

# Toward more seamless and flexible passenger rail services

27 November, 2015

11th Florence Rail Forum

*The Digital Single European Railway Area: How do we get there?*

Ichiro Takahashi

Executive Director  
Brussels Branch  
East Japan Railway Company (JR East)

- 1 Looking back to JNR's reform in 1987
- 2 Japanese railways and JR East at a glance
- 3 IT-Suica Services
  - 3-1 View Suica Card
  - 3-2 Automatic charge function
- 4 Why digitalisation?

# 1 Looking back to JNR's reform in 1987

Japanese National Railways (JNR) was established in 1949 as a public corporation. Losses started since 1964. JNR had suffered from about 10 billion Euro losses per year in its final years. JNR had two big problems of its organization to fail to appropriately accommodate changes of business environments.

One was a problem with public corporation system.

1. Interferences from outside
2. Loss of autonomic management
3. Inappropriate labor-management relationship
4. Restrictions with business realms

The other was a problem with nationwide uniform organization.

1. Gigantic organization beyond limit of business management
2. Uniform business operation
3. Unsound dependence relationship
4. Lack of sense of competition

# 1 Looking back to JNR's reform in 1987

Japan has a history in which private railways with vertically integrated structure have been operated on a commercial basis. They keep autonomous management free from affects of the politics and have various business activities other than railways, namely retail, office, hotel, and so on.

Successful management model of such private railways was adopted as a model for JNR's reform.

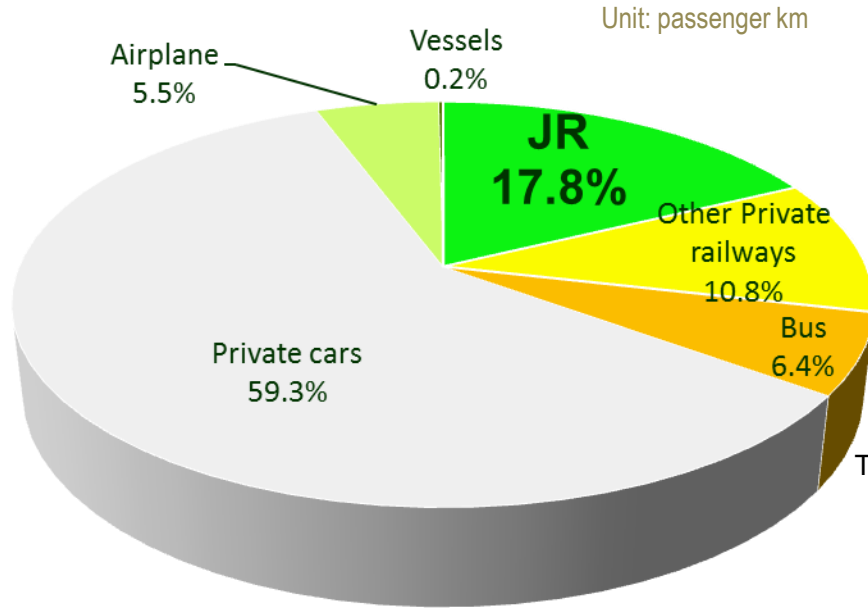
In April 1987, JNR's railway business was privatized and divided into six territorial passenger railway companies and one nationwide freight railway company.

Six passenger railway companies, including JR East, own railway infrastructure and operate trains on their own lines. They lease their railway infrastructure to a freight railway company.

