



Annual Report 2008/09

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Member



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Foreword

The English National Concessionary Travel Scheme has reached the milestone of its first birthday and ITSO Services Limited (ISL) has been at the heart of its delivery in serving non-smart TCAs. The pressures to meet the demands of the 1st April 2008 rollout date were successfully overcome and with over 5.7 million concessionary cards issued since the scheme's inception, ISL supports more Shell Accounts than any other Licensed Operator in the ITSO Environment.

Like some of the more arduous bus journeys our concessionary passholders have undertaken over the past year, ISL has had to negotiate difficult routes and obstacles of its own in order to obtain delivery of its key objectives, deliverables which have been met under budget and without compromise to levels of service. The implementation of a multi-purpose, ever evolving asset management system, the ISL HOPS, has taken great diligence and expertise on the part of ISL and Applied Card Technologies Ltd (ACT). This HOPS service is central to the day-to-day operations of ISL in storing shell creation messages, facilitating stop listing provisions and managing the flow of HOPS-POST and HOPS-HOPS messaging. Likewise, the cementing of relationships across ENCTS over such a short period of time has proved challenging yet rewarding; ISL now has a network of extensive stakeholder relationships via initiatives such as the ISL User Group, the ISL Newsletter and events such as the TCA Liaison Days 2008 and the ITSO Customer Media Alternatives Conference 2009.

In the first year of ENCTS ISL has played an integral role in the successful migration of the first TCA to the level of a fully smart, independent ITSO scheme. With a remit covering just seven years to 2014, the requirements for TCA Migration reinforce our expectations for further migration in 2009/10. ISL is preparing for the fresh challenges it faces in the coming financial year, particularly in respect to the restricted funding it retains and the obstacles involving the phase out of Mifare® Classic Customer Media as well as the anticipated key role in the re-issue of Greater London Freedom Passes. Yet we remain confident that these objectives, and others, can be met with success.

I would like to extend my gratitude towards all those who contribute to the successful delivery of ISL: member TCAs, Department for Transport, Suppliers, ACT Ltd, ITSO Ltd and the ISL team. We have all travelled a great distance in the first twelve months of ENCTS, here is to an equally successful journey in 2009/10.



Neil Scales
Chair, ITSO Services Ltd



Table of Contents

1	Introduction	5
	1.1 Company Structure	6
	1.2 ISL Staff Biographies	7
2	Achievements & Milestones 2008/09	
	2.1 Achievements	8
	2.2 Milestones	8
3	Marketing & Communications Summary	
	3.1 Events	9
	3.2 Direct communication	10
	3.3 ISL Website	11
	3.4 ISL Newsletter	12
4	TCA – Card Provider Relationship Summary	13
5	ISAM Circulation Summary	15
6	ISL HOPS Statistical Analysis	16
7	Financial Summary 2008/09	24
8	Project Summaries & Development Work	
	8.1 Integration Support	25
	8.2 TCA Migration	26
	8.3 Stop listing	29
	8.4 HOPS to HOPS Support	30
9	Challenges Overcome 2008/09 & Future Challenges	31
10	Selected New Activities in 2009/10	
	10.1 Mifare® Classic Phase Out	32
	10.2 Greater London Council Freedom Passes	32
	10.3 Handheld Readers	33
11	Future Strategy	34

1. Introduction

The annual report set forth in this document details the activities and achievements over the financial year 2008/09 for ITSO Services Ltd (ISL), based upon the following key deliverables in regards to the English National Concessionary Travel Scheme (ENCTS):

- Provision and maintenance of ITSO membership, not only to ensure member TCAs are informed and administered to requirement, but to ensure ITSO Ltd are aware of TCA future intentions.
- Provision and maintenance of an ITSO Operating License, ensuring that the necessary ITSO services relating to the ITSO Specification are upheld.
- Provision of ongoing support to member TCAs, including guidance documentation and helpdesk support.
- Provision and administration of ISAM stocks for member TCAs at the best possible price.
- Provision and management of HOPS services for member TCAs, storing data for a maximum of seven years and providing technical services within.
- Provision and administration of a hot listing process for member TCAs, in order to reduce fraudulent use of concessions.
- Provision of independent testing facilities for member TCAs at an agreed rate.

With its current representation of 252 TCAs in ENCTS, ISL supports some of the largest concessionary schemes operating in ENCTS. Over 5.7 million concessionary passes have been issued under its auspices, with TCAs ranging from small districts with populations of less than 50,000 to large PTEs with populations of over 1 million. In addition, ISL has authorised the largest number of Shell Accounts in the ITSO Environment via the ISL HOPS, courtesy of partners Applied Card Technologies Ltd (ACT), and oversees technical liaison with six certified bureaus.

The ISL team was established in March 2008 and consists of the following members:

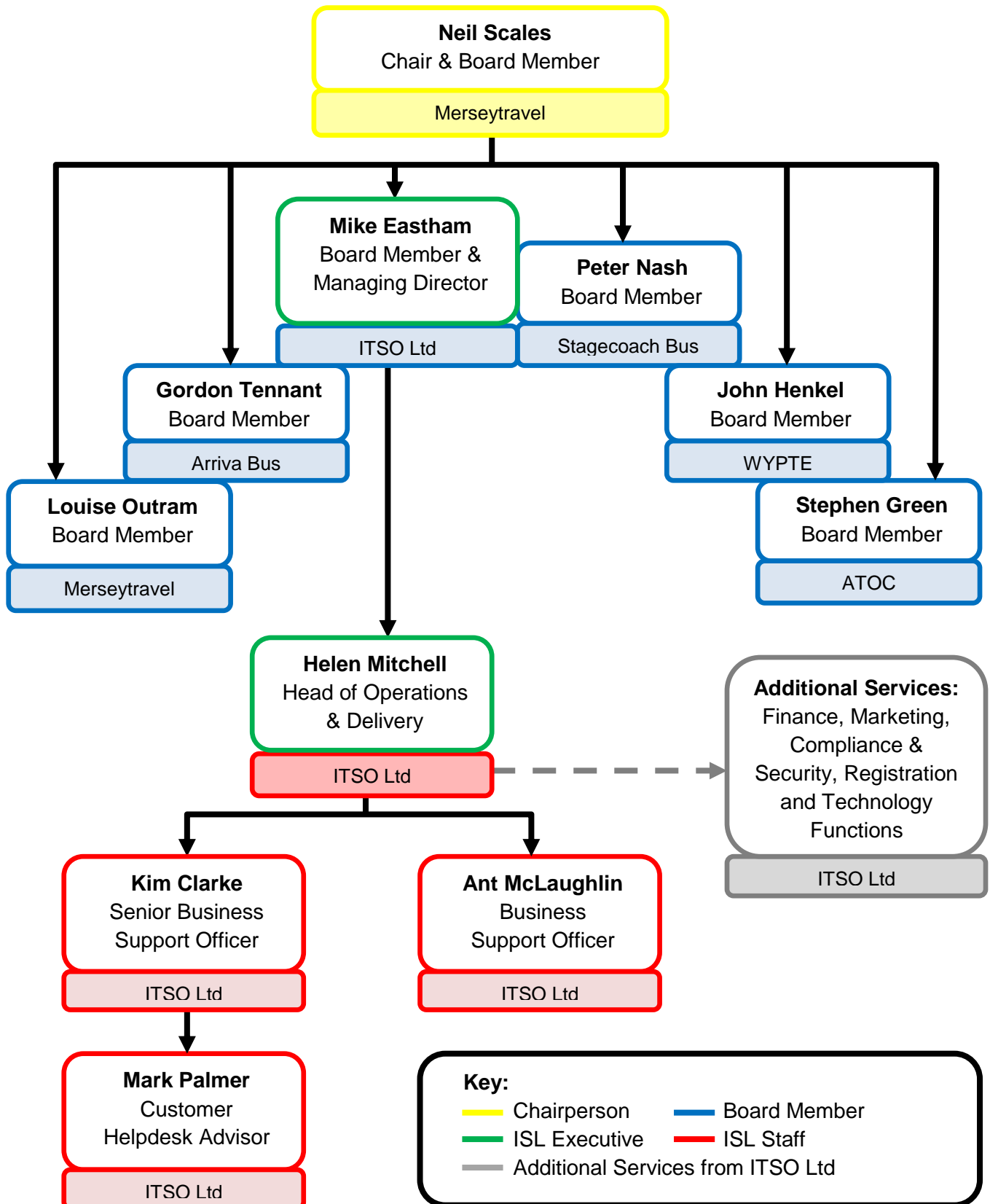
Helen Mitchell	Head of Operations & Delivery
Kim Clarke	Senior Business Support Officer
Anthony McLaughlin	Business Support Officer
Mark Palmer	Customer Helpdesk Advisor

Over the course of this financial year, this team has been contracted to undertake key deliverables in the company's infancy in order to ensure that all stakeholder needs are catered for. In addition, ISL calls upon services available from ITSO Ltd to cover aspects relating to finance, marketing, compliance & security, registration and technology functions.

1.1 Company Structure

ITSO Services Ltd is a company limited by guarantee; it was created on 18th August 2007 and is registered to the ITSO Ltd office in Birmingham. Figure 1.1 outlines the company structure.

Figure 1.1 ISL Company Structure



1.2 ISL Staff Biographies

Helen Mitchell

Head of Operations & Delivery

Helen joined ITSO Ltd in October 2007 as Head of Business Development, with the additional position as Head of Operations & Delivery for ITSO Services Ltd. On joining ITSO, Helen's specific remit was to enable 253 non-smart TCAs on issuing ITSO compliant concessionary passes whilst meeting the 1st April deadline through ISL, with responsibility for the day to day running of the company, its strategic direction and technical development and implementation. Helen oversees all aspects of financial planning and reports to both the ISL Board and Department for Transport on company operations. Prior to joining ITSO, Helen was Project Manager for Cheshire County Council's Smartcard Project; involved with the scheme since 2001 Helen had specific responsibilities both for its development to the ITSO standard and for its geographical and functional expansion.

Kim Clarke

Senior Business Support Officer

Kim joined ITSO/ISL in March 2008 after four years as Project/Account Manager for the Scottish National Entitlement Scheme and Association of Train Operating Companies (ATOC) at Novacroft. Kim's principle role for ISL is to manage project activities for TCA members who are implementing smart ticketing schemes and in particular to support the implementation and migration of members into and out of ISL. This role requires a significant level of TCA support, particular in regards to TCA relationships with the ISL HOPS and card providers. In addition, Kim represents ISL in both the ITSO Licensed Operators Group and the ISL User Group.

Anthony McLaughlin

Business Support Officer

Anthony joined ITSO/ISL in March 2008 after two years at consultant Transport & Travel Research Ltd. Anthony's primary responsibility for ISL is to oversee day-to-day technical aspects of the company, particularly in relation to the ISL HOPS and card providers with topics such as ISAM provision and HOPS messaging queries. In addition, Anthony co-ordinates various public relation and marketing exercises conducted by ISL, including the ISL Website and ISL associated events.

Mark Palmer

Customer Helpdesk Advisor

Mark joined ITSO/ISL in March 2008, after five years service as a Housing Services Advisor for Bromford Housing Association. Mark's principle role is to administer the ISL Helpdesk, acting as a first point of contact for TCA members and disseminating information through distribution emails. Mark oversees the submission of stop list data from individual TCAs to the ISL HOPS, ensuring that poor data submitted by TCAs is revised before being re-submitted.

2. Achievements & Milestones 2008/09

2.1 Achievements

Over the course of financial year 2008/09 ISL has been contracted to support 253 non-smart TCAs with the delivery of ENCTS concessionary passes certified to operate within the ITSO Environment. Since October 2007 ISL has been able to provide back office facilities in the form of the ISL HOPS, contracted to Applied Card Technologies Ltd, whilst ensuring ISAM provisions have been made to both contracted card providers and TCAs producing concessionary passes in-house. Discounting test ISAMs, ISL provided 891 ISAMs before the 1st April 2008 deadline for ENCTS rollout.

