The Business of Bike-Share

The rocky ride of turning a fad into the
It was a cold Fashion Week in Manhattan and a thin layer of snow was accumulating over the Standard Hotel’s skating rink in the Meatpacking District. The crowds arriving for that evening’s runway show wore wool coats, fur hats and rosy cheeks. It was the opposite of biking weather, and not exactly a scene associated with cycling, but one particularly hardcore couple had managed to show up on Citi Bikes, even in the snow: members #1,334 Rachel Blatt and #963 Jordan Werbe Fuentes.

Greeting friends near the hotel entrance, they began engaging in many New Yorkers’ favorite post-Citi Bike activity: complaining about Citi Bike. “Quick bike rides are usually the perfect way to avoid being out in the cold too long,” Werbe Fuentes says. “We thought it’d be easier, faster and less freezing to take Citi Bike instead of trying to walk here from the subway,” about a half-mile away.

Instead, the pair had wandered around the neighborhood looking for an ice-free parking spot for long enough to make them wholly regret their decision to utilize New York’s year-old bike-share system. “I don’t know who’s supposed to remove the snow from the docks where you put your bike, but no one has,” Blatt says. When they eventually found spots, the snow made it hard to tell whether their bikes were properly docked. (Blatt’s wasn’t.) They hurried off to the show anyway, now
running late, and the following month, Blatt discovered an unexpected charge from Citi Bike: about $100 in late fees for a 52-hour bike ride she never went on.

“New Yorkers wanted Citi Bike to work. We wanted to be able to tell good stories about the program and what it let us do around New York,” Blatt tells me later. “Unfortunately, this winter Citi Bike made it all too easy for its members to tell horror stories instead.”

On frigid days last winter, ridership numbers regularly maxed out at just a few thousand trips—compared to summer and fall when users averaged 36,000 daily trips, pedaling more than 11 million miles in 2013. Revenue plummeted too; on the average winter day, only about 100 people bought the 24-hour passes aimed at tourists. (Blame the polar vortex.) At $9.95 a pop, those day passes are intended to subsidize the system for annual members, who pay only $95 for unlimited 30-minute trips. (That revenue model is used in all nine of the systems designed and maintained by Alta Bicycle Share, the Portland-based company that operates Citi Bike through its fully owned subsidiary NYC Bike Share.) “The gross revenue, including sponsorship, for February 2014 was $157,871,” Citi Bike wrote in its monthly report, a paltry sum for a system that cost nearly $50 million just to launch.

It should come as no surprise, then, that by the first day of spring, the Wall Street Journal was reporting that Citi Bike was short millions of dollars needed to maintain and expand the system and asking the city for help. It wasn’t just a revenue problem—expenses were up, too. The
system's nearly 100,000 annual members were biking more than expected, straining the operator's budget to service and redistribute bicycles. Equipment damaged while in storage during Superstorm Sandy needed to be replaced to the tune of $10 million. Major plans for expansion in upper Manhattan, Brooklyn and Queens were under-funded and behind schedule. To cope with losses, Citi Bike had already laid off workers in the field—which explains, in part, the messy situation encountered by Blatt and Werbe Fuentes—but it wasn't enough to stop the bleeding. A few days after the WSJ article came out, Citi Bike's manager announced his resignation.

It's a rapid change in fortunes for a system declared an early success and touted as the future of public-private urban infrastructure projects. Its unprecedented sponsorship deal—$41 million from Citibank, $6.5 million from MasterCard and a loan from Goldman Sachs, covering launch costs entirely on the corporate dime—made Citi Bike the envy of city bureaucrats everywhere. Planners in Phoenix, Atlanta and elsewhere sent out RFPs looking to recreate its too-good-to-be-true funding scheme. The largest bike-share in North America by far (5,850 bikes spread across 332 stations), Citi Bike brought the visibility of the world's biggest media market to a symbol of significant green infrastructure, installed without the help of a big-spending government. It's a keystone legacy of Mayor Bloomberg's administration, embodying its love of partnerships between the public and private sector, the finance industry and technocratic problem-solving. It's also the crown jewel in Alta's portfolio, which includes bike-shares in Toronto, San Francisco, Washington, DC, Boston, Chicago,
But now that accomplishment sits at a crossroads. To close the funding gap, the Citi Bike system can either raise user fees, find more money from sponsors, seek out philanthropy or leverage private investment. One thing it can’t do is get money from the city: “Not on the table,” according to early comments from Mayor Bill de Blasio.

