competitive gap of rail to road by reducing lead-times from A to B..... 3

 Make rail services predictable 3

 Enhance the attractiveness of Corridor services by simplifying operational conditions..... 4

 Full service approach 4

 Harmonization of services and operational environments 4

Which scenarios for ScanMed RFC in the next five years? 4

 The Baseline - Fulfilling the Minimum Requirement of EU Regulation 913/2010..... 4

 The Target - ScanMed RFC as an A to B Network Integrator 5

 The way to there - ScanMed RFC as an A to B Coordinator..... 5

Implementation as materialization of a “corridor system” 6

 Trigger commitment of all involved stakeholders 6

 Develop the Corridor as a purpose-oriented community..... 6

 Share out fields of action and monitor results 6

Bring the big picture closer to day-to-day business needs..... 6

 Privilege subsidiarity in a coordinated frame to a “one-size-fits-all” policy..... 6

 Use pilots on innovative approaches before considering general action..... 7

Preamble

In November 2015, the Scandinavian Mediterranean Rail Freight Corridor (ScanMed RFC) entered into a new operational phase: the expected paperwork has been completed, the EU-Regulation is implemented and experiences from the capacity booking processes are being collected, providing useful learning on our strengths and even more on the many challenges ahead. This is where the real work starts.

In that perspective, the Infrastructure Managers (IMs) involved in ScanMed RFC decided to develop a vision and a strategy for the Corridor with the aim of increasing volumes and market shares of rail – and to do so in cooperation with its users and partners.

As a first step, the Infrastructure Managers invited users and partners, i.e. Railway Undertakings (RUs), Terminals and Ports and applicants for rail infrastructure capacity (End users) to:

- Enlarge their understanding of market needs by encouraging recommendations from customers and potential consumers of international rail freight services
- Identify lines of improvements towards the objective for improving the share of rail in international freight transport
- Discuss possible solutions to implement these lines. The present Strategy Paper was elaborated using the meeting which took place 24th May 2016 in Wiesbaden.

It aims primarily towards Corridor users (Railway Undertakings and their customers, i.e. End users) and Corridor partners (Terminals and Ports). It will also be shared with the Ministries in charge of Transport and Third parties such as the European Commission.

It sets the direction for developing ScanMed RFC in the next 5 years.

Two documents focusing on implementation will be further developed on the basis of the present paper:

- Principles for business co-development setting of method of implementation shared between the IMs, the users, the partners, the supervisors and facilitators of ScanMed RFC.
- A work plan for the IMs specifically

Whenever relevant, the Strategy will be implemented with a view of harmonizing services, processes and tools across RFCs, taking into account the existing efforts, such as RNE Guidelines, made in that direction.

Actions involving other Parties than the IMs will be led to the extent reasonable and pay particular attention to avoid duplications with existing services.

Monitoring will be necessary to enable efficient follow up. These will take place in regular meetings.

Bjørn Kristiansen,
Chairman of the Management Board

Who are we?

Rail Freight Corridors were originally set up by Regulation (EU) No 913/2010 from 22nd September 2010 on a competitive network for rail freight. Their purpose is to create a European network composed of originally nine international Rail Freight Corridors (RFCs) with a high level of performance. ScanMed RFC is one of the nine initial RFCs and crosses six countries (Norway, Sweden, Denmark, Germany, Austria and Italy).

What do we do and with whom?

Scope of ScanMed RFC

ScanMed RFC has three core areas of competence:

- **Market definition and analysis** – ScanMed RFC regularly delivers a Transport Market Study (TMS) as minimum requirement for delimitating (main Origins and Destinations), quantifying (transport volumes) and qualifying (main decision-making drivers for using RFC services) its business environment.

In addition, an annual customer satisfaction survey highlights areas for improvements to better meet customers' expectations and needs.

- **Capacity Management** – ScanMed RFC delivers international Capacity in the form of i) a yearly catalogue ("Pre-arranged paths" or PaPs) published the second Monday of January and ii) Reserve Capacity (RC) published two months before timetable change. Both are coordinated in order to reduce waiting times at border-crossings.

A Corridor One-Stop-Shop (C-OSS) Manager supervises the planning and construction of PaPs and RC, as well as their booking, their allocation and the delivery of a final offer.