By the end of this financial year ISL had authorised the production of over 5.7 million concessionary shell accounts by ITSO certified card providers, with the majority of these shells being circulated in time for the 1st April 2008 ENCTS rollout; by 18th April 2008, ISL had authorised the production and circulation of 4.3 million concessionary shell accounts. In order to ensure that sufficient capacity was provided to member TCAs, ISL issued a second shell OID 0110 to run concurrently with shell OID 0100, thus providing an additional capacity of ten million card shells.

As part of its commitment to provide member TCAs with relevant and practical information, ISL undertook a series of communication strategies. In May and June 2008 ISL presented a series of TCA Liaison Days to provide introductory guidance to TCAs and to gauge topical issues and problems facing TCAs within ENCTS. Over 150 TCA representatives participated in events held in Birmingham, Leeds, Bristol, Brighton and Cambridge. ISL also co-hosted the ITSO Customer Media Alternatives Conference in March 2008 in London, providing the opportunity for ISL TCAs to gain a firm understanding of the phase out of Mifare® Classic Customer Media from the ITSO Environment as well as providing the opportunity for these non-smart TCAs to view demonstrations of ITSO certified Point of Service Terminals (such as electronic ticketing machines, known as 'POSTs') and HOPS equipment.

Additionally, ISL has provided continuous working-hours support via the ISL Helpdesk as well as practical and technical support to TCAs and card providers through direct mailing and the ISL Website. ISL is committed to assisting ISL TCAs as they migrate away from ISL through direct support and guidance documentation. With the first ISL TCA completing successful migration to full ITSO status, more ISL TCAs are expected to follow suit.

2.2 Milestones

Some of the milestones reached by ISL in 2008/09 include:

- Surpassing 5 million concessionary smart cards on 22nd July 2008;
- The creation of the ISL User Group on 26th February 2009, formed of various regional TCA representatives across England to discuss relevant and common ENCTS issues;
- The establishment of ISL stop listing & hot listing functions within the ISL HOPS;
- The registering of smart area journey transactions by ISL TCA concessionary passes to the ISL HOPS via HOPS to HOPS transactions on 16th February 2009;
- The successful completion of integration support for all ISL associated card providers;

3. Marketing & Communications Summary

As part of its delivery ISL has actively sought to provide relevant and knowledgeable information to its TCA membership over the course of the financial year. This section details the variety of communication strategies ISL has employed for this.

3.1 Events

In May and June 2008 ISL undertook a series of TCA Liaison Days, which were held in conjunction with Department for Transport. Events in Birmingham, Leeds, Bristol, Brighton and Cambridge were designed to provide TCAs with the opportunity to meet the ISL team and discuss topical themes such as stop listing and TCA migration, as well as providing a platform for open discussion between TCAs and ISL. The events were attended by a variety of TCAs from across England, as well as representation from smart schemes including CENTRO and NoWcard and attendance from the Government Officer for the South West, Andrew Seedhouse. Figure 3.1 shows some images of the TCA Liaison Day held at the Birmingham City Council House.

Figure 3.1: TCA Liaison Day Images - Birmingham



As a result of these TCA Liaison Days, ISL took on board TCA concerns and suggestions to improve service levels; some of the key suggestions for improvement included:

- The provision of more information relating to in-house pass production and TCA migration;
- The provision of business rules for stop listing;
- The development of general TCA Questions & Answers to be presented on the ISL Website;
- The provision of more in-depth reporting relating to the ISL HOPS (e.g. number of shells per ENCTS scheme);
- A development in the channels of communication adopted by ISL to provide information to TCA members;

Each TCA Liaison Day provided ISL with an enhanced understanding of its TCA membership, giving the opportunity to discuss imperative issues and gauge individual TCA stages of progression (in doing so ascertaining which ISL TCAs are closer to implementing their migratory journeys out of ISL).

On 12th March 2009, ISL co-hosted the ITSO Customer Media Alternatives Conference in London as a pre-cursor to the phasing out of Mifare® Classic Customer Media from the ITSO environment. The event was chaired by Neil Scales, ITSO Chair, and was designed to give guidance to ITSO Licensed Operators and other implementing members on the phase out of Mifare® Classic Customer Media, the practical and technical implications of the phase out and an in-depth examination of the alternative media available.

A broad spectrum of representatives from across the ITSO membership were in attendance; Personalisation Equipment, POST & card suppliers were invited to exhibit, in order to give first hand advice to delegates on the impacts of this phase out. Figure 3.2 depicts some of the images from the event.

Figure 3.2: ITSO Customer Media Alternatives Conference – Images



Over 170 people from across the transport sector attended the event and a significant number of delegates were representatives of ISL TCAs. This event provided the membership with a comprehensive understanding of the issues at hand, as well as giving a useful insight into additional non-transport applications and commercial ticketing options that are available.

In conjunction with the conference, ITSO produced a Customer Media Alternatives Handbook to further explain the range of media available to members through the ITSO Environment, this was initially distributed to ISL TCAs who attended the conference and subsequently was supplied to all remaining ISL TCAs in order to ensure that all ISL TCAs were fully aware and suitably informed of the phase out of Mifare® Classic media.

3.2 Direct Communication

ISL provides direct communication to its TCA members through a variety of forms:

- Email Distribution – TCAs are informed on a variety of topics via ISL distribution lists;
- Helpdesk – A telephone service operates Monday to Friday from 09:00 to 17:00;
- ISL Newsletter – Issued for TCAs to provide updates on relevant ISL topics;
- Postage – Mailing is undertaken for the provision of hard copies or ISAM deliveries to in-house TCAs;

Email circulations provide the bulk of communication to the TCA membership and are suitable for relaying information on a number of topics, which are outlined in Figure 3.3 below.

Figure 3.3: ISL Email Distribution Topics by frequency

Topic	Description	Target	Frequency
ISL Newsletter Notification	Notifying TCAs that the latest issue of the ISL Newsletter is available	ISL TCAs	Every 1-2 months
ISL HOPS Maintenance	Notification of scheduled downtime for the ISL HOPS to undergo maintenance/upgrades	ISL TCAs/card providers	Every 1-2 months
Requests for Information	These relate to specific information ISL may require from TCAs, for example shell stock levels or changes to card provider contractual status	ISL TCAs/card providers	Every 3-6 months
ISL Website documentation notification	Notification of documents recently added to the ISL website, e.g. ITSO cost calculator or event feedback forms	ISL TCAs	Every 3-6 months
Notification from ITSO Ltd	Information released by ITSO Ltd to Licensed Operators is relayed to ISL TCAs for reference and information	ISL TCAs	Every 3-6 months
Event information or invitations	Information and invitations for ISL TCAs to attend ISL related events	ISL TCAs	Every 6-9 months
Other notifications	Specific information relating to individual topics, e.g. Local Government Re-organisation	ISL TCAs	Every 6-9 months

During this financial year, ISL has circulated 33 group emails to TCA members and card providers.

3.3 ISL Website

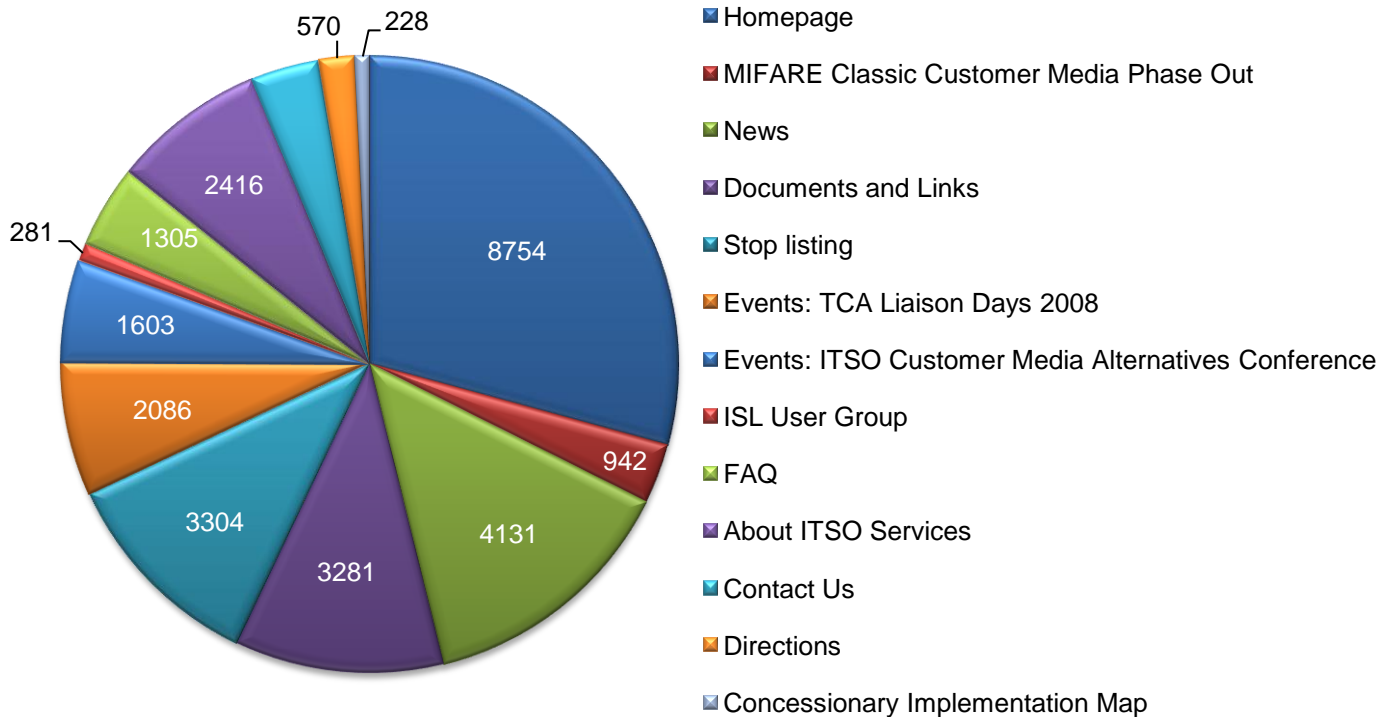
The ISL Website was created in March 2008 and updated in August 2008 to act as a primary source of information for ISL TCA members, in association with ITSO Ltd and Wizzy Design Ltd. It covers a broad range of topics, including:

- [Mifare® Classic Phase Out:](#) Information and guidance;
- [News:](#) Listing each issue of the ISL Newsletter;
- [Documents and Links:](#) ISL, ITSO and DfT Documentation and Links
- [Stop listing:](#) Guidance notes and stop listing template
- [Events:](#) Information and guidance
- [ISL User Group:](#) Information and list of group representatives
- [FAQ:](#) Frequently Asked Questions
- [About ITSO Services](#) Company details
- [Contact Details](#) Telephone and Email details
- [Directions](#) For the ITSO office, Birmingham
- [ITSO Implementation Map:](#) Detailing the various ENCTS implementations

The ISL Website has proved to be an invaluable tool for the provision of information to TCA members, which is reflected in the number of hits the website has received over the financial year.

Figure 3.4 illustrates these hits below.

Figure 3.4 ISL Website Page Hits 2008/09



In total, the ISL Website received 29,964 hits over the course of the financial year, an average of 115 hits per day. With more information anticipated for addition to the website, ISL expects that traffic will increase over the course of 2009/10.