Alta appears to be considering all available options, but emphasizes the potential of investment dollars to help grow NYC Bike Share (as well as Alta Bicycle Share itself). “That says that if they had another 20 or 30 million dollars—whatever the number is—they would focus on taking care of their existing customers, and not be so focused on closing their next deal,” says Lisa Gansky, an angel investor in transit-oriented startups RelayRides and Sidecar.

But is a bike-share operator worth investing in? Citi Bike’s challenges might suggest otherwise, while a peek at Alta’s contract for the unlaunched Portland system reveals just 6.5 percent of total expenditures going back to the company for “corporate support.” If that’s where all the profit margins lie, it’s not very much for a high-risk, infrastructure-heavy new industry. “I don’t know to what degree it’s profitable,” says Colin Hughes, who researches bike-sharing for the Institute for Transportation and Development Policy. When it comes to finding sustainable business models, Matt Christensen, former editor of BikeShare.com, agrees. “People don’t know what’s going to work and what’s not
going to work, and it really just takes a lot of time and a lot of money to figure that out,” he says.

With four years and tens of millions of dollars worth of contracts, Alta’s better positioned than any other operator to engage in such experimentation. Its global fleet of 16,551 bicycles dwarfs its next biggest competitors, CycleHop and B-Cycle. This year alone, Alta plans to launch in Seattle, Vancouver and Providence. But even Alta acknowledges the uncertainty of its models. “This industry’s too new to be able to say what’s the most profitable way, what’s the most solid business setup,” Mia Birk, vice president and public face of Alta Bicycle Share, told me in January.

But right now, the company needs a sure bet, not experimentation. Alta’s figure-it-out-as-we-go approach has already resulted in a number of blunders, generating bad press along the way and leading to speculation that it’s taking on too much in the rush to win contracts. In New York, Chattanooga, Chicago, Portland and Vancouver, delays and software glitches have pushed back start dates as much as two years.

In Washington, DC, employees say they were underpaid according to federal contracts, to which the company pleads ignorance. Given some of these challenges, top managerial talent has already begun fleeing to the competition. And Alta’s main subcontractor, Public Bike System Company (PBSC), which provides bikes, kiosks and software (and suffers frequent glitches) announced earlier this year that it will file for bankruptcy, forcing Alta to scramble into new partnerships with bike and
software providers—and prompting the city of Portland to push back its system’s launch into 2015.

Still, many planners insist that Alta’s problems don’t reflect on the viability of bike-sharing itself as a transit solution.

“I’ve never seen anything spread so fast. It’s popular, it’s needed, it’s valuable,” says Ryan Snyder, whose Los Angeles firm continues to include bike-share in its bicycle master plans for most communities who commission them. “Bike-share is here to stay,” Snyder continues. “We just need to find a sustainable way of financing it, that’s all.”

What’s less certain is whether Alta can find the way.

