

## MINISTERIAL BRIEFING NOTE

<b>Subject</b>	<b>Commercial in Confidence</b> Meeting with Machine Zone to discuss Mobility as a Service pilots in New Zealand
<b>Date</b>	29 March 2017
<b>Briefing number</b>	BRI-1002

Contact(s) for telephone discussion (if required)				
Name	Position	Direct line	Cell phone	1 <sup>st</sup> contact
Martin McMullan	Director Connected Journey Solutions		S9(2) (a) [REDACTED]	✓

### Action taken by Office of the Minister

- Noted
- Seen by Minister
- Agreed
- Feedback provided
- Forwarded to
- Needs change [please specify]
- Withdrawn
- Overtaken by events

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29 March 2017

**Minister of Transport****Meeting with Machine Zone to discuss Mobility as a Service pilots in New Zealand**

Some of the information in this briefing is commercially sensitive. It should not be released without consultation with the parties involved.

1. This briefing provides you with background information ahead of your 31 March 2017 meeting with Gabriel (Gabe) Leydon, Chief Executive and Co-founder of Machine Zone Inc (MZ) and Tony Koinov, VP RT Platform of MZ. We understand that MZ will be in New Zealand from 28–31 March 2017. (A brief biography of Gabe and Tony and background information on MZ is provided as Appendix 1). Information on the planned New Zealand Transport Agency's (NZTA) Mobility as a Service (MaaS) pilots has been included.
2. By MaaS, we mean a transport service where customers can access and pay for journeys on demand without the need to own their mode of transport (i.e. a vehicle).
3. By Mobility Marketplace, we mean a type of digital platform where multiple participants like service providers and customers can easily interact and exchange value such as access and pay for a full range of journey options across multiple modes on demand.
4. The NZTA has agreed to facilitate connections between MZ and key stakeholders in New Zealand. In addition to meeting with

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**Background Information**

5. While attending the Intelligent Transport System World Congress in Melbourne, 10–12 October 2016, you saw, at the Transport Agency's exhibit, a demonstration of the MZ platform which is being used as a proof of concept for a real-time transport Mobility as a Service in Auckland. We subsequently provided you with a briefing on the pilot which the Transport Agency and Auckland Transport have been working together on. (See Appendix 2 for BRI-0887).
6. The proof of concept of the MZ platform has been highly successful in functionality to date. The platform has operated seamlessly, with minimal errors or delays. Stakeholder feedback on the platform performance has also been positive.
7. The scope of the platform pilot involved all Auckland buses being connected with the MZ platform, making real-time information available including speed, location, number of passengers and utilisation of the network and routes.
8. A trial of an app or customer interface was planned for January 2017 as a proof of concept for the Mobility Marketplace. This was delayed in order to allow time for wider input into the thinking.
9. In order to seek wider input and to validate the Transport Agency's thinking on the Mobility Marketplace concept, Martin McMullan, Connected Journeys Director, NZ Transport Agency met with digital mobility providers in San Francisco. (See Appendix 2 for BRI- 0950)

### Mobility Marketplace approach

10. Engagement with stakeholders to share the Mobility Marketplace concept has been across central government, local government, private sector and interest groups. Feedback has been positive and there is strong interest to be involved.
11. Stakeholder feedback on the MZ platform performance and wider input has provided the confidence needed to continue on to a proof-of-concept of the Mobility Marketplace.
12. The NZTA is currently in confidential contract negotiations for the use of the existing MZ platform for one year for the pilots. No contract has been signed to date, however these discussions have been progressing well.
13. The approach for the proof-of-concept for a Mobility Marketplace is to partner with local government and the private sector, splitting the delivery across multiple suppliers.
14. Collaboration between the public and private sector utilises the capabilities and strengths of both. It provides a national and public good perspective from Central Government. Local Government provides a regional perspective and closer connections to communities and the private sector brings enhanced technical capability and innovation.
15. The separation of delivery components allows leverage of existing leadership to bring multiple parties together and a co-design approach between operators, service providers, regulators, and customers.

Out of scope of this request

17. Customer facing services like payment gateways, (the software that allows connections to financial organisations such as banks) are out of scope for stage I of the pilot. Following a successful pilot, subsequent stages for testing the Mobility Marketplace would need to consider privacy implications of payment gateways and the establishment of a New Zealand based datacentre.
18. MZ have previously expressed interest, by way of an unsolicited offer, in building a datacentre and establish a local product development office in New Zealand with staff specialising in artificial intelligence, machine learning and real-time big data. Whilst this offer would enable the technology and capability for the platform to be New Zealand based, it would represent a significant investment for New Zealand. Future investments would be considered under appropriate All of Government procurement guidelines.