3.4 ISL Newsletter

The ISL Newsletter is typically issued every 1-2 months, providing TCA members with updated information on relevant topics and issues for the given period. It is issued in accordance with Department for Transport and is published via the ISL Website under the 'News' subpage. Topics discussed in the ISL Newsletter include:

- ISL Project Updates;
- Mifare® Classic Phase Out guidance information;
- Stop listing technical guidance and examples of submission;
- Smart scheme pass production updates;
- Supplier certification and integration information;

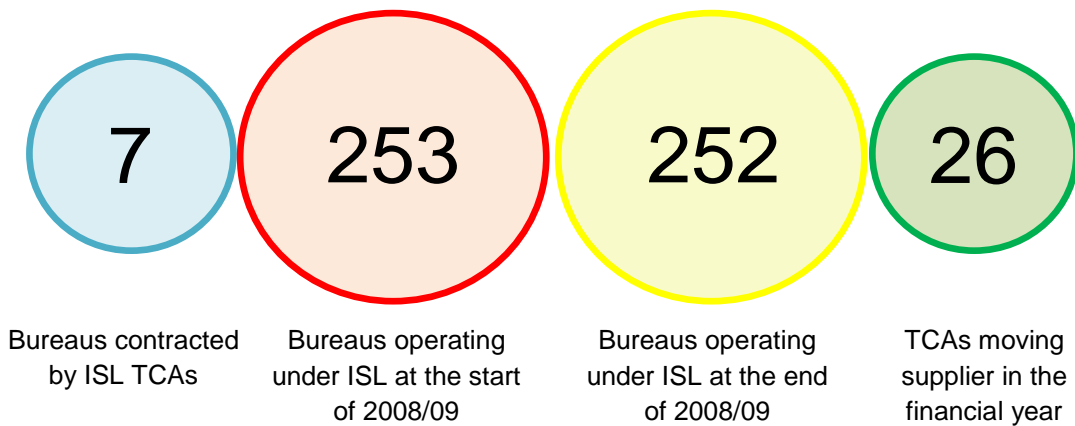
The newsletter is an important tool in the dissemination of information from ISL to member TCAs, it is envisaged that new publications will continue to be issued every 1-2 months subject to necessity.

4. TCA – Card Provider Relationship Summary

A key component in the successful production of ENCTS passes under ISL is the relationship between card providers and TCAs. A number of ITSO certified card providers have been contracted by the TCA membership, initially to provide the bulk of concessionary passes for the 1st April 2008 rollout and subsequently to provide post-bulk passes.

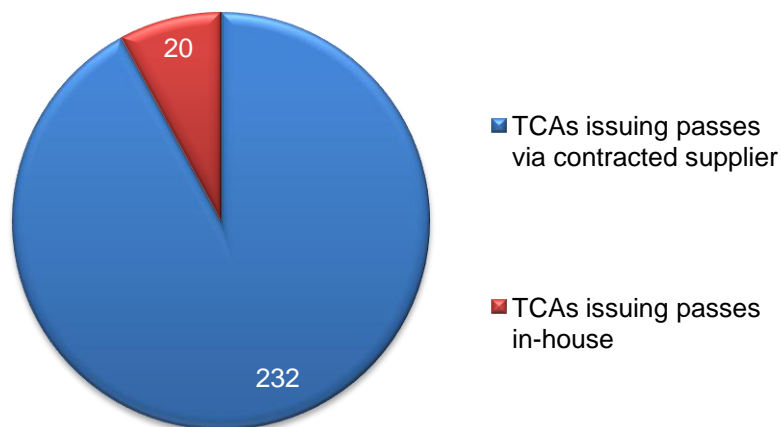
Figure 4.1 details some of the key figures involving ISL’s relationships with both TCAs and contracted card bureau providers over the course of the financial year.

Figure 4.1: Featured figures in ISL - TCA - Bureau Relations



In addition to these contracts, some ISL TCAs have taken the decision over this financial year to produce concessionary passes on site with equipment supplied by their certified card provider, these are known as ‘In-house TCAs’. Figure 4.2 denotes the number of in-house TCAs in operation by the end of the financial year 2008/09.

Figure 4.2: In-house ISL TCAs (to 31/03/2009)

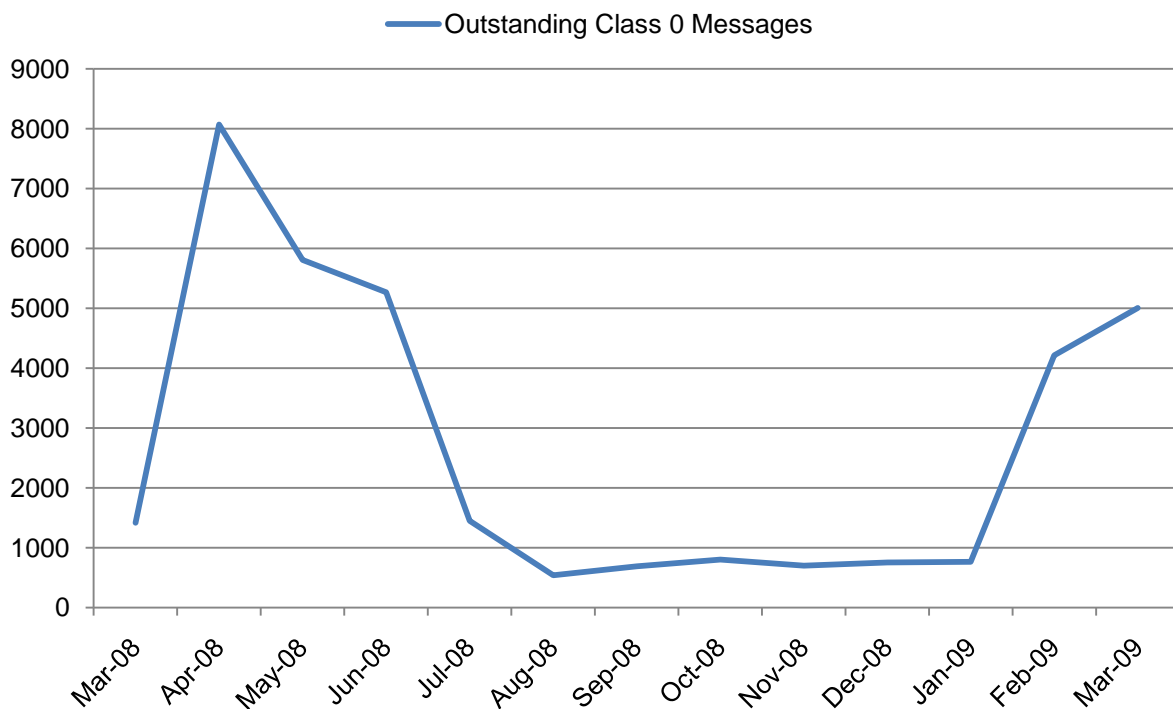


By the end of the financial year 20 ISL TCAs were producing passes on approximately 40 in-house POSTs.

One of ISL’s major roles in facilitating TCA – Card Provider relationships is to relay information from the ISL HOPS to contracted providers on behalf of the membership. One such instance is through the provision of Class 0 message updates to card providers; such information ensuring that providers are aware of any outstanding messages that require action in order to fully complete the process of encoding and transmitting new pass information to the ISL HOPS.

Figure 4.3 details the provision of outstanding Class 0 message information to card providers for the financial year 2008/09 (including March 2008 for overlapping purposes), figures displayed relate to the start of each month.

Figure 4.3: Class 0 Messages to Card Bureaus – March 2008 to March 2009



The number of Class 0 messages fluctuates typically in proportion to the level of messages sent to and from the ISL HOPS. Hence a large number of Class 0 messages awaiting collection by card bureaus were in response to concessionary pass data being registered to the ISL HOPS in time for the ENCTS rollout in April 2008.

ISL is also committed to circulating information relating to the ISL HOPS for the benefit of both its TCA membership and card providers. This information includes:

- Circulating notification of Class 3 security message deliveries (this is a remote function used to add concessionary products to ISL ISAMs or to further the lifespan of ISL ISAMs);
- Circulating notification of ISL HOPS Upgrades and Scheduled Maintenance Downtime;
- Circulating information considered of benefit to the membership, such as technical information on behalf of ITSO Ltd or customer services information.

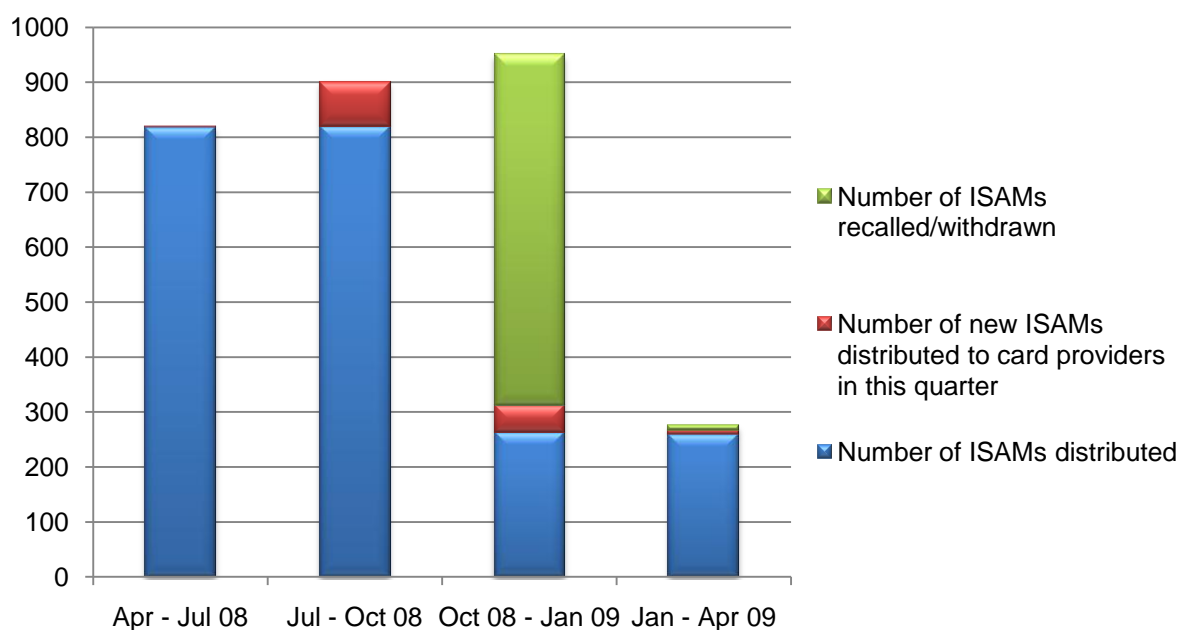
5. ISAM Circulation Summary

In its role as an ITSO Licensed Operator, ISL is responsible for the supply and management of ISAM provisions for member TCAs, providing both contracted card providers and in-house production TCAs with functioning, current ISAMs.

In order to oversee the production of initial concessionary passes in time for ENCTS rollout on 1st April 2008, ISL was required to supply 1022 ISAMs. Upon completion of bulk production, the number of ISAMs circulated has been reduced due to a fall in demand as card providers transfer to a more streamlined production.

Figure 5.1 below details the supply of ISAMs over the financial year 2008/09, showing how ISL has reduced the number of ISAMs in circulation for ENCTS.

Figure 5.1: ISL ISAM distribution for ENCTS 2008/09*



**Please note that figures do not take into account test ISAMs or recycled/reused ISAMs*

This figure illustrates that as the demand for card provisions has decreased over the financial year, so the requirement for ISAM provision has been reduced. ISL actively seeks a programme of recycling ISAMs in order to reduce the costs of new ISAM provisions. It is anticipated that through further development of the ITSO Security Management System (ISMS), this process can be more thoroughly applied.

In addition, ISL is committed to providing updated products to ISL ISAMs upon request from TCAs, this is typically required for the provision of extra local concessionary products. Product addition tasks are completed either by remote Class 3 messaging to relevant ISL ISAMs, or by manual product additions courtesy of Applied Card Technologies Ltd.

6. ISL HOPS Statistical Analysis

The ISL HOPS was implemented in October 2007 by ISL and Applied Card Technologies Ltd (ACT). Upon its first year anniversary Gary Watts, Managing Director of ACT stated:

“ACT is simply delighted to recognise the one year anniversary since the commissioning of the live ISL HOPS (AMS) managed service. The past year has seen the ISL HOPS service process an unprecedented volume of ITSO transactions resulting from the issuance of some 5 million ITSO Concessionary Travel Passes across seven ITSO bureaus, making the ISL HOPS the largest live operational HOPS (AMS) system in the UK. This past year has also seen some significant developments of the ISL HOPS (AMS) product and services to meet the evolving needs of the DfT, ISL and its customers. I look forward to continuing our programme of work with ISL and to the continued success of ISL services. “

Figure 6.1 details the number of shell accounts stored within the ISL HOPS (a shell is the term used to describe the card upon which products, such as a concessionary pass, are encoded).