- **Traffic and Performance Management** – ScanMed RFC facilitates cross-border operations and monitors cross-border punctuality, analyzes causes of disturbance as well as sketches improvement lines and solutions. The approach for punctuality monitoring is coordinated at corridor level but carried out mainly within two regional groups, covering the area South of Sweden, Denmark and North of Germany on the one hand and the so-called "Brenner stretch", connecting Munich to Verona on the other hand.

ScanMed RFC further provides coordinated information on Corridor-relevant infrastructure investments, including interoperability investments, such as ERTMS. Planning, financing and implementation however remain a competence of the individual Ministries and Infrastructure Managers.

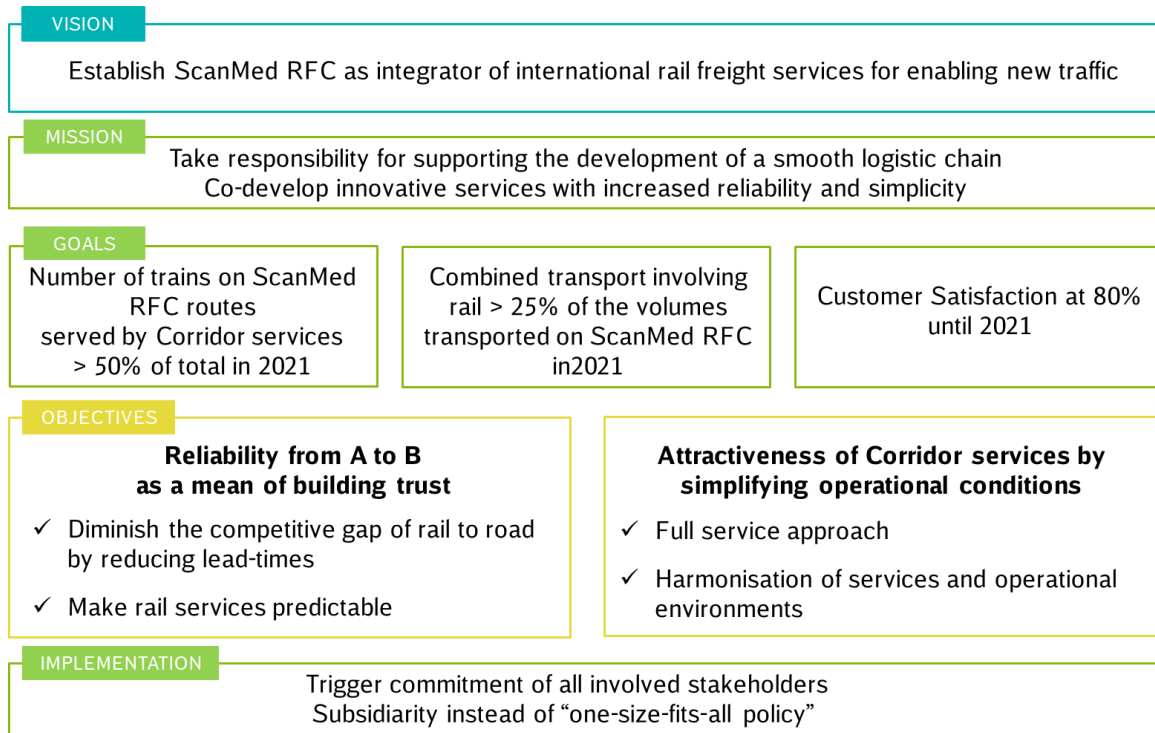
Eventually, ScanMed RFC aims at being the backbone of a logistic service chain better connecting rail to other modes, such as road and sea transport.

Stakeholders involved in ScanMed RFC

ScanMed RFC involves four categories of Stakeholders:

- The Rail Infrastructure Managers (IMs), as **Corridor Capacity Providers**, are in charge of steering RFC activities in the three core areas mentioned above. Seven IMs are involved in ScanMed RFC: BaneNor, Trafikverket, the Øresundsbro Konsortiet, Banedanmark, DB Netz AG (DB Netz), ÖBB Infrastruktur AG (ÖBB Infra) and Rete Ferroviaria Italiana S.p.A (RFI).
- The **Corridor Partners**, Terminal Operators and Ports, ensure smooth last-mile connections and guarantee multimodality of the logistic chain.
- The **Corridor Users** are two:
 - the **Rail Freight Service Providers** (Railway Undertakings and logistic operators)
 - their customers, i.e. Corridor End users, as **Rail Freight Service Buyers**
- The **Corridor Facilitators** are the national Ministries in charge of Transport, National Safety Authorities, Regulatory Bodies, as well as the European Commission and the European Union Agency for Railways (ERA).