### Planned pilots

19. Pilots are planned in Queenstown and at Auckland Airport. These pilots will provide an opportunity to iteratively test a wider scope and validate the concept in practise.

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### Queenstown pilot

21. The first pilot will be in Queenstown, targeted to be active during the 2017 winter ski season. This will be a soft-launch pilot which will generate learning for the Auckland Airport pilot. Queenstown is an ideal learning location as:

- It experiences high traffic volumes during the winter for tourism activities.
- It has a closed transport system, with limited operators and mode options.
- The partners and operators in Queenstown have asked for a pilot for this winter.

Out of scope of this request

23. The customer-facing app will undergo a separate procurement process and be delivered by a separate party to MZ, with a particular focus on securing a New Zealand based provider. This will help them grow into the rapidly growing Transport Mobility economy.

### Auckland Airport pilot

24. The Auckland Airport pilot is targeted to be active towards the end of 2017. Its launch is dependent on the progress with the Queenstown pilot.

25. The Auckland Airport pilot will feature an integrated mobility service with the following features for passengers, airport employees and the broader workforce surrounding the airport:

- real-time information: within and around the airport
- end-to-end journey optimisation: via a user friendly app that shows occupancy, real-time arrival notifications and in-journey notification of distance to destination
- supports all modes of transportation (multimodal), including on-demand services
- provides for existing pricing, with the possibility to evolve to variable pricing over time
- enables advertising and other commercial services
- provides analytics and reports to measure return on investment.

**It is recommended that you:**

1. **Note** the contents of this briefing.

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**Martin McMullan, Director Connected Journey Solutions**

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**Hon Simon Bridges, Minister of Transport**

Date: 2017

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**Appendix 1:****Biographies**

*Gabe Leydon, Chief Executive and Co-founder, Machine Zone*



Gabe launched Satori in 2017. In 2008, Gabe co-founded Machine Zone, makers of global mobile hit games *Game of War* and *Mobile Strike*. Those games served as the proof of concept of, and were built on the first version of, the platform within Satori. Gabe was recently named as one of the 100 Most Intriguing Entrepreneurs of 2015 by Goldman Sachs at their fourth annual Builders + Innovators Summit and has authored 8 patents and co-authored 16 more.

*Tony Koinov, VP RT Platform*



Tony was VP, Global Commerce and Experience at GoDaddy.com leading engineering teams to improve the customer experience as well as feature development. Prior to GoDaddy, Tony was Director of Engineering at Netflix where helped redesign their massively-parallel, cloud-based system from the ground up to support rapid international expansion into 50+ countries worldwide. Before Netflix, Tony lead the Creator/Curator engineering group at YouTube, responsible for Live Streaming, Channels, Video Management, Account Management, web UGC content acquisition, YouTube administration, and more.


## Machine Zone

1. Founded in 2008 and headquartered in Palo Alto, California, MZ set out to build a global, data-centric, scalable platform capable of the simultaneous exchange of data between billions of endpoints worldwide with unparalleled speed and efficiency in true real-time.
2. To prove the concept, they launched the high-earning, global mobile games Game of War and Mobile Strike. Both of which have consistently been in the top two spots of both Apple App Store and Google Play Store for years. Each game seamlessly and efficiently optimizes the concurrent virtual gameplay and all quantitative interactions of billions of users around the world in a single virtual universe.
3. MZ was among the participants in Y Combinator's Winter 2008 Accelerator program for start-ups. Two years ago, the Ministry of Foreign Affairs and Trade, Los Angeles Consulate, met with Gabe through Y Combinator and Founders Fund connections and visited MZ's 900+ development team in California.
4. MZ has now advanced that technology to create the world's first live data ecosystem. Data is published once to the platform within the ecosystem and becomes streaming, live data with near-infinite scalability, massively high throughput, and ultra-low latency. This platform is the one already in use in Auckland.
5. Best of all, the live data platform is easy-to-use and free for all developers. Which means open data published to the platform not only has the entire world developing apps on it, but speeds innovation that improves everything - people's lives, businesses, cities, countries, and the world. The possibilities are endless for how this platform can improve New Zealander's mobility.

## Appendix 2: Previous Briefings

- BRI-0887 Current projects involving Machine Zone (21 October 2016)

Out of scope of this request



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