Figure 6.1: ISL Shell Accounts 2008/09

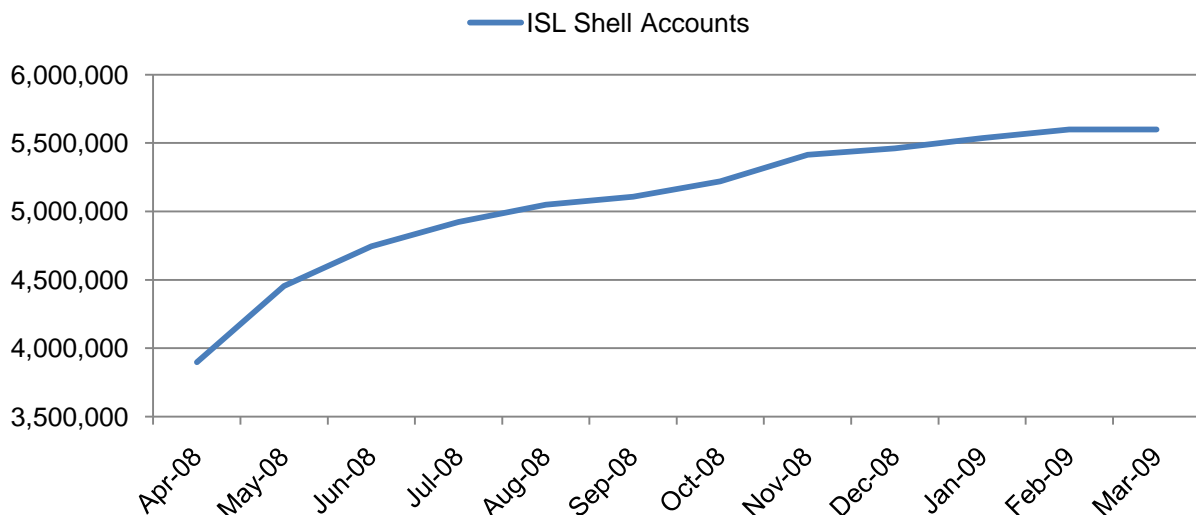


Figure 6.1 illustrates how the number of shells stored within the ISL HOPS has increased from 3,800.000 shells in April 2008 to over 5.7 million shells at the end of the financial year, making ISL the largest Licensed Operator (by Shell Accounts) in the ITSO Environment, enveloping some of the largest concessionary schemes in ENCTS.

Figure 6.1 can be viewed as somewhat of an indicator for the number of standard concessionary products (TYP16) that have been encoded to the ISL HOPS for this financial year. However, some TCAs have additionally provided extra local concessionary products for their concessionaires, technically known as TYP14 products. Similar to TYP16 standard concessionary products, TYP14 products are split into products for the disabled (PTYP29) and for people over the age of 60 (PTYP30).

Figure 6.2 shows the number of TYP16 products and TYP14 products that have been encoded to the ISL HOPS.

Figure 6.2: ISL TYP 14 Products Encoded to the ISL HOPS 2008/09

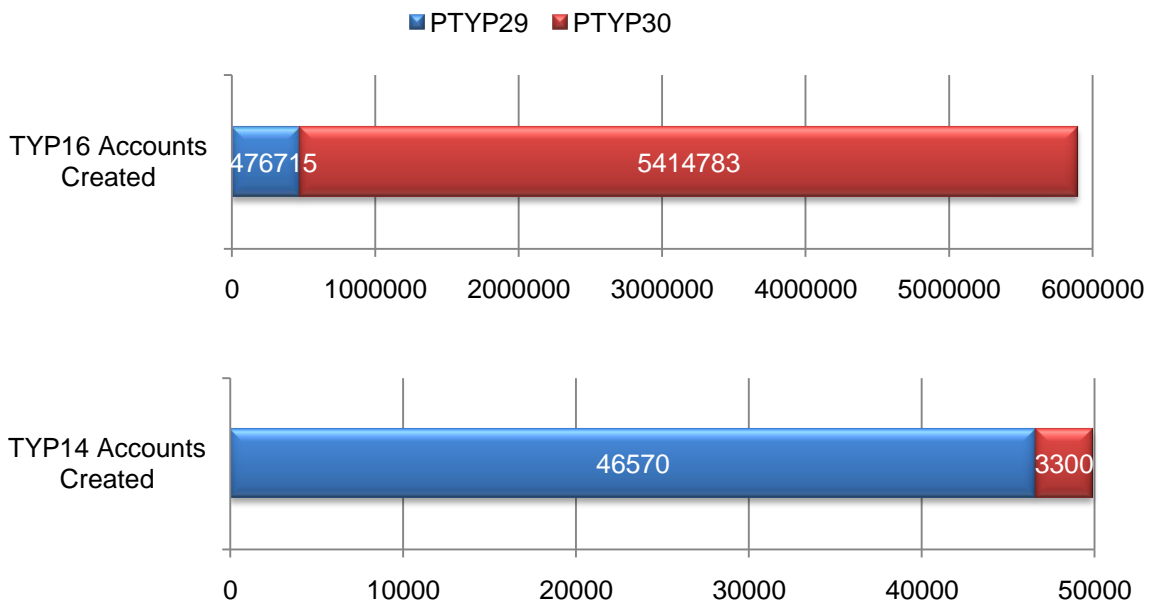
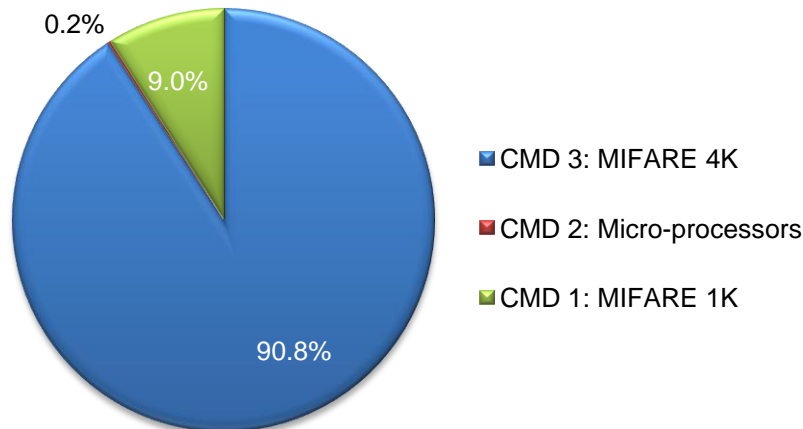


Figure 6.2 shows that the majority of TYP14 products encoded have been for the disabled, with just over 3,000 passes encoded with additional products for people over the age of 60. ISL concessionary shells are comprised of three types of ITSO certified customer media (known as CMDs), which include Mifare® Classic media (1K or 4K) and Generic Micro-processors.

Figure 6.3 below provides a breakdown of CMD types within ISL, with the majority of passes encoded on Mifare® Classic 4K media and a minority of passes encoded on micro-processors.

Figure 6.3 CMD type composition – ISL TCAs



The phase out of Mifare® Classic Customer Media from the ITSO Environment has no immediate impact upon concessionary passes that are already in circulation. The latest expiry date for current Mifare® Classic Customer Media is scheduled for before the expiry date for the support of Classic Media by the ITSO Environment, 31st December 2016. However, in order to ensure that all Mifare® Classic Customer Media is supported within the regulated timescale of this phase out, no concessionary passes can be created with Mifare® Classic media after 31st December 2009. One of ISL’s principle tasks for the next financial year will be to ensure that this condition is met by all card providers, in the process of doing so ISL will provide all TCAs with guidance on how to ensure a successful transition to alternative customer media.

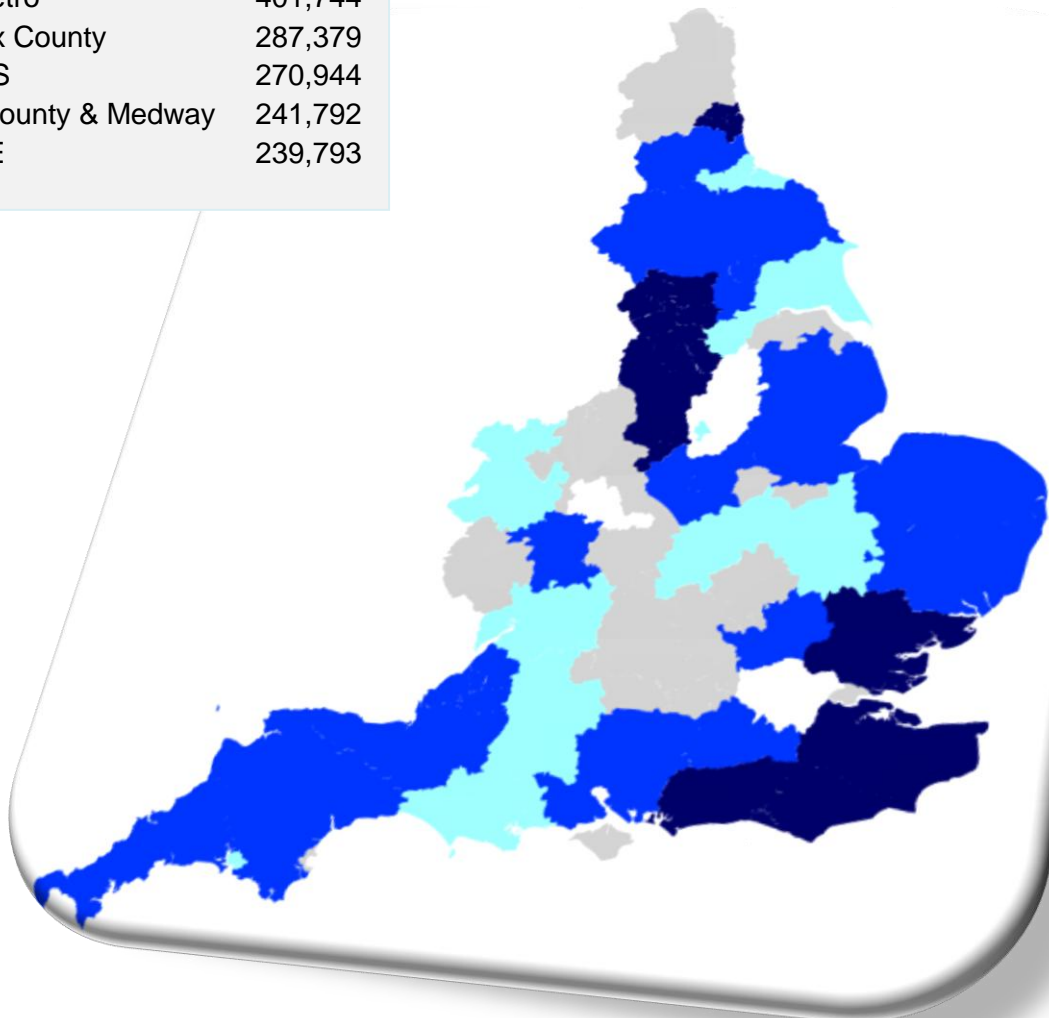
The number of shells registered varies per concessionary scheme, creating regional variations in the number of active concessionary passes across England. Figure 6.4 highlights these regional variations per scheme and illustrates the difference between areas with higher circulations of concessionary passes (such as South & West Yorkshire, Tyne and Wear and Kent) and areas with lower circulations of concessionary passes (such as rural areas of Herefordshire, Oxfordshire and Staffordshire).

Please note that these figures are compiled at scheme (Product OID) level only and that non-ISL TCAs are omitted.





