

Bus Sharing: the Next Big Thing?

■ By Bella Zhang



Thoughts about Shanghai's Monday morning rush hour traffic are enough to make anyone want to go back to bed. Your bus could be hours late, your orders ignored on Uber, your wish to ride a bike could be cut short by a sudden downpour, and even if you're driving your own car you'll probably get mad as it's moving only two inches a minute.

There are many different ways we can get to our destination, but most options still have us stuck in traffic.

But help is on the way.

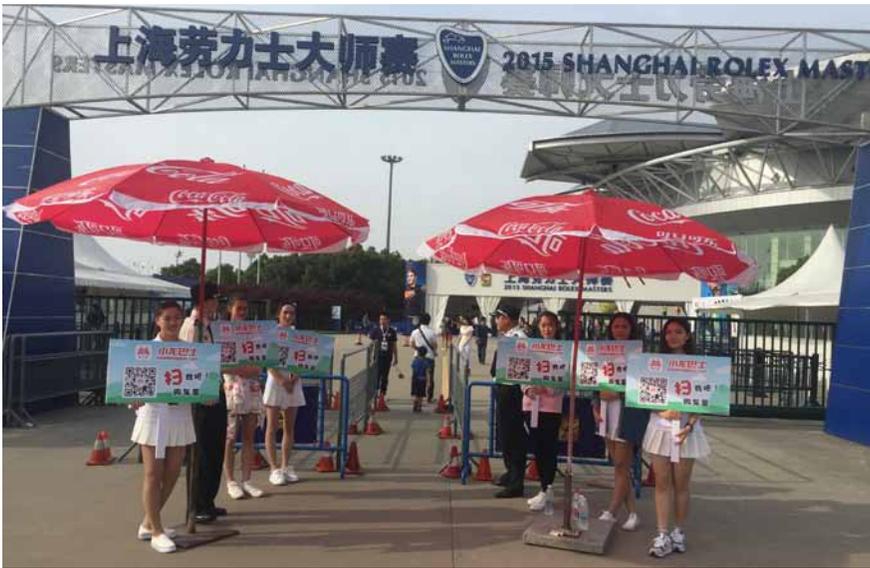
Shared bicycles have swept across

China's major cities over the last year and keen entrepreneurs are looking for the next big thing in the sharing economy's list of travel options. Among them is one idea that's the brainchild of Xiong Guanghui, a CEIBS GEMBA alumnus. It's called the Xiaolong Ba Shi, the English loosely translates to Little Dragon Bus and it just may be the next big thing. It's bus sharing.

When I caught up with them, 45-year-old Xiong and his team of more than 20 employees were busy working in a large, slightly crowded room in Zhangjiang Hi-Tech Park. The office



小龙巴士
Long Bus Services



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itself is nothing fancy but one's eyes are immediately drawn to the mountains of data on the computer screens. “We're an information management company,” explains Xiong. The information they mine and massage is what sets them apart from traditional bus companies. Xiaolong uses big data analysis to plan bus routes that will match their clients' individual needs.

Users can choose from among the many routes Xiaolong provides through its WeChat public account; they can choose to buy a single-use ticket or one for seasonal use. If no existing routes match a potential client's needs, he can leave his address and the company will decide whether it's practical – through the use of big data – to add a new route. In addition to meeting the needs of individual riders, Xiaolong also provides corporate clients with shuttle bus services and their services can be chartered as well.

Xiong is no stranger to big data and a world of algorithms. A former engineer, he worked in Silicon Valley from 1999 to

2006; but after seven years he “listened to his heart” and returned home to start his own business.

Xiong enrolled in CEIBS Global Executive MBA in 2012. At the time he was running an IT consulting firm and he hoped to improve his marketing and management skills. In 2013 and 2014, getting the hint of a business opportunity from the rise of car hailing apps DiDi and Uber, he set up a project team within the company to develop a car rental business. He finally gave up after realising that the market was mature, with no space for new entrants to be truly successful. But he did come away from the experience with the accidental discovery of another valuable opportunity: bus sharing.

“Commuting has always been a headache for office workers, and one of the major problems is how they can cover the one or two kilometres between the bus stop and their office,” says Xiong. “On the other hand, companies had been paying a lot for shuttle buses that did not always meet their needs.”

These pain points for the customer were just the opportunity Xiong needed. In March 2015, he began offering rental services for the new-energy-fuelled (electric) Xiaolong Bus, which aims to provide a more convenient and comfortable travelling experience for commuters by analysing the information they submit.

“Although DiDi and Shenzhou have taken the lion's share of the market, they cannot apply their model to the bus market,” says Xiong. “In fact they are also in the bus business right now, but do not perform well.”