Our strategy at a glance



Vision and Mission

Establish ScanMed RFC as integrator of international rail freight services with the purpose of enabling new traffic by

- Taking responsibility for supporting the development of a smooth logistic chain

- Co-developing with all above mentioned stakeholders innovative services and solutions with increased reliability and simplicity

General Goals

- **Goal 1:** Increase the share of international freight trains on ScanMed RFC routes served by corridor services to over 50% by 2021
- **Goal 2:** Increase the share, in 1.000 t, of international combined freight transport involving rail (i.e. rail and road or rail and short sea shipping) to over 25% of the total international freight volume transported between origins and destinations of ScanMed RFC routes until 2021. To achieve this, a growth of the number of trains of more than 5,5% is needed between 2017 and 2021.
- **Goal 3:** Increase Customer Satisfaction to 80% until 2021.

Strategic objectives – Reliability and Simplicity

Improve Reliability from A to B as a mean of building trust

“A to B” designates the scope of the transport service addressed within the present paper, “A” being the point of first loading to rail and “B” the point of last unloading from rail.

Diminish the competitive gap of rail to road by reducing lead-times from A to B

Improve access to Rail freight services

- Reducing the time and effort needed to obtain complete information on prices
- Reducing the time and effort needed for accessing complete offer, booking/re-booking capacity

Reduce operational downtimes

- Reducing times for stops at cross-border points
- Improving rail freight operations within nodes
- Improving coordination between trains running on the corridor and operations at hand-over points of Terminals and Ports

Make rail services predictable

Facilitate operational planning for users by timely informing on route and capacity

In a manner enabling timely production planning for Corridor users, ensure transparent information on:

- Corridor Principal and Diversionary routes
- Corridor Capacity volumes to expect both for the medium term (for e.g. in % of increase per year) and for the short term, including real-time capacity availability

Contribute to smooth operations by better coordinating works across borders

- Develop long, medium and short-term planning of works
- Provide updated information on planned works on the Corridor route, both for future and running timetables

- Provide coordinated information between planned works and timetable changes

Support logistic efficiency by providing real-time information on traffic...

- Coordinating/integrating existing traffic monitoring systems so as to ensure consistency of information. In particular, interfacing Corridor IT- tools with Terminals and Ports, including estimated time of departure at A and of arrival at B

... and creating routines for contingency management

- Provide Corridor partners and users with ad hoc procedures describing recurrent mitigation scenarios in case of typical disturbances.

Enhance the attractiveness of Corridor services by simplifying operational conditions

Full service approach

Pre-sales – a complete offer accessible in one single point

- One single point of information to display corridor capacity offer. A key tool is Path Coordination System (PCS)¹

Sales and after-sales – reduce the paperwork

- Promoting, if not unique, standardized contracting and invoicing processes along the Corridor

Harmonization of services and operational environments

ScanMed RFC as part of a European network of rail freight services

- Promoting and contributing to standardizing offers as well as booking, rebooking and cancellation processes among RFCs, including the role and competence of the Corridor One-Stop-Shop

ScanMed RFC as part of a European network of rail freight operations

- Promoting and contributing to reduce operational disruptions at cross-border sections, in particular by supporting coordinated operational rules
- Coordinate characteristics of corridor services, in particular parameters for the use of the infrastructure

Which scenarios for ScanMed RFC in the next five years?

The Baseline - Fulfilling the Minimum Requirement of EU Regulation 913/2010

- Market Analyses relies on two instruments: a Corridor Transport Market Study carried out every 3 to 4 years and a yearly User Satisfaction Survey
- Rail Freight Services are restricted to the allocation of a yearly defined number of train paths coordinated at cross-border sections (Pre-arranged train paths or PaPs) located on the main

¹ <http://pcs.rne.eu/>

Corridor routes and to the offering of a reserve capacity. Feeder and outflow paths connecting the PaPs from/to A and B are out of the scope of ScanMed RFC,

- The C-OSS is in charge of one RFC and the abovementioned services
- For fields of actions such as traffic management and quality monitoring, non-binding guidelines and information sharing are the privileged approach

Reflecting a legal requirement, this scenario is the baseline and has been fulfilled by starting Corridor operations in November 2015.