Figure 6.4: ENCTS Shell Dispersion across ISL TCAs (to 31st March 2009)

Top 5 TCA Shell Circulations:

1. WY Metro	401,744
2. Sussex County	287,379
3. NEXUS	270,944
4. Kent County & Medway	241,792
5. SYPTE	239,793



Key:

	TCA schemes with more than 200,000 concessionary passes (shells) in circulation
	TCA schemes with between 100,000 and 200,000 concessionary passes (shells) in circulation
	TCA schemes with between 50,000 and 100,000 concessionary passes (shells) in circulation
	TCA schemes with less than 50,000 concessionary passes (shells) in circulation

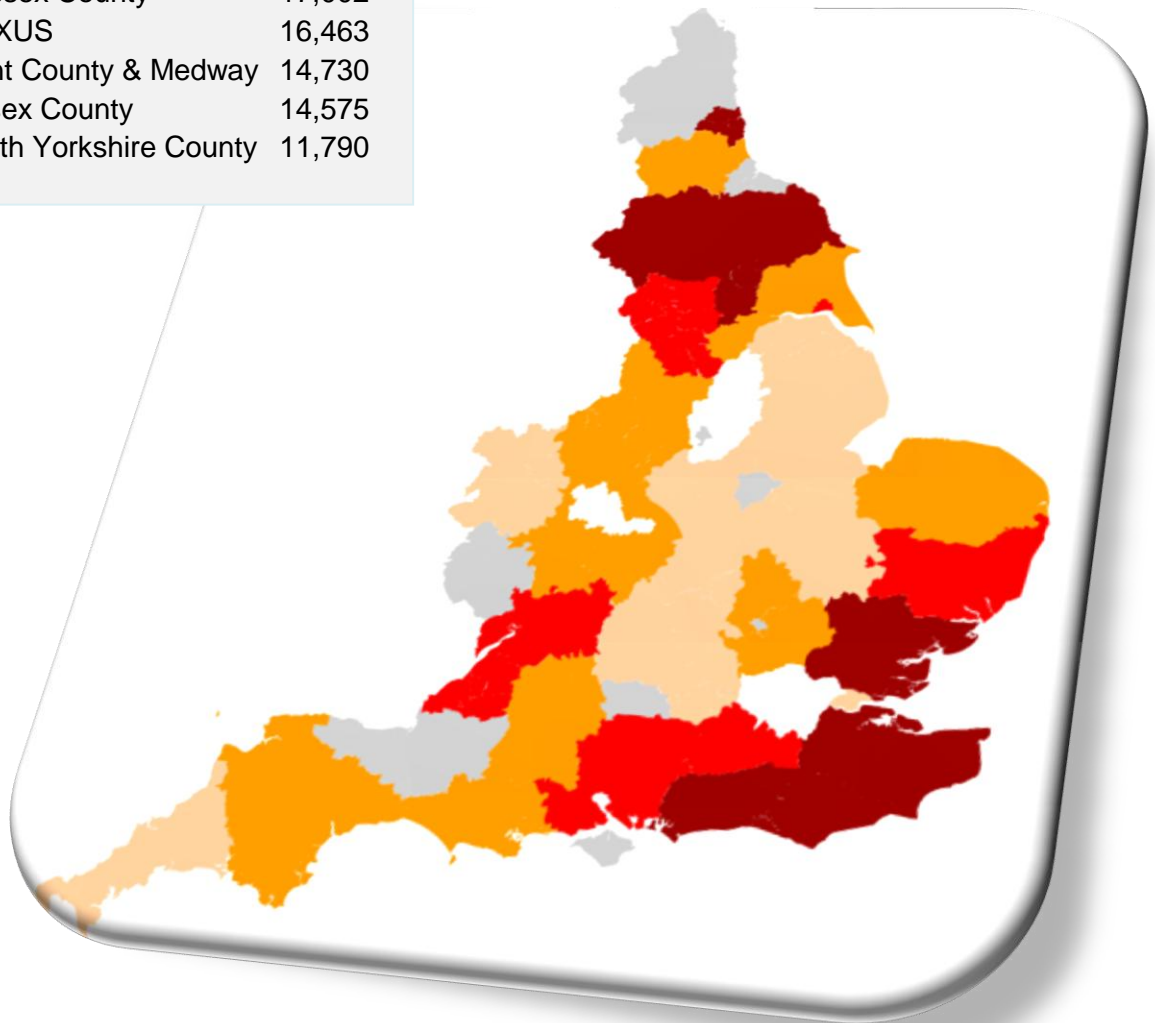
As part of its remit, ISL is contracted to provide and administer a hot listing process for member TCAs in order to reduce fraudulent use of concessions. By the end of this financial year, ISL had imported 206,588 stop listing records to the ISL HOPS. Figure 6.5 illustrates a breakdown of stop list data submissions by ISL TCAs.

Please note that these figures are compiled at scheme (Product OID) level only and that non-ISL TCAs are omitted.

Figure 6.5: ISL Stop Listed Shells imported to ISL HOPS (to 31st March 2009)

Top 5 TCA stop list submissions:

1. Sussex County	17,002
2. NEXUS	16,463
3. Kent County & Medway	14,730
4. Essex County	14,575
5. North Yorkshire County	11,790

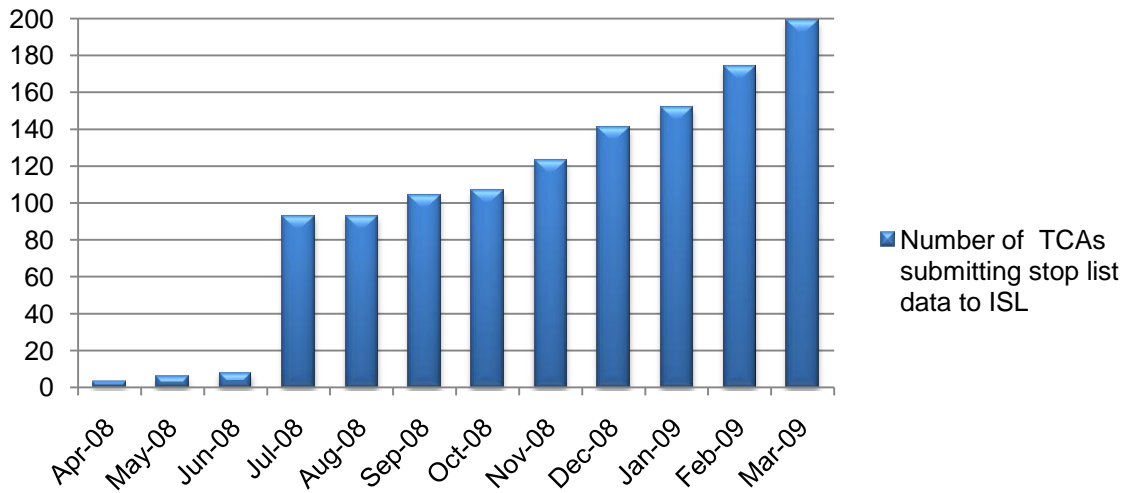


Key:

	TCA schemes with more than 10,000 stop list records registered
	TCA schemes with between 5,000 and 10,000 stop list records registered
	TCA schemes with between 1,000 and 5,000 stop list records registered
	TCA schemes with less than 1,000 stop list records registered
	Data currently unavailable for analysis

As Phase 1 of stop listing (the submission of stop listing data to ISL by individual TCAs) developed over the financial year, so had the number of TCAs submitting data to ISL increase; this is illustrated in figure 6.6 below.

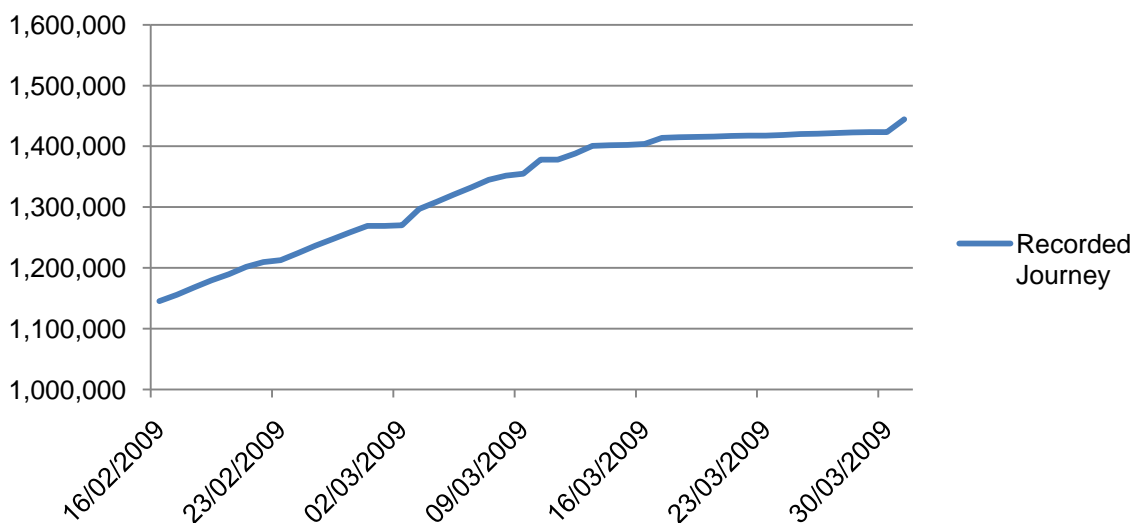
Figure 6.6: ISL TCAs directly submitting stop listing data 2008/09



By the end of the financial year, 199 ISL TCAs were directly submitting stop listing data to ISL via the ISL stop listing template, with a further 21 TCAs supplying data to the ISL HOPS directly.

Although ISL has no remit to provide a smart environment, journey transactions made by ISL concessionary passes in smart TCA areas have been registered and transferred to the ISL HOPS via HOPS to HOPS transactions from other schemes. Figure 6.7 below shows the number of recorded journeys by ISL concessionary passes in smart TCA environments between 16th February 2009 (when data was first available for assessment) and 31st March 2009. Please note this data excludes NoWcard and Scotland schemes which have not activated HOPS to HOPS support to date.

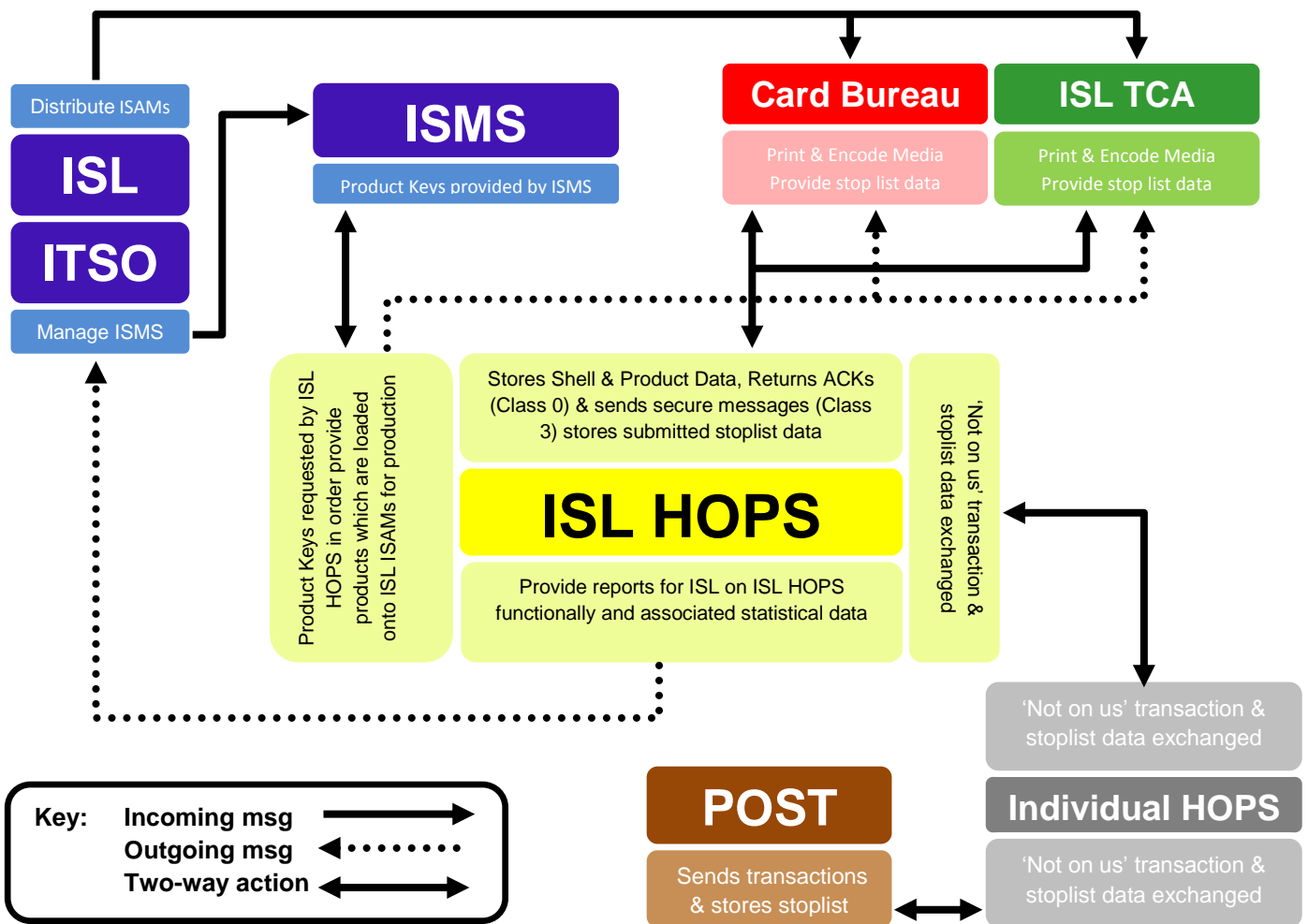
Figure 6.7 ISL Concessionary Pass Journey Transactions in smart TCA areas (16/02/09 to 31/03/09)



