

AUGUST 2016



© Renacal1/Getty Images

SUSTAINABILITY & RESOURCE PRODUCTIVITY

Rolling along: Bicycles, mobility, and the future of cities

In an interview, Jay Walder of Motivate discusses how new services and technology are changing how city residents are getting around.

Jay Walder is the president and CEO of Motivate, a bike-sharing company with operations in 11 locations. Before starting Motivate, Walder was CEO of Hong Kong's Mass Transit Railway Corporation and also chairman and CEO of New York's Metropolitan Transportation Authority (MTA). He has also worked with Transport for London. He spoke with Simon London, McKinsey's director of digital communications.

McKinsey: *What are the big trends in urban mobility?*

Jay Walder: You have to start by asking, "What's happening in cities?" They're denser and more complex than ever before. Traditional travel patterns are being blown away, and that's pushing us away from some traditional models. In New York, for example, we've seen a phenomenal shift downtown since 9/11, with the area becoming as residential

as business. The far west side of Manhattan is becoming a combination of residential and office space. We're seeing the development of technology hubs across the river in Brooklyn and Queens. You see such changes in many, many other cities as well. It's not the same consolidation and centralization we saw before.

McKinsey: *So what does that mean for planners, builders, and infrastructure?*

Jay Walder: It's harder. The traditional model of public transit is to get a lot of people into a vehicle that's going to one place at one time, on a set schedule, and according to a pattern. Today, though, we're used to things being on demand. So developing around the traditional urban infrastructure are a whole variety of nontraditional means of mobility, such as car sharing and bike sharing. In what I'll call

the *Mad Men* days of commuting, you commuted to work one way, and you went back the same way, and the pattern was very symmetrical. Now travel is becoming asymmetrical. You take a whole series of different modes across the day—a train, a bus, an Uber ride, bike share, walking, a ferry.

McKinsey: *Which emerging technologies are most likely to be transformative?*

Jay Walder: Bike sharing is actually one of the most revolutionary changes that we've seen within the urban transportation space. It's redefined our idea of what public transit should be. Bike sharing creates a system for personal mobility. It is personalized mass transit. You distance yourself from the idea of stations and routes and schedules. Uber and Lyft in many ways reflect that, too, and there is great potential for autonomous vehicles. There are many challenges associated with this shift—technological, social, regulatory. But you can see them as the enablers of tremendous change in the city.

In the 20th century, the development of cities was led by infrastructure—consider the way different rail lines opened up areas of London. It was, in effect, a case of “If you build it, they will come.” In the 21st century, cities are not going to be defined by that infrastructure anymore. They're going to be defined by technology and the ways in which technology is brought into the city space. I'm not saying that large-scale infrastructure projects will not have a place. They will. But I think they will be surrounded by a whole set of other things that are going to be increasingly important.

McKinsey: *What is the potential of urban bike sharing?*

Jay Walder: I don't think we've even begun to see the full potential. Fifteen years ago there were 4 modern bike-share systems in the world; now there are almost 900. Think about what an impact this is having in an incredibly short period of time. In Chicago, rides have increased by 70 percent from

Jay Walder



Vital statistics

Born 1959,
Indianapolis, Indiana
Married, three children

Education

Received a bachelor's degree from Harpur College at Binghamton University
Holds a master's degree in public policy from John F. Kennedy School of Government, Harvard University

Career highlights

Motivate

(October 2014–present)
CEO

MTR Corporation (Hong Kong)

(January 2012–August 2014)
CEO

Metropolitan Transportation Authority (New York)

(2009–2011)
Chairman and CEO

McKinsey & Company

(2007–2009)
Partner

Transport for London

(2001–2007)
Managing director for finance and planning

John F. Kennedy School of Government, Harvard University

(1995–2001)
Lecturer in public policy

March 2015 to March 2016, in New York by 110 percent, in Columbus, Ohio, by 66 percent. We're doubling the size of Citi Bike, and growing Bay Area Bike Share tenfold. And we are fielding calls and requests and ideas all the time. Why is this happening? I think bike sharing fits not just with our desire for mobility but also with our values. It fits with what we want to be as a society. We want to be healthier. We want to be fit. And it just makes us feel good.

McKinsey: *How big is bike sharing?*

Jay Walder: It's tiny. In New York, the MTA carries 5.7 million people every weekday on the subway, and another 2.5 million people on the bus. In April 2016, our bike-share system carried about 34,000. But I don't think that's the way to look at it. One of the things that you learn as you look at these types of challenges is that the impact is on the margin. I remember walking home one night at about 6 PM and stopped at the streetlight. As I waited, seven people went by on Citi Bikes. And I thought, "This is pretty neat."

McKinsey: *How different could cities be in 30 or 50 years?*

Jay Walder: They could be almost unrecognizable. So much of the way in which we've defined the nature of the city has been about the way in which we get around—from horse-drawn carriages to automobiles and to larger vehicles. What we're looking at today fundamentally reshapes that. In the horizon of 50 years or so, I would be tremendously surprised if we haven't redefined our cities in fundamental ways.

There are physical constraints to cities, so they are going to be in the business of reallocating and rethinking their physical space. That's going to open up opportunities for us to think about what we really want. That's going to be unusually exciting. We went through that process 100 years ago and reallocated the physical space to the automobile. That is already changing.

I am a big believer in the city. Despite all the technology that exists, what is most exciting about the city is the interaction of people within its space. If we had been having this conversation in the mid-1960s, for example, we might have had a hard time making that argument. That's the beauty of what's happened. Many people argued that these changes would be the demise of cities. Actually, it has ended up strengthening them. ■

Copyright © 2016 McKinsey & Company.
All rights reserved.