The Target - ScanMed RFC as an A to B Network Integrator

- At the ends of the Corridor routes, the field of action of ScanMed RFC is enlarged from the first loading point on train to the last unloading point from the train
- In terms of transported volumes, ScanMed RFC services cover all international freight between the countries involved in the RFCs
- In terms of services, ScanMed RFC offers a full service approach (e.g.: “click and ride”, allowing to access and book short term capacity) and simplified processes for the complete logistic chain, i.e. from the request of services (e.g.: transparent pricing), the placement of an order (e.g.: single contracting), operations (e.g.: real time traffic information) to its completion (e.g.: single invoicing)
- Following the same approach, ScanMed RFC includes service facilities in marshalling yards, Terminals and Ports
- Capacity is guaranteed and choices of paths are made flexible

The way to there - ScanMed RFC as an A to B Coordinator

- At the ends of the Corridor routes, the field of action of ScanMed RFC is enlarged from the first loading point on train to the last unloading point from the train
- The inclusion of services in the field of action of ScanMed RFC is pushed forward through the use of regional or corridor pilots and, whenever possible, increased coordination among the RFCs emphasizing:
 - Increased flexibility of capacity offer
 - Extended competence of the C-OSS to path-related services (e.g.: access to and availability of service facilities)
 - Simplified administrative procedures accompanying the ordering, booking and payment of international rail freight services
 - Development of common IT-tools for capacity management (display of offer, booking, cancellation) as well as for traffic management and monitoring
 - Increased information sharing on cross-border sections during operations
 - Transparency in quality monitoring

- In terms of method, a specific effort will be made for:
 - Better understanding the market at both ends, i.e. both at European level (analysis of major Origin and Destinations on the network of Rail freight corridors) and at Corridor-regional level (analysis of market structure and market drivers)
 - Improving coordination, whenever needed, at early planning stage (e.g.: Coordination of works)
 - Defining, implementing and monitoring results of improved services together with Corridor Users, Partners and Facilitators

Implementation as materialization of a “corridor system”

Trigger commitment of all involved stakeholders

“Commitment” combines **transparency** of intentions and **consistency** of implementation.

Develop the Corridor as a purpose-oriented community

- **Vertical commitment** - Political action is needed to achieve the goals set in the present paper – this involves in particular the national Ministries in charge of Transport and EU-Institutions
- **Horizontal commitment** - Improved dialogue, alignment on common approaches as well as coordinated actions among all parties involved with the corridor operations are key to the implementation of the present strategy

Such commitment is fostered by:

- Regular status reporting
- Clear expression of needs and open dialogue on possible ways forward
- Timely actions, including legislative action when deemed appropriate
- Close monitoring of results

Share out fields of action and monitor results

- The definition of shared Principles for co-development is a key step for the implementation of the present strategy
- In compliance with the RNE Guidelines², a set of Key Performance Indicators (KPIs) are defined together and serve as quantitative basis for implementation monitoring. Qualitative monitoring will be monitored by an annual Customer Satisfaction Survey

Bring the big picture closer to day-to-day business needs

Privilege subsidiarity in a coordinated frame to a “one-size-fits-all” policy

Action to implement the present Strategy is taken where it is likely to bring the highest “outcome-for-effort” for the Corridor users:

- A **Network approach** is preferred in particular for developing core RFC-services, in particular in the field of capacity offer, and includes the definition of C-OSS competences and role.

² http://www.rne.eu/tl_files/RNE_Upload/Downloads/RFC%20Guidelines/RNE_Guidelines_KPIs_of_RFCs.pdf

It is supported by market analysis carried out across the different RFCs as well as by a coordinated appraisal of customer satisfaction and a coordinated approach for monitoring service quality.

- **Enhanced decentralised implementation** however better serves the general objectives of the RFC by taking into account regional characteristics of operational environments, cooperation legacies and regional market structure

This applies in particular to the Coordination of works, Traffic Management and the Coordination of Operational rules.

Use pilots on innovative approaches before considering general action

Pilots provide experience that strengthens compromise-building at the upper level. This applies in particular for:

- The simplification of administrative processes
- The harmonization of operational rules