This figure shows that over 1.4 million recorded journeys have been made by ISL concessionary passes in smart areas, a further example of the widespread use of concessionary passes across ENCTS. The vast proportion of these tickets are cross-border transactions which are undertaken on designated cross border public transport services and subsequently are registered on neighbouring HOPS. As more TCAs become smart in the coming years it is greatly anticipated that the number of smart transactions registered will increase significantly though cross-border travel. Such information can provide the clinical basis for reimbursement strategies in the future.

The ISL HOPS communicates with a variety of concessionary stakeholders in order to deliver its objectives. Figure 6.8 outlines a brief flow diagram to illustrate some of the relationships that revolve around the ISL HOPS.

Figure 6.8: ISL HOPS Stakeholder Relationship Flow Diagram



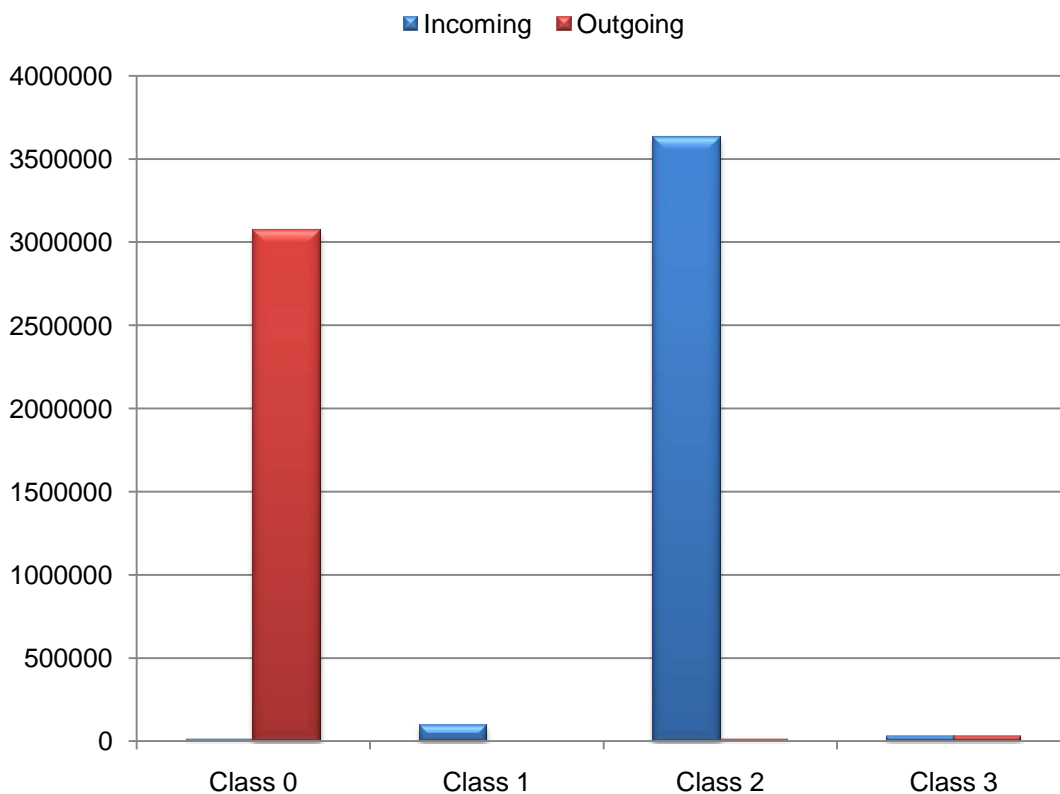
One of ISL's key deliverable is to provide and manage HOPS services for member TCAs, storing data for a maximum of seven years and providing technical services within. ISL is responsible for overseeing the majority of relationships illustrated in Figure 6.8, a task that requires co-operation with TCAs, certified card providers, ITSO Ltd and individual licensed operators in order to ensure successful delivery.

Some of these relationships involve the ISL HOPS sending and receiving a multitude of messages, a process known as class messaging. The following message types are supported by the ISL HOPS:

- Class 1: Messages containing shell and product creation data;
- Class 2: Other HOPS – POST/HOPS – HOPS messages;
- Class 3: Secure messages with encrypted data, i.e. keep alive messages for ISAMs;
- Class 0: Messages of acknowledgement from Class 1, 2 or 3 messages;

Figure 6.9 below outlines the flow of messages incoming to and outgoing from the ISL HOPS. Incoming messages are typically received by the ISL HOPS from Perso POSTs, whilst outgoing messages are typically sent from the ISL HOPS to Perso POSTs.

Figure 6.9: ISL HOPS Messaging Summary 2008/09



This figure shows that the majority of messages sent to the ISL HOPS were Class 2 messages; these would typically be HOPS to HOPS messages containing journey transaction data from ISL concessionary passes in a smart environment. Conversely, the majority of messages sent from the ISL HOPS were Class 0 messages in acknowledgement of submitted Class 2 messages. It is worth noting that shell encoding messages contain batched data, hence the relatively small number of incoming Class 1 messages.

7. Financial Summary 2008/09

Over the course of this financial year ISL has worked strenuously to meet its key deliverables within the allotted budget.

Figure 7.1 below outlines the key financial figures incurred by ISL over this financial year.

Figure 7.1 Income and Expenditure Summary to end of March 2009

Income	£ (000s)
Surplus carried forward from financial year 2007/08	628.8
Total income excluding carry forward	620.1
Total income	1,248.9
Expenditure	£ (000s)
Forecasted total operating expenditure	943.0
Surplus carried forward into 2009/10	305.9

The figures expressed in Figure 7.1 are subject to audit - ISL's income refers to the funding it receives from Department for Transport. ISL's expenditure relates to a host of areas, such as:

- ITSO Membership and Operating License Fees
- TCA Data Repository (ISL HOPS)
- ISAM profiling and delivery costs
- General professional and support fees
- Staff and administration

ISL has also secured funding for financial year 2009/10 to cover the same areas of expenditure.

8. Project Summaries & Development Work

8.1 Integration Support

The integration support contract was established in April 2007 as a result of the need for TCAs and respective card bureaus to receive technical support to ensure that concessionary data is successfully passed to the ISL HOPS for processing.

In an instance where a card bureau identified a requirement for the provision of these services, contact was made via the ACT Helpdesk facility with the following information provided:

- TCA, associated card bureau, location and telephone number;
- Date and time of problem;
- Error message number and text;
- Description of problem;
- Events that led to problem;
- Location of equipment;
- Locations and type of equipment, and equipment reference number;

Once a problem had been logged, the issue was investigated until a satisfactory solution could be obtained.

ISL's Integration Support contract with ACT was set to 22 hours per month, with ISL receiving on a monthly basis the total number of hours spent on Integration Support per month along with information detailing problems that arose.

Figure 8.1 details a breakdown of Integration Support hours used for this financial year.

Figure 8.1: ACT Integration Support Hours Used 2008/09

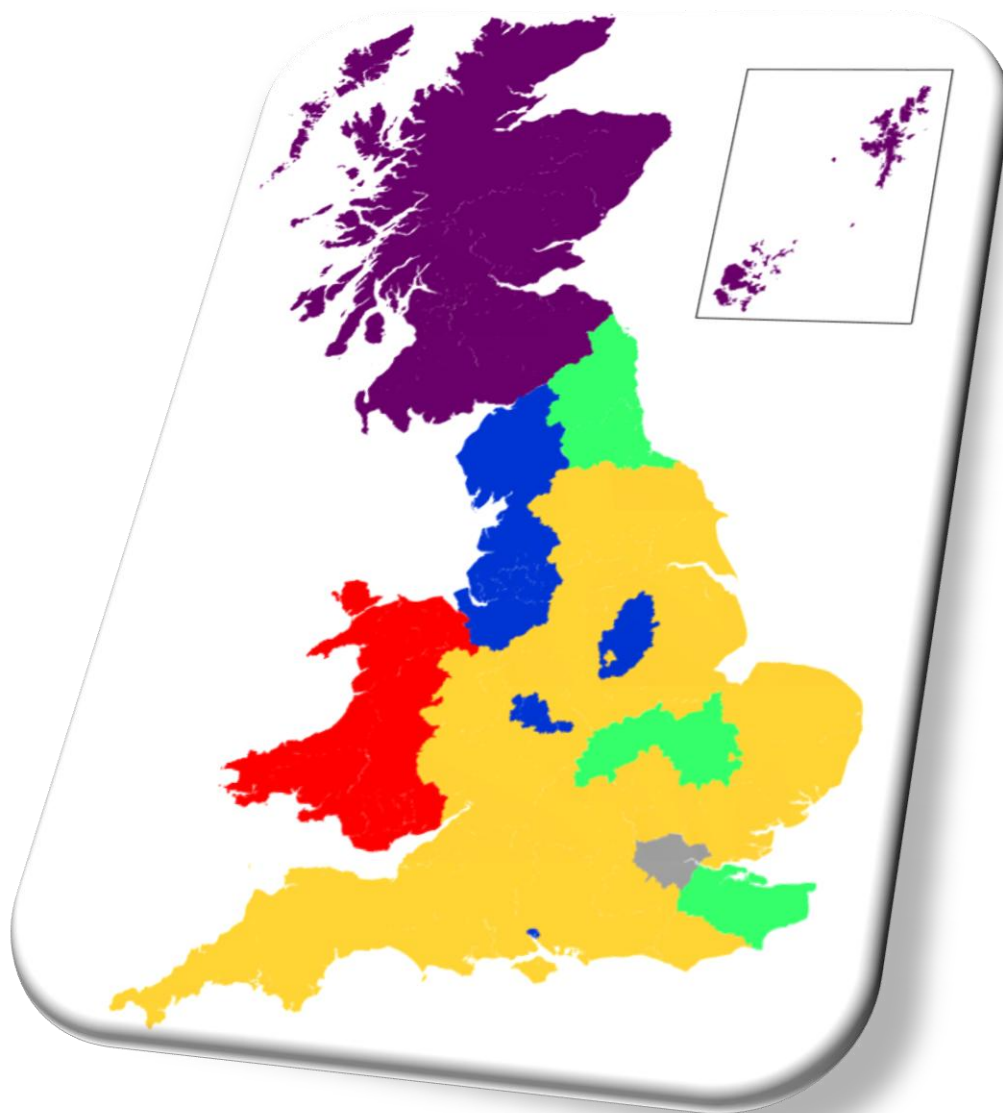
Month	Hours Available	Hours Used	Remaining Balance
April 08	22	16	6
May 08	22	0	28
June 08	22	0	50
July 08	22	32	40
August 08	22	20	42
September 08	22	7	57
October 08	22	23.5	56
November 08	22	14	64
December 08	22	7	79
January 09	22	15.2	85
February 09	22	4.15	103
March 09	22	84.2	41
Total	264	223	41

Of the 264 hours available for this financial year, 223 hours were used.