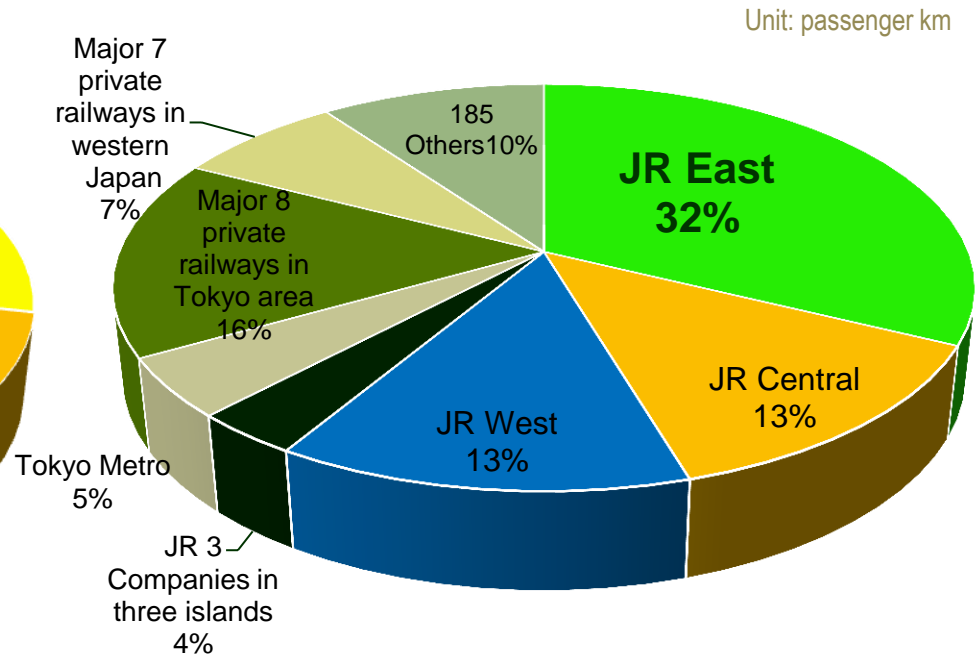
Now, in Japan, railways are not "licensed business" in the sense that market entry and supply is based on the market economy without government intervention. And, decision and change of fares within the price cap is possible by prior notification. In addition, detailed technical specification can be defined by railway companies.

# 2 Japanese railways and JR East as a glance

## Market share of railways in passenger transport in Japan (FY2009)



## Market share by passenger railway operators in Japan (FY2009)



Source: Railway Industry Statistics

(Suji de miru tetsudo) (Supervised by the Railway Bureau, Ministry of Land, Infrastructure, Transport and Tourism)

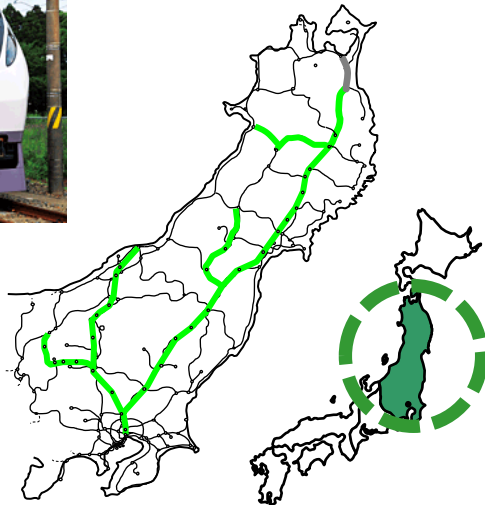
**60%** of the Japanese territory is covered by mountains

- High population density
- High demand for railways

**2.042 km** Annual railway travel distance per resident, second in the world after Switzerland (2.288 km).

Source: Study in 2014 by Litra, Switzerland's public transport information service, based on UIC Statistics