STRAIGHT OUT OF PORTLAND

Alta’s Portland headquarters sits just east of downtown and the Willamette River, looking more like an architecture firm than the startup-y branding its bike-share systems project. (Restored historic building, yes. Ping-pong, no.) From 1996 to 2008, Alta was just Alta Planning + Design, specializing in bike- and pedestrian-friendly urban planning. In 1999, Birk joined the then three-person team, relocated its global headquarters to Portland from Berkeley and grew the company to 125 employees at offices in 26 cities. In 2009 she helped spin off Alta Bicycle Share as a subsidiary, but remains president of Alta Planning + Design, too. At this point, Alta earns far more of its revenue from bike-share than planning. “Bike-share is a lot bigger. Much bigger,” says
The transition was a natural one. Birk came to Alta from Portland’s city hall, where she served as a bike commissioner for six years, leading the city down its path of eminent bikeability. The Dallas native became known in her adopted hometown for her perseverance in the face of community resistance and intense commitment to all things bicycle. Part of her dedication came from a deeply personal place, she writes in *Joyride: Pedaling Toward a Healthier Planet*, her memoir of that era. Bicycles had, for Birk, been the vehicle for her own transformation back in international relations graduate school in Washington, DC.

“After two weeks, I had lost eight pounds. A few weeks later, I had to buy a whole new size-eight wardrobe,” Birk writes in *Joyride*. “Oh, the energy surging through my
One hundred weekly pedaling miles sculpted my calves and quads into Tina Turner-esque things of beauty.”

If Birk—“once a car-addicted chubster,” she writes—could make the switch, her argument goes, why not everyone else?

As Birk traveled across the developing world doing research for an international development organization after grad school, she saw the dire need for environmentally friendly transit solutions in smog-choked emerging cities. After deciding to pursue her passion for development closer to home, she visited Portland and never looked back.

Inside Birk’s office, she sits cross-legged in a purple sweater set before a wall adorned with T-shirts representing Alta’s different bike-share systems: Chicago’s “Divvy,” DC’s “Capital Bikeshare,” and, of course, Citi Bike. As she explains why bike-sharing has quickly captured the popular imagination—and is now in 607 cities worldwide—her left hand carves paths through the air, a physical bullet point for the many pro-cycling arguments she’s polished over the years. From the start, Birk saw bike-sharing as a way “to break through a classic conundrum that cities face—chicken-and-egg,” meaning people wouldn’t fully embrace biking until there were bike lanes and infrastructure to make them feel safe. “Bike-share could be a way to quickly vault over that and create the demand,” she says. By addressing common impediments to urban biking—like the hassles of maintenance, storage and theft—Birk saw bike-share as
Citi Bike brought the visibility of the world’s biggest media market to a symbol of significant green infrastructure, installed without the help of a big-spending government.

When Velib launched in Paris in 2007 it catapulted bike-sharing onto the international stage, and showed the sexy sheen a sleek, new system could bring to a city’s brand. Paris at once gave off a more forward-thinking vibe. It felt friendlier to tourists and young people. “It can kind of create a cycling culture overnight,” says Hughes, who lived in Paris before and after Velib debuted. The Paris system inspired a generation of global copycats everywhere from Rio de Janeiro, Brazil to Hangzhou, China. By the 2008 Democratic and Republican national conventions, in Denver and Saint Paul, Minnesota, respectively, Americans had begun to take note of the systems and temporary bike-share systems were set up for delegates, introducing the concept to political leaders
from around the country. Afterward, Minneapolis and Arlington, Virginia commissioned Alta to study the feasibility of launching permanent bike-shares there. “We thought, ‘Well, we should dip our toe in the water and start to see where this could take us,’” Birk recalls. Arlington turned into the first contract for Alta Bicycle Share, a proto-version of DC’s Capital Bikeshare system, which launched in September 2010. Silicon Valley would call this change in direction a pivot, and Alta has maintained this “organic” and “nimble” approach to innovation ever since, Birk says.

“Our thinking was that [setting up a bike-share] is similar to consulting. [Cities will] pay us a fee, we’ll do what they ask,” (usually a mix of designing, launching, maintaining, and marketing the systems) “we’ll do it really well, and then we’ll do more of these” contracts, Birk explains. “We’ve learned an awful lot since then. It wasn’t projected out or a business plan developed that brought in the sponsors or the complexities that we’ve faced since then. We really did not have a sense of how complex or how very, very, very different this was going to be.”