8.2 TCA Migration

ISL has been mandated to provide certain services to 'non-smart' TCAs until the end of financial year 2013-14. By that time it is expected that all TCAs operating in ENCTS will become fully smart, ITSO members. Figure 8.2 below illustrates the current status of TCA Migration within ENCTS.

Figure 8.2: TCA National Concessionary Travel Coverage (to 31st March 2009)

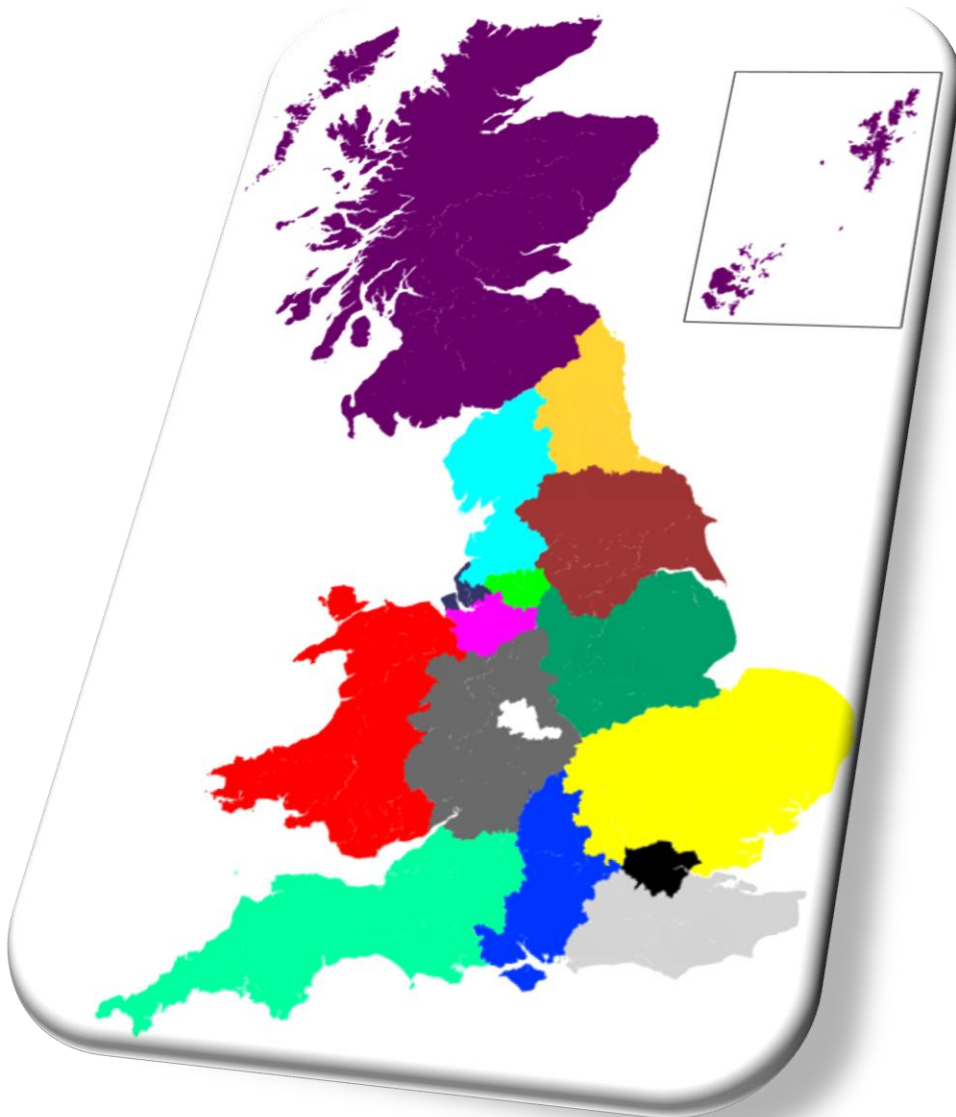


Key:

















-  Full ITSO Members (with independent Shell Accounts and HOPS Provision)
 -  Migrating TCAs (soon to become full ITSO Members)
 -  ISL TCAs ('non-smart' authorities reliant upon ISL Shell Accounts and HOPS Provision)
 -  Greater London (soon to become ISL Members)
- Other concessionary operations in the ITSO Environment:*
-  Scotland (Transport Scotland)
 -  Wales (The Welsh Assembly Government)

Future TCA Migrations will bring the introduction of new and independent HOPS, one result of which may be the possible development of shared or even regional HOPS. A shared HOPS could see neighbouring TCAs working together to not only solidify relations but to reduce costs through economies of scale. The principle of shared infrastructure to realise economies of scale is supported by Department for Transport, though there are no requirements to do so. An illustration of one possible breakdown of regional HOPS consortiums has been suggested in Figure 8.3.

Figure 8.3: Potential Regional HOPS Consortiums in ENCTS

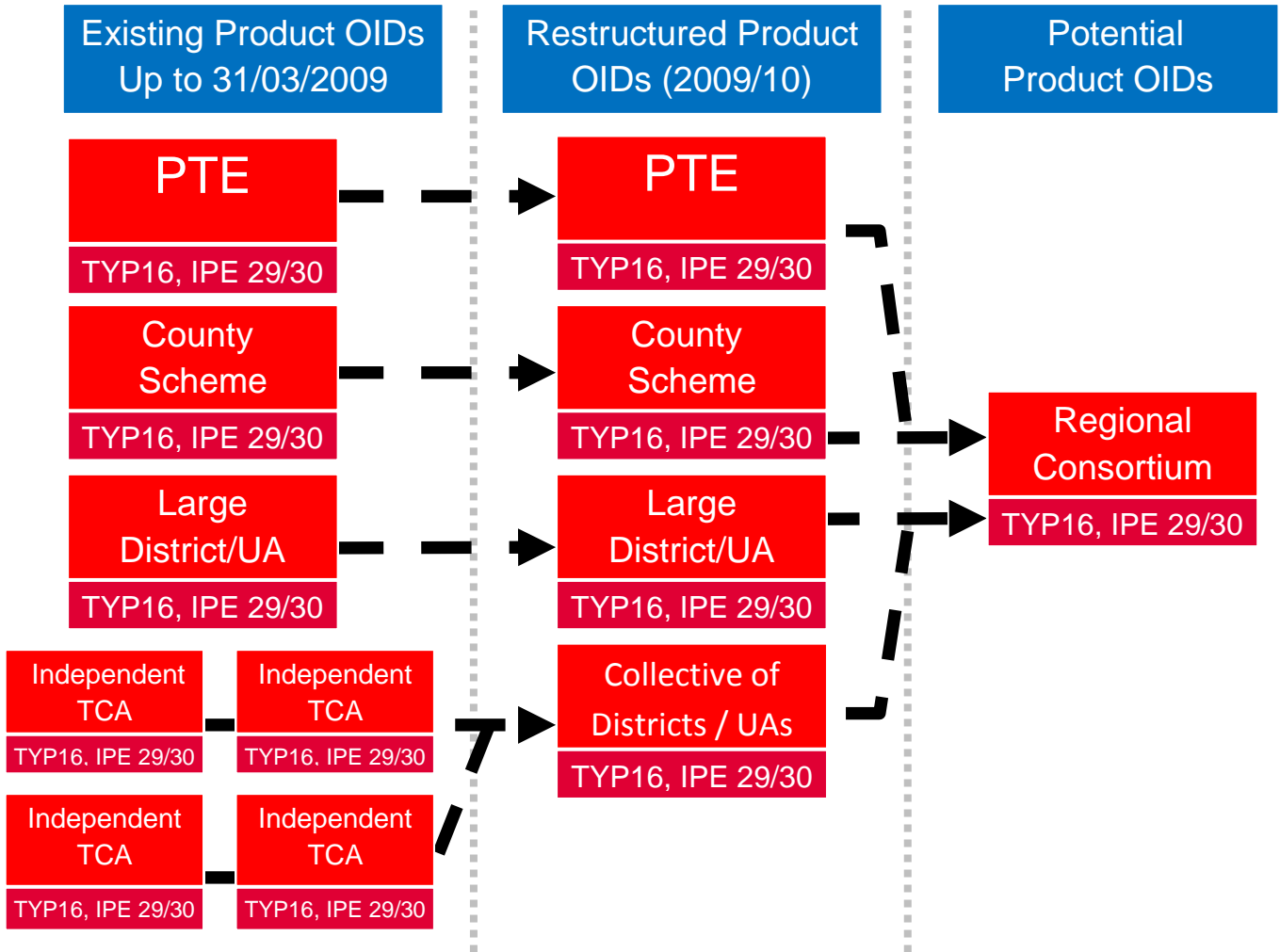


Key:

- | | |
|--|---|
|  North East (inc. NEXUS & Durham County) |  NoWcard (inc. Lancashire and Cumbria) |
|  Yorcard (inc. SYPTE, WYPTE, Hull CC) |  Merseytravel |
|  GMPTE |  Cheshire County |
|  West Midlands (inc. Staffs, Warks, Worcs.) |  East Midlands (inc. Notts, Derbs, Leics) |
|  CENTRO |  East of England (inc. Northants, East Anglia) |
|  South Central (inc. Southampton, Reading) |  South West (inc. Diamond, Somerset) |
|  Greater London |  South East (inc. Kent, Surrey, Sussex) |
| <i>Non-ENCTS Implementations:</i> | |
|  Scotland (Transport Scotland) |  Wales (The Welsh Assembly Government) |

Such regional HOPS consortiums may evolve along the guidelines presented in Figure 8.4 below. This illustrates progression from the existing structure that is administered by ISL to regional HOPS provisions that amalgamate existing Product OIDs.

Figure 8.4 Regional HOPS Consortium – Predicted Evolution Template



This format is typical of the current structure of ISL TCAs, with collective boroughs or districts administered at county level (owning one Product OID) and many independent districts or Unitary Authorities (UAs) owning individual Product OIDs. All data is stored centrally on the ISL HOPS.

It is anticipated that in 2009/10 that some of the smaller independent TCAs will merge to a higher level (such as county level via Local Government Re-organisation for example), meaning that one Product OID is shared per unified scheme. Some larger schemes/PTEs may migrate out of ISL entirely, in doing so creating new Shell Accounts and Individual HOPS.

In some instances of migration hereafter, regional consortiums may be preferred in order to solidify regional ties and create regional HOPS. These regions may comprise of all forms of TCA, large or small, and will reduce the number of HOPS in the ITSO Environment.

ISL has produced some documentation and guidance notes for TCAs to assist them upon their migration. These guidance notes are in a similar format to the Stop Listing Guidance Notes and are in the form of questions and answers and scenarios that TCAs can relate to.

Guidance documentation consists of:

- Guidance Notes
- Project Plan
- Risk Register
- Processes for setting up ITSO Schemes
- Cost Calculator

The following TCAs have intimated that they will be migrating from ISL in the very near future:

- Northamptonshire County (7 TCAs)
- Kent County & Medway (13 TCAs)
- Cambridgeshire County (5 TCAs)

Further development work is required for the migration of TCA data from the ISL HOPS. A specification is currently being prepared by ACT, which requires approval from the Department for Transport. ISL continues to communicate with potential migrating TCAs and anticipates an increase in the number of TCAs considering migration in the next financial year.

In addition, 1st April 2009 sees the enactment of Local Government Re-organisation, which has an impact on some ISL TCAs. Figure 8.5 below outlines these changes.