## 2 Japanese railways and JR East as a glance

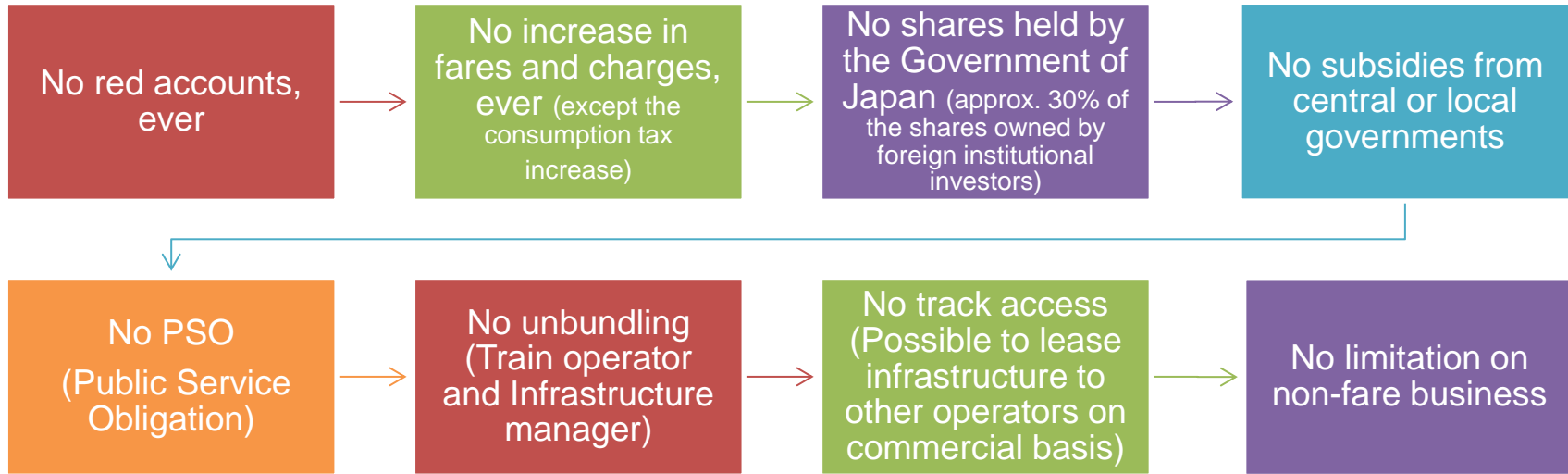


- **17,1 million passengers/day**
- **13.000 trains/day (approx.)**
- **7.474,2 km of lines**
- **21,2 billion Euro** operating revenue (consolidated)
- **2,78 billion Euro** net income (consolidated)
- **59.000 employees (approx.)**

(fiscal year ending 31 March 2015, €1 = yen130)