Alta does “exhaustive planning” in every city where it launches, according to Susan Shaheen, co-director of Berkeley’s Transportation Sustainability Research Center, but “each city is different both environmentally and demographically, and unique issues will arise,” she said over
email—especially where money is concerned. Alta’s oldest bike-share DC’s Capital Bikeshare launched and covered early operating expenses entirely with public money: $6.4 million in federal grants for congestion mitigation and air quality improvement.

“It was a fully funded system for the first three years, so it gave us an opportunity to build up a nest-egg [of revenue from users] for the next few years,” says Kimberly Lucas, bicycle program specialist for the District Department of Transportation. But four years after its 2010 launch, the city-run system relies on the usual mix of user fees, advertising revenue and government support for ongoing operations that other Alta cities have chosen. So far, the model has been successful for DC, city transportation officials say. “Even if we aren’t completely breaking even, we are pretty darn close,” says Lucas. “Compared to any other mode of transit we do exceptionally well.”

When Bloomberg and his transportation commissioner Janette Sadik-Khan began planning New York’s system, they asked Alta for something unique. Unlike all the other systems supported by the mix of government and private dollars, New York systems would operate without any public support. It would be wholly self-sufficient. “Their vision was that this bike-share system would be privately financed through sponsors,” says Birk. “They’re really the ones who drove it home.”

After inking the deal early in 2011, Alta created the subsidiary NYC Bike Share and geared up to launch their biggest system yet that summer, on the world’s most unforgiving stage. The media, particularly the New York
Post and Wall Street Journal, prepared to pounce on every detail. Reporters were given ammunition when the system’s start-date was pushed back further into 2012 because of software glitches from now-bankrupt PBSC, and then to 2013, after flooding from Hurricane Sandy damaged equipment. “Is everyone going to get sued? Are all the bikes going to disappear? Are people going to die? And are people going to use it?” were some of the concerns the press threw at Alta when its first systems were going live, says Alison Cohen, president of Alta Bicycle Share until last spring. “And all four of those questions have been addressed,” in Alta’s favor, she adds.

New Yorkers instantly flocked to Citi Bike, despite significant snags in the operating software. The bikes have not been stolen or vandalized in significant numbers. And most importantly, no deaths have been reported in nearly a year since the launch. But while safety, theft and demand have never been major concerns, operations, maintenance, outreach and—more recently—financing all have. And now, Alta is on the hook to bring similar self-sustaining systems to mid-sized Portland and Providence. Other cities, including Orlando, Tampa, Phoenix and Atlanta are asking operators to bring them the “free” Citi Bike experience too—and have even hired competitors to make that happen.

But the New York model was never meant for export, according to Birk. “New York is an anomaly,” she said in January, citing the city’s unusually low levels of car ownership and uniquely high value of outdoor advertising. (Citigroup’s title sponsorship, she says, is worth as much as $60 million compared to $2.9 million
in projected annual value for a title sponsor in Portland.) "I would not look at New York and say, 'Oh, that's what we can do in all these other cities.'"

Cohen agrees. “It’s a mistake for other cities to look at [New York’s funding model] for a reasonable example for how to capitalize their system. In an ideal world, sponsorship should be used to help support operations,” she says, with public money playing an important role in start-up costs. In this blue-skies world, Citi Bike could take Cohen’s advice and simply sell more ads to help pay for increased operations costs. But the irony is that the Citi Bike sponsorship deal was so successful—the Citigroup brand is now so deeply integrated into the identity of the system—that there’s little room for other companies to derive value from advertising. Instead, Citi Bike has asked the city to help out, a major departure from the original spirit of the project that has always sold its self-sustaining business model as a key innovation. “All of this without using any taxpayer money,” Citigroup CEO Vikram Pandit exclaimed to reporters at a 2012 press conference.

