

Systemwide Advertising Update FMCB Presentation

June 13, 2016

Draft for Discussion & Policy Purposes Only



1. Systemwide advertising contract

- Includes all advertising at stations and on vehicles
- Current contract expiration June 2018
- Termination option
- Aggressive efforts to generate own source revenue
 - RFP -Take advantage now of growing digital market
 - New contract tiered to be aggressive

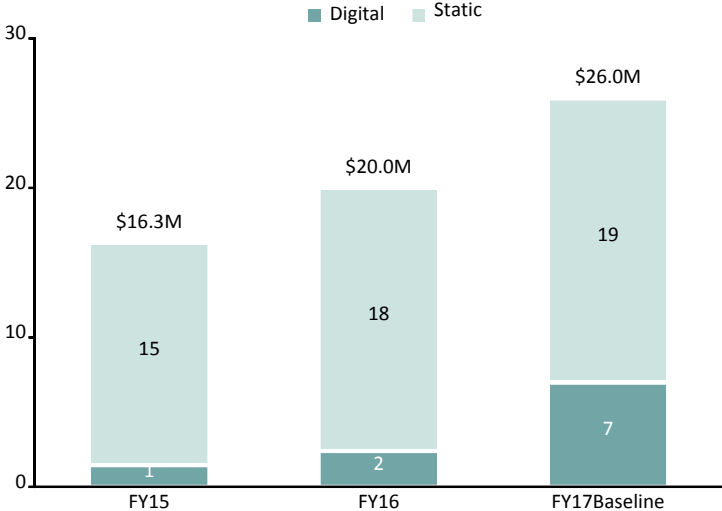




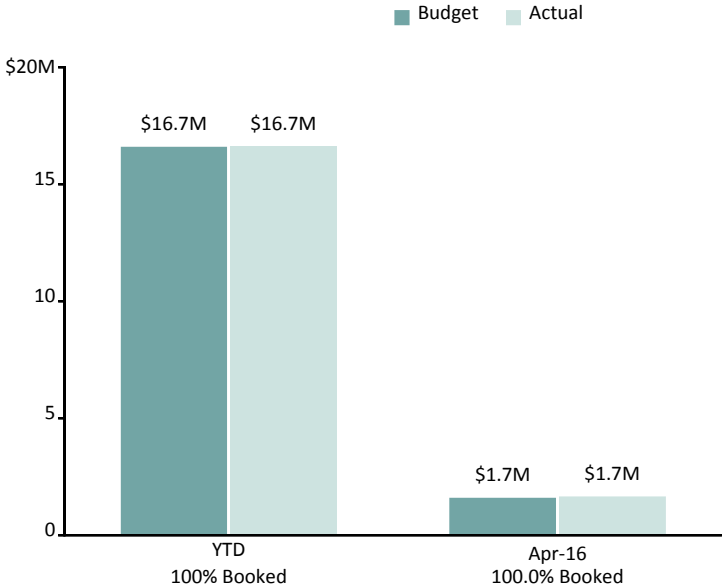
2. Advertising Revenue Profile

FY16 projected 23% increase; on track for 30% increase

FY15 – FY17



YTD and April FY16 YTD



**Numbers reported are net revenue*



3. Market Trends and Opportunities

Advertising landscape is changing:

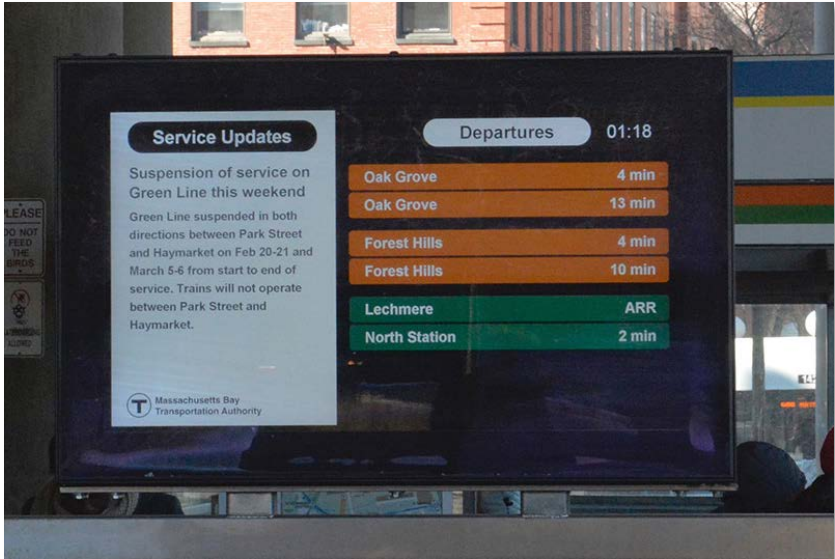
- Static advertising (printed media) growing 20% over FY15
- Digital advertising growing at a rate of 100% over FY15

Transit advertising philosophy is shifting:

- Provide best customer information possible and support the effort through advertising revenue

Current digital network needs to grow:

- Provide information where customers are making travel decisions based on service at that exact time.
- Capture growing digital advertising revenues by adding screens and converting static to digital. (Currently 80% static, 20% digital)





4. Current Digital Inventory

Total 90 Screens

Currently Installed In-Station Panels

South Station	14
Back Bay	12
DTX	12
Kenmore	12
Park Street	12
North Station	10
Harvard	8
Total	80

Currently Installed Street-Level Panels

Haymarket	2
Broadway	2
Back Bay	2
Prudential	2
Kenmore	2
Total	10



Hudson Yards Station, NYC



5. Digital Transformation

Amendment to existing contract

- The current revenue model for digital advertising is not favorable to the MBTA.
- Missing financial incentives for future advertising.

Progress

- Met with vendor to discuss amending current contract to install additional panels
- Drafted new revenue model to separate capital investment from revenue
- Involved MBTA Design and Construction Project Management for rapid digital implementation plan





6. Digital Transformation Plan / RFP Release

Core Principles:

- Limit term of agreement
- Separate the capital investment from revenue share
- Implement a tiered revenue share model
- Prevent loss of revenue during contract transition

Also:

- Dedicated MBTA procurement and logistics manager
- Dedicated MBTA design and construction pm





7. RFP Timeline