# 2 Japanese railways and JR East as a glance

## JR East is a private, dividend paying, company

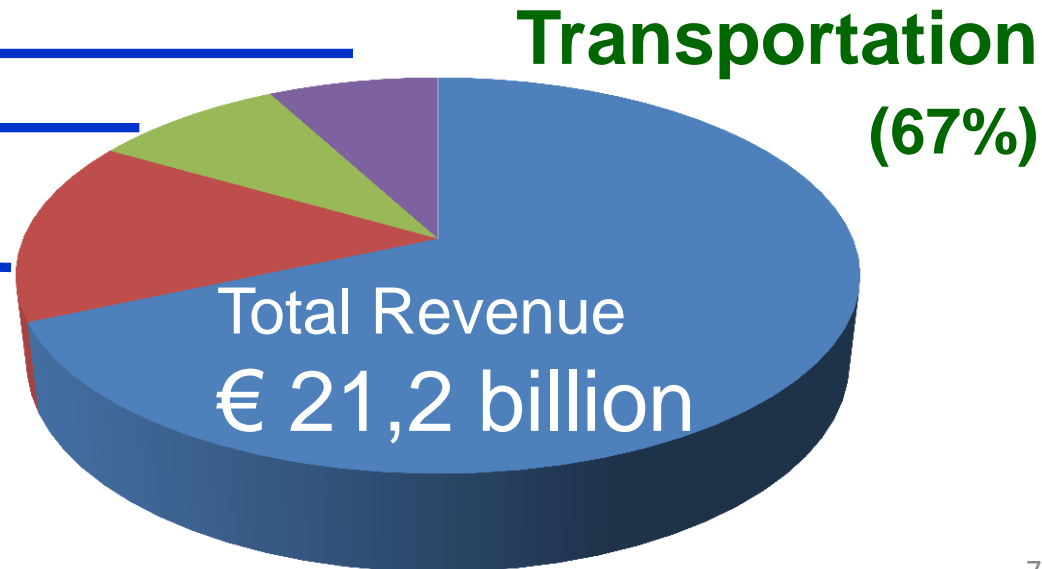


**Others (9%)**

**Shopping centers and office buildings (9%)**

**Station Space Utilization (14%)**

**Non-Transportation (33%)**



# 2 Japanese railways and JR East as a glance

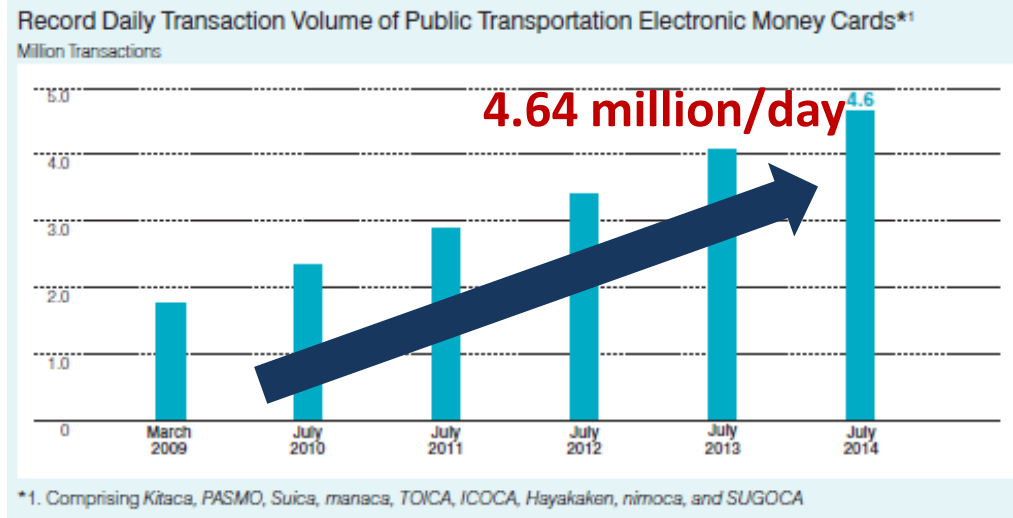
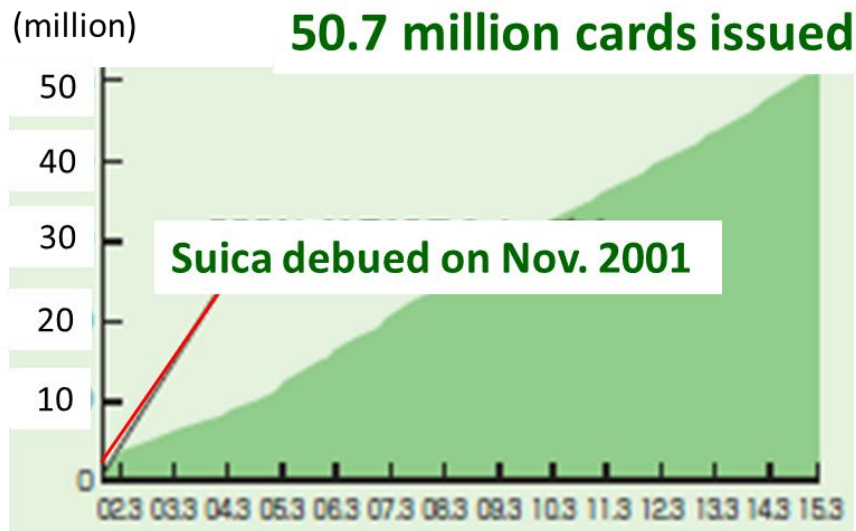
<p>Transportation</p>	<p>Travel Agency Services</p>	<p>Bus Services</p>	<p>Monorail Services</p>	<p>Retailing</p>	
<p>Restaurants</p>	<p>Shopping Centers</p>	<p>Offices</p>	<p>Hotels</p>		
<p>Sports Business</p>	<p>Leisure Business</p>	<p>Advertising and Publicity</p>	<p>Publishing</p>	<p>Non-Life Insurance Services</p>	<p>Childcare Services</p>
<p>Nursing Care Services</p>	<p>Housing Development and Sales</p>	<p>Trading Services</p>	<p>Distribution Services</p>	<p>Information Services</p>	<p>Financial Services</p>
<p>Personnel-related Services</p>	<p>Car Rental</p>	<p>IT-Sulca Services</p>	<p>IT-Sulca Services</p>	<p>IT-Sulca Services</p>	<p>Railcar Manufacturing</p>