That financial independence has also always been an important part of what made the deal such a good one for Citigroup, which received $45 billion from the U.S. government after the financial crisis (plus a $300 billion guarantee on its loans). The Citi Bike project was meant to rebuild goodwill toward the brand—and seemed to be working (Citigroup told Bloomberg that it’s favorability ratings jumped by 17 points after Citi Bike launched)—by giving an (albeit miniscule) portion of that money back to the New York public in the form of handy cerulean bikes.
But with the news that Citi Bike is asking for money, it shows just how quickly a Bloombergian fantasy of corporate-led development could devolve into a Bloombergian nightmare: a Citigroup-backed product needing another government handout.

Citigroup hasn’t commented yet on whether Citi Bike’s troubles will affect the future of their partnership, but the story of London’s bike-share—a bank-sponsored Citi Bike prototype—serves as a testament to how easily brands get spooked. In January 2013, a multi-million pound budget deficit forced Barclays Cycle Hire to double its fees. (There’s now talk of Citi Bike raising annual memberships from $95 to $140). Then, a 20-year-old student died on a Barclays bike in July. By November, ridership stats for London had plunged to one-third of the previous year amid a wave of bad press.

Almost immediately, Barclays made it clear that they’d be ending their relationship with the bike-share program the moment the contract expires in August 2015.

**NIMBLE, ORGANIC, BUT IS IT PROFITABLE?**

“How, exactly, does Alta make money?” the editors of BikePortland.org wondered aloud in a blog post dissecting Alta’s seemingly fat-free contract with their hometown. Alta will have to answer that question to court investors. So far, only one company in bike-share operations has managed to accomplish that: Zagster, the Boston-based startup focused on boutique systems for universities and corporate campuses. “Service businesses
in and of themselves are typically not very attractive for VC,” explains CEO Timothy Ericson. “Being able to package it together—the maintenance and the technology—is what helped us get traction with our partners,” he says, adding, “Alta doesn’t own the technology.”

It’s a point that extends to Alta’s closer competitor B-Cycle. The Wisconsin-based bike-sharing company provides its own proprietary software, bikes and stations to clients in 24 cities, selling equipment, but leaving operations up to a local partner, typically a nonprofit.

For Gansky, the sharing-economy investor, it’s more than just the financials: “You look at the opportunity—certainly. You also look at the team.” In March, Birk said that Alta is growing by “adding experienced staff at the corporate and system level.” But they’ve been shedding them, too. Citing “personal reasons” and a “severely damaged” relationship with the now-bankrupt PBSC, former president Cohen left Alta just before Citi Bike launched. With the help of other ex-Alta employees (including the CFO, an operations director and the Melbourne system manager), she recently started her own Philadelphia-based operations company, Bicycle Transit Systems, which last week won a contract to manage a bike-share system in its hometown and is being considered in Pittsburgh. Interestingly, Cohen’s company will partner with B-Cycle on the Philadelphia system, projected to cost $14.5 million over its first five years.

She says her new company will do things differently than Alta, with more “hands-on,” “localized and responsive” operating and leadership teams.
“The industry is very small, with no capital, and it’s a bit strained,” Cohen says. “The high-profile aspect of it has lent this incredible pressure for small companies to say, ‘Yes, we can do it’—and not being able to fulfill. And that goes for everything from PBSC and the equipment” to potentially the contractors for new systems in “Providence, Atlanta, Tampa, Phoenix, Orlando: They have all been promised systems on no [public] funding. We’ll see how those go.”

Reading Alta’s foibles through that lens—as a small company under high pressure to quickly deliver a product the industry barely has the capital to produce—offers a potential explanation for what happened in DC, where 18 Capital Bikeshare employees have banded together to demand wages and benefits they claim Alta owes them. Contracts under federal grant money should have guaranteed them $14.43 to $15.66 hourly rates, plus benefits under the federal employment guidelines for “bicycle repairer” or “truck driver light.” Alta paid some of them $13 an hour as “rebalancers”—a job that lacks a federal definition—and didn’t cover benefits.