Within two years the number of registered users on Xiaolong's WeChat public account has grown to 120,000, and they have served over 1 million passengers through the company's 86 bus routes.

THE FUTURE OF BUS SHARING

It's not easy being a pioneer. With an operating model that was totally different from the car market and no precedent to learn from, Xiaolong has had to learn by allowing itself to make mistakes and then correcting them. That's why "groping", is the word Xiong uses to sum up the last two years of the company's operations. "The technical requirements of a bus sharing system are higher than that of car sharing, because you need to collect 20 to 40 passengers for each bus trip, that's much harder than getting only the four needed for a car ride," he explains. "If we cannot collect enough passengers for every bus we dispatch, we may go under; we cannot risk running empty buses."

As Xiong sees it, the success of bus sharing is dependent on the number of

buses on the road – but that's not all. "The chicken lays an egg, and from the egg you get a chicken," he says. The more buses they have on the road, the more passengers the company gains, and as the number of their passengers grows they can dispatch more buses. Without having enough buses, they would be unable to attract enough passengers. In this regard, Xiong says, there is some similarity between his company and bicycle sharing. In the early days, only users who really needed to use bicycles would download the apps required. Now the bikes are everywhere, so more people use them because they are so easily accessible

and convenient to use.

But the high operating costs of bus sharing have made Xiong and his investors cautious. If the number of passengers per ride cannot be guaranteed, the company will face huge losses. This is one reason Xiong and his team members are not yet going full steam ahead. They also remember losses experienced in the early days of operating. In 2015, Xiaolong Bus' attempts to create new routes failed because of insufficient marketing. After that they adjusted their goals and focused on providing shuttle services for big firms. Companies welcomed this move as Xiaolong's information management





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allows enterprises to keep abreast of bus ride information and make timely adjustments to routes, thus saving costs. Since then, in order to remain profitable, Xiaolong Bus has provided both commuter routes and a shuttle service.

Now Xiaolong Bus provides shuttle service for more than 100 companies, but Xiong has bigger dreams. His goal is that one day there will be no need for shuttle buses as office workers will rely on bus sharing to get to work.

INTRODUCING “DYNAMIC BUS”

After two years’ of intense preparatory work, on May 5 Xiaolong introduced the idea of “Dynamic Bus”, providing bus services according to users’ real-time needs. It means users can hire a bus just as if hiring a taxi. Xiong cannot hide his excitement when speaking of this new project. He believes “Dynamic Bus” is the future of bus sharing. “The future of fixed bus lines is cloudy, we couldn’t

risk that,” he explains of the move into this new niche.

But how will it work?

“Imagine you sent a request on your phone, and a bus arrives at your gate within 10 minutes, and will take you to your destination on time, wouldn’t that be exciting?” Xiong asks confidently. “You just need to send the request; our system will automatically search for similar route requests, dispatch the appropriate bus, and plan a suitable route to ensure that every passenger gets to his destination on time. This is difficult, but our model can do it.”

He added. “We will mainly provide bus service during certain periods of time, like rush hour, considering that the off-peak travel demand is not high.”

“Dynamic Bus”, now Xiaolong Bus’ key product is now in its initial three-month testing phase before being rolled out for public use. If all goes well and “Dynamic Bus” lives up to expectations, it may transform the way we travel. It means a lot for Xiong and his colleagues as well. “We’re looking forward to the success of this project, because it embodies our technical advantages, telling people that we are not a low-end start-up company,” says Xiong. “We hope that in the future “Dynamic Bus” will become a trend.”

GRATEFUL TO CEIBS ALUMNI

Over the years, the number of Xiaolong’s employees has grown from five to more than 20. It’s a youthful

team, with most employees in their twenties or thirties. They also share an adventurous spirit. “To start a company is to take risk; so as the founder, you need to have a certain spirit of adventure. The team consists of different people, some may be conservative, others radical; but as a team we should be adventurous and willing to take risks,” says Xiong.

The path of an entrepreneur is littered with hardships and loneliness, but Xiong is never lacking in receiving help and encouragement. He is grateful for the support he has received from other CEIBS alumni.

“CEIBS is a very good platform. I was studying at CEIBS when the bus sharing idea first occurred to me, and my classmates have been supportive of this project. The angel investment in my company came mainly from CEIBS alumni, and this was a tremendous source of encouragement. In CEIBS, everybody is willing to help those who are in trouble or in need, even people from different classes. We help each other as long as we are CEIBS alumni, this warms my heart,” says an obviously moved Xiong. He has shared his new project, “Dynamic Bus”, with alumni and they are hoping it will be a success.

Xiong, who’s keeping the number of “Dynamic Bus” users and its earnings private for now, is confident about the future of bus sharing. If “Dynamic Bus” survives the next three months, would you be willing to hail a bus from your mobile phone?