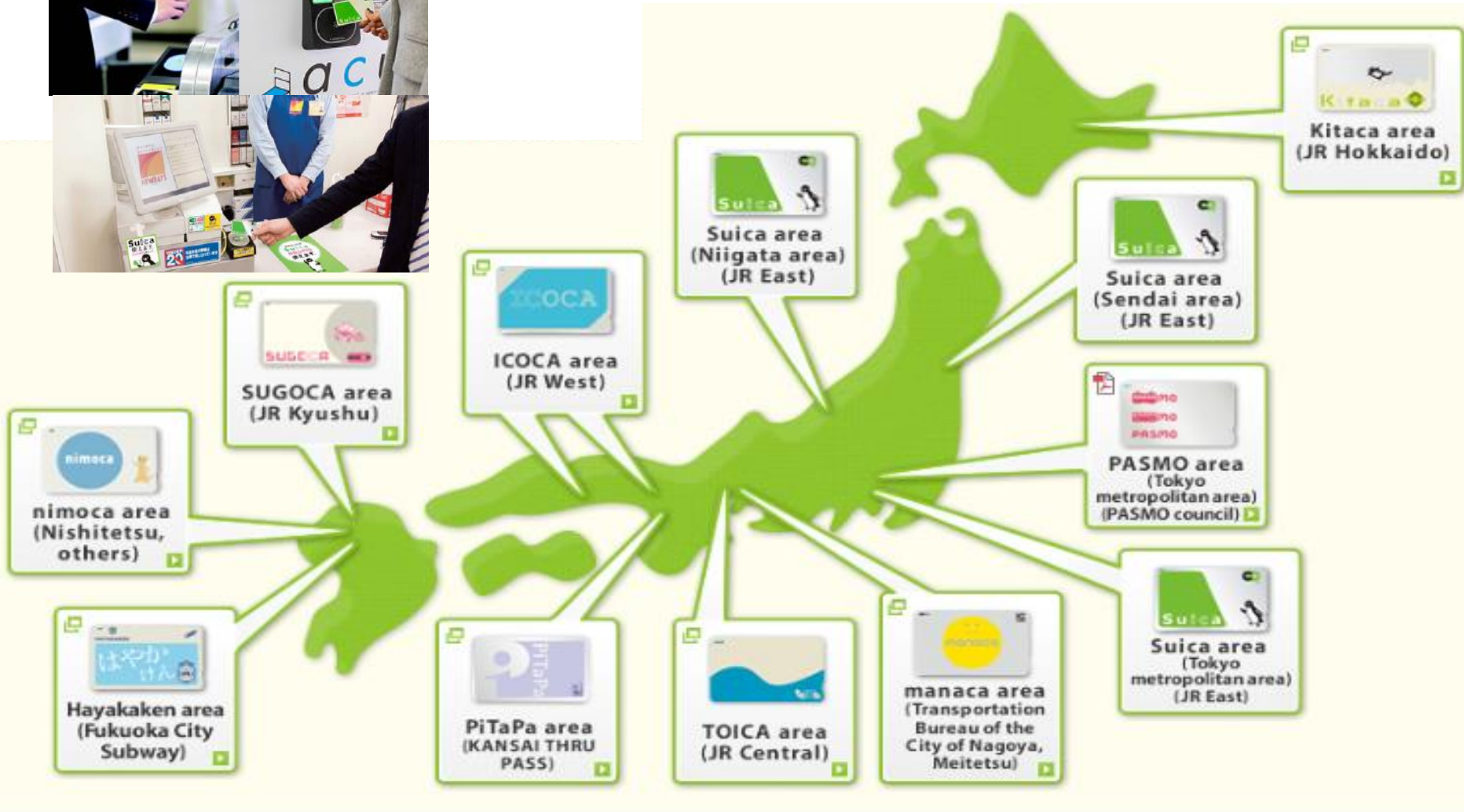
# 3 IT-Suica services

Suica (Super Urban Intelligent Card) is a smart card with prepaid fare collection system.

- Already used throughout Japan
- Interoperable with other smart cards of prepaid fare collection system



# 3 IT-Suica services



# 3-1 View Suica Card

## Integration of Suica and Credit card

- Viewcard Co., Ltd., JR East subsidiary company, issues credit cards
- 4.66 million View Suica Cards have been issued since 2003
- Value can be charged to Suica by Credit card
- The charge can be done by ATM, PC and Automatic charge function



View Suica Card



View Suica Card with commuter pass function



PC at home



ATM at railway stations

## 3-2 Automatic charge function

No worry about the balance of charged value  
No bothersome of charging value to Suica



The number of Suica that sets automatic charge function is 2,5 million

I would like to conclude that the entrepreneurial freedom enabled JR East to innovate and invest in such new developments.

# 4 Why digitalisation?

A red-outlined circle with a white fill, connected to the text box by a thin red line.

Our customers expect not only reliable and punctual services but also seamless and flexible services.

A green-outlined circle with a white fill, connected to the text box by a thin green line.

View Suica Card and its Automatic charge function is one of the good examples to realize seamless and flexible service with cashless and paperless.

A purple-outlined circle with a white fill, connected to the text box by a thin purple line.

Digitalisation shall be an enabler of seamless and flexible services, not a supplement to what seems insufficient.

A teal-outlined circle with a white fill, connected to the text box by a thin teal line.

Entrepreneurial freedom is not only a prerequisite for digitalisation but also the main benefit that digitalisation will bring to the sector.

**Thank you for your kind attention**

Contact

Tel: 32 (0) 2 808 3643

Email: [infojrebru@japanrail.be](mailto:infojrebru@japanrail.be)

Brussels Branch

East Japan Railway Company (JR East)