In an open letter published online, along with a petition, the workers address Birk by name: “Mia, do you remember when you shipped us free copies of your book, *Joyride: Pedaling Toward a Healthier Planet*? It was inspiring to read that we must, ‘See the bicycle as a tool for empowerment and social change’ [...] However, the
title left some of us wondering where we fit into that ‘healthier planet’ as we worked without healthcare, doing dangerous jobs on busy streets and in a filthy warehouse.”

Birk’s defense is, essentially, we didn’t know better when we wrote the contract. “That was initially set up when we had virtually no staff and no real knowledge of how to do bike-share contracts or what rules were governing wages and regulations,” she told me. But that excuse feels unsatisfying when Birk has previously cited Alta’s experience with government contracts as one of the company’s advantages. The Department of Labor opened a federal investigation into the claims, and Birk says that they can’t offer back-pay until it’s over. Ari Weisbard, of DC’s Employment Justice Center, says they could and should pay wages back immediately to make up for their mistake, and it’s possible Alta’s delaying to avoid parting with more cash.

Investors don’t like stories like these, presumably. Moreover, the incident reinforces an image of bike-sharing—and Alta, by extension—as disconnected from the realities of urban life that extend beyond the narrow world of its target demographic: “tourists and more upper-income people,” in the words of Laura Barrett of the Transportation Equity Network, as opposed to working-class employees and low-income urbanites. So far, usage among low-income people has been dismal, even when stations are in their neighborhoods, like in New York’s Lower East Side and DC’s Anacostia. Data provided to DNAinfo.com by New York’s Department of Transit reveal that just .5 percent of members hail from...
public housing. “Lower-income groups haven’t been targeted with advertising that speaks to them as much as other groups,” Berkeley’s Shaheen said in an email. “Usually, bike-sharing is sold as an environmentally friendly and healthy way to get around.” More compelling messaging could emphasize “saving time and saving money.” Another problem is the requirement of credit cards, which eight percent of Americans—mostly poor ones—don’t have. And finally, there are cultural barriers.

“People of color and people who are already very sensitive to being exposed and very concerned don’t see it as something fun to get on a bike and zip around,” Birk explains, when I ask what can be done to boost bike-share usage among those outside the target demographic. They “see it as, okay, I’m exposed, I’m putting myself in harm’s way, I have concerns about safety, I have concerns about interaction with the public in this way.” Another read: Many people may not see bike-share as transit that’s designed with their lifestyles in mind, because they have a physically demanding job, a major commute, or concerns about crime. (Is it a coincidence that tensions over gentrification and equity have played a role in the conversation about bike-share in all the major cities where it has been rolled out?)

Still, Birk points to subsidies and outreach that Alta’s different systems are offering to expand their user base among low-income people. Steeply discounted memberships. Free helmets. Safety workshops. But the main challenge so far is, of course, the limited locations of stations and the challenges of paying for expansion. “There is a definite desire and need to expand the
footprint of bike-sharing to be more equitable,” Birk says. But, she adds, “like any social problems there is not one easy solution.”

In Austin, the city is actively grappling with how to attract lower-income riders. One idea under exploration is a partnership between B-Cycle, which runs the local bike-share, and Austin’s housing authority. Through the partnership, B-Cycle would develop new stations in public housing neighborhoods that would be available to tenants through their rental agreements with the housing authority. “We are thinking about how to fit bike-share into existing systems that are already working for communities,” says Adrian Lipscombe, project coordinator in the city’s Department of Transportation. Lipscombe, an urban planner and a member of Next City’s 2014 Vanguard class, is part of a minority cycling group called Green Is the New Black. She says that if players like Alta want to better serve minority riders it would suit them well to locate in their neighborhoods and work with groups that already know the communities.