Figure 8.5: Local Government Re-organisation involving ISL TCAs

New TCAs as of 1/4/2009	Previous Existing TCAs			
Central Bedfordshire	Mid Bedfordshire	South Bedfordshire		
Cornwall County	Caradon	Carrick	Kerrier	North Cornwall
	Penwith	Restormel		
Durham County	Chester-le-Street	Derwentside	Durham	Easington
	Sedgefield	Teesdale	Wear Valley	
Northumberland County	Alnwick	Berwick-upon-Tweed	Blyth Valley	Castle Morpeth
	Tynedale	Wansbeck		
Shropshire County	Bridgnorth	North Shropshire	Oswestry	Shrewsbury
	South Shropshire			
Wiltshire County	Kennet	North Wiltshire	Salisbury	West Wiltshire

ISL has liaised with re-organising TCAs, ensuring in the process that technical and stop list information is updated to reflect the revised structures.

8.3 Stop listing

One of ISL's key deliverables is to administer and support an ENCTS hot list programme for non-smart TCAs. ISL was set the task on behalf of all non-smart TCAs and the wider hot listing community in order to develop a national hot listing framework. Within this remit, ISL was required to make available ENCTS hot list data to the wider hot listing community in accordance with the ITSO Operating License and Specification requirements.

ITSO Services Ltd, ITSO Ltd, ACT Ltd and Department for Transport have worked together to publish a National Strategy Document on stop listing. This was released as Technical Advice Note 5 on 8th January 2009 to all member TCAs.

Stop listing guidance documentation and a stop listing template was released to TCAs on 21st April 2008, readily available to download from the ISL Website. As part of the process, each TCA is requested to submit weekly stop list data to ISL on a Friday.

In the early stages of this project, it became apparent that some CMS suppliers were managing stop listing on behalf of their TCAs. As a result ISL amended the Annexe A letter in order to allow third party CMS suppliers to submit stop listing directly on behalf of TCAs.

The stop listing project is split into the following phases:

- Stop Listing Phase 1: Stop List information is uploaded: this involves taking ISL approved TCA stop list data and importing into a master list. This will allow ISL to delete stop list entries from the master list upon TCA request.
- Stop List Phase 2: ISL stop list management implementation: this involves TCA stop list data being imported directly into the ISL HOPS. Phase 2 commenced in March 2009.
- Additional Phase: ISL will match stop list data to transaction data received from other smart schemes, as a result stop list data will be promoted to a hot list candidate record. This phase is due to commence in 2009.

8.4 HOPS to HOPS Support

HOPS to HOPS Support commenced in October 2008 as a result of ISL concerns regarding identified smart schemes generating transaction data within the ISL HOPS.

The ISL HOPS automatically checks the data integrity of incoming HOPS to HOPS messages in line with the ITSO specification. Failed or suspect transactions are automatically promoted to ISL for investigation. However, such instigation is not covered in our support contract and as ISL has a large presence within ENCTS it would likely feel the brunt of such activity.

Figure 8.6 below details the number of contracted hours used by ISL in relation to HOPS to HOPS support in this financial year.

Figure 8.6: HOPS to HOPS Support Contract 2008/09

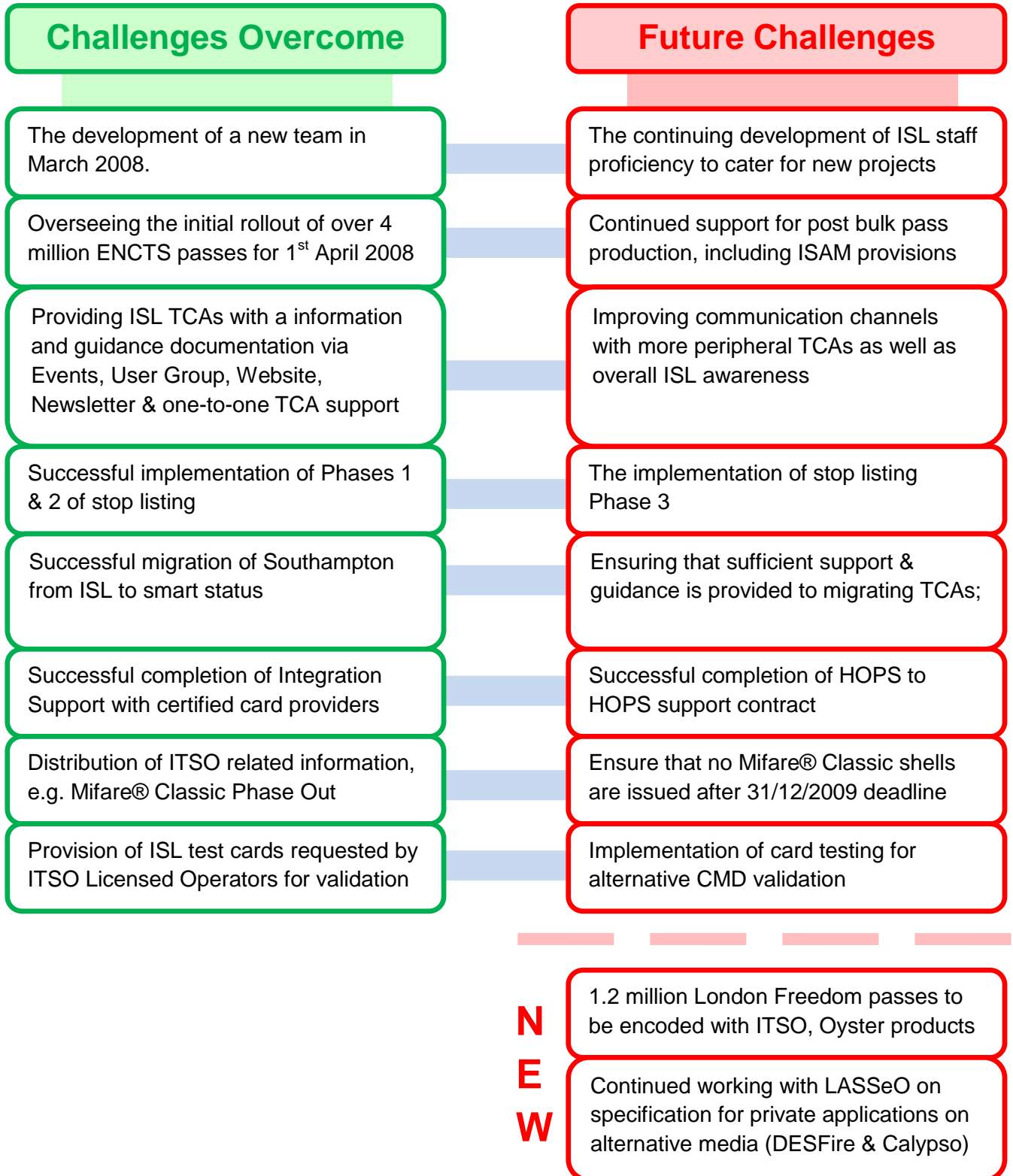
Month	Hours Available	Hours Used	Remaining Balance
October 08	8	10	-2
November 08	8	6.5	-0.5
December 08	8	0	7.5
January 09	8	0	15.5
February 09	8	0	23.5
March 09	8	16	15.5
Total	48	32.5	15.5

Of the 48 hours contracted in this financial year, 32.5 hours were used.

9. Challenges Overcome 2008/09 & Future Challenges

Figure 9.1 details the challenges ISL has overcome in this financial year and highlights the perceived challenges which it faces in future delivery.

Figure 9.1: ISL Challenges Overcome and Future Challenges



10. Selected New Activities in 2009/10

ISL has identified additional activities that it will be required to focus upon in the coming financial year as part of its contractual obligation to meet key deliverables, which are listed in this section.

10.1 Mifare® Classic Phase Out

As we announced earlier in the financial year, ITSO Services Ltd was informed by ITSO of its intention to phase out Mifare® Classic 1K/4K customer media from the ITSO Specification. As a consequence, the ITSO environment will not support new Mifare® Classic customer media after 31st December 2009 and will fully phase out Mifare® Classic card media from the ITSO environment by 31st December 2016. This has no impact upon the functionality or validity of concessionary passes currently operating in the English National Concessionary Travel Scheme. (ENCTS)

Merely, this phase out of Mifare® Classic media over the coming seven years takes into consideration the lifespan of current concessionary cards, ensuring that no immediate reaction is necessary as there is no immediate threat to ENCTS cards. There is no need to recall or withdraw current Mifare® Classic card media and there is no risk to passholder details, therefore concessionary passholders will notice no difference in the functionality of their passes.

However, the phase out of Mifare® Classic Customer Media will have a significant impact upon member TCAs in the coming financial year, particularly in light of the deadline for the issuing of Classic media limited to 31st December 2009. As we have shown in Figure 6.3, approximately 99% of shells issued by member TCAs have been Mifare® Classic and it would be improper to overlook the work required by all relevant stakeholders to ensure a smooth transition to alternative customer media.

ISL has already begun the process of close liaison with member TCAs to assess Mifare® Classic stock levels and to ensure that full guidance is given in regards to alternative media available and the implications of switching to alternative media. Additionally, ISL will be liaising closely to ensure that all certification and production requirements for the issuing of concessionary passes through alternative media are met.

10.2 Greater London Council Freedom Passes

It is anticipated that ISL will play an integral role in the implementation of a further 1.2 million Greater London Freedom Passes, the re-issuing of which is scheduled for 2009/10 and will incorporate both ITSO certified products and Oyster.

Some of the services ISL anticipate providing include:

- Provision of membership and License operating fees relating to 33 London Boroughs;
- Provision of the ISL HOPS and message monitoring functionality;
- Support for chosen bureau provider(s), both technical assistance and ISAM provision;
- Provision of ITSO related financial and technical administration services;

A date for anticipated ISL involvement is yet to be confirmed.

10.3 Handheld Readers

ISL has received requests for information from TCAs on the use of handheld inspector/verification devices. At present no supplier is fully ITSO certified to supply any devices to TCAs. However there are some who are looking to secure orders for entry into the market.

Handheld devices can provide the following services:

- Checking a pass is valid and investigating card history;
- The receiving of updates from the ISL HOPS (i.e. Class 3 messages for keep alive or product additions);
- Assistance in the identification and prevention of fraud;

At present the current ISL contract does not specifically detail use or support of these devices. In principle the addition of a handheld device to a scheme is a good idea, offering a halfway house between non-smart and smart; yet it still has limitations and as any participating scheme is still non-smart there will be little information that a TCA can gather - data will not be permitted for transmission to the ISL HOPS.

ISL is currently investigating the validity in the provision of such services to member TCAs, approval for such measures are subject to budgetary support from Department for Transport.

11. Future Strategy

ISL's remit extends to the end of financial year 2013/14. Over the coming years ISL anticipates that it will face a variety of challenges, yet it remains committed to providing the highest level of service to its member TCAs.

Key to ISL's strategy remains the further migration of TCAs away from ISL in order that they may become full and independent ITSO Members. One TCA has already migrated away from ISL in financial year 2008/09 and it is anticipated that more migrations will occur in the next financial year. Indeed, ISL has identified those TCAs that are pursuing a programme of migration (see Figure 8.2) and has subsequently begun to provide the necessary technical and practical guidance.

Such guidance covers the following areas:

- Guidance relating to the transfer of Product Accounts and CPICC information, as well as guidance on the creation of a new Shell OID unique to the newly independent scheme.
- Financial guidance, including guidance and shadow assistance in relation to the ITSO Cost Calculator which is designed to provide cost estimates for new ITSO Members.
- Practical guidance, covering the day to day aspects of the technical relationships expected with HOPS and ISAM providers as well as guidance on assisting in the further implementation of stop listing as the programme expands across ENCTS Licensed Operators.

ISL continually strives to deliver its objective to support all to TCAs migrate and become ITSO members in their own right. With core responsibilities given full consideration, ISL looks forward to the continued successful delivery of its contracted objectives.



ITSO Services Ltd has been established by Department for Transport and ITSO Ltd in order to provide certain services for the DfT and non-smart Travel Concession Authorities, in order to facilitate the implementation of the English National Concessionary Travel Scheme (ENCTS)

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