Lipscombe and other advocates argue that bringing bike-share to more people will take more investment from government (not less, as the Citi Bike model argues) particularly in start-up costs, to reserve sponsorship dollars to help with operations or expansions. “There is absolutely room for public transportation dollars to be devoted toward expansion,” says Caroline Samponaro, a campaigns director for Transportation Alternatives, a nonprofit transportation advocacy group. “Like any public-transit program, there is reason to explore
But before these decisions are made, government must first decide just how much value bike-share offers. Should it be thought of as public transit, as Samponaro says, with the subsidies that implies? Unlike buses and trains, even a luxuriously subsidized bike-share for the poor will never serve other demographics who need public transit most: the disabled, the very old, or the very young. “To look at it and just be like, ‘Does it require subsidy or not,’ is too black or white,” Hughes says, “because what if it requires half as much subsidy per trip as another mode?” He points out that even small systems can create benefits felt by all city-dwellers, like pollution reduction and taking pressure off of public transit at peak hours. At the very least, “it doesn’t have any negative externalities,” Hughes says.
technologies have to get started somewhere, even when they’re imperfect at first. “The first market is the people that want to do it,” says Snyder, the L.A. planner. That attitude reflects a slightly different vision of bike-sharing—not as public transit for all but as a niche product, offered by a sharing-economy startup, consumed, at first, by early adopters.

Unlike Citi Bike, most bike-shares will launch on a small scale, especially in cities that refuse to put public funding toward their systems. In part, that’s because it’s even harder to lure sponsorship dollars to the table in second- and third-tier cities, Birk points out. “If they get bike-share, they may get a very small-scale kind of bike-share,” she says. “They may not get it at all.”

These questions will slowly be answered as new funding schemes and technology emerge: Alta will launch a small system in Providence later this year, with no public funding and with equipment provided by newcomer Social Bikes instead of the toxic PBSC. In Seattle, they’ll contract with a nonprofit instead of city government. Tampa, Atlanta and Phoenix will partner with Alta competitor CycleHop and Social Bikes to bring systems to their cities with no public funding (and without the need to install hundreds of kiosks, thanks to Social Bikes’ bicycle-integrated payment technology). In Kansas City, a nonprofit operator has crowd-sourced more than $300,000 in funding.

Meanwhile, Austin continues to grow its 40-station B-Cycle system without any operational support from the city—and no single big-name donor. “We have a mandate
to be self-sustaining and are doing that with local support,” says Elliot McFadden, Austin B-Cycle’s executive director.

Gansky welcomes the innovation, arguing that some of the difficulties with Alta’s systems show the fraying of a “triad model” (partnerships among cities, operators and sponsors) stretched to the limits of its efficacy. “We’re sort of applying last century’s business models to this century’s challenges,” she says. “That triad theoretically makes sense but in practice it hasn’t worked.” She’s interested in the potential of peer-to-peer startup Bitlock, whose technology would enable a more Airbnb-style approach to bike-sharing and could drastically reduce launch and maintenance costs for cities. Another cost-saving solution could be more open-source software or open data, Gansky argues. “I haven’t seen anybody expose the data about what’s not working about [Citi Bike]. But since we’re living in a shareable world, why not make that data public?” Gansky wonders. “Once a bike-sharing service is in a city, it’s to everyone’s benefit that it succeeds.” (Indeed, transparency has not been the company’s strong suit. The city of New York has made similar requests to Alta.)

The first company to put a product on the map—as with Yahoo and search—can quickly lose its perch at the top when a newcomer (i.e. Google) comes along. Birk, for her part, remains full of confidence publicly. At this point, we’re only beginning to find out whether Alta’s struggles indicate something flawed about its business model, its product or its leadership. “The good news is, bike-share’s really exciting,” Birk says. “People want to use it; it kind
of sells itself. But at the same time we’re trying to run a business.”

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