

“Transformative Business Models”

Background:

Regenerative by design, the circular economy keeps products, components and materials at their highest utility and value, at all times. In practice this translates into:

- preventing waste through new and innovative business models or through improved design – either for disassembly or for longevity;
- maximizing the continuation of a product's life through enhanced re-use, repair or remanufacture; and
- improving end of life processing and resource recovery.

From ownership to usage – transformative business models that change current patterns of consumption and production with the economy and environment in mind.

Manufacturers and businesses are focused on selling products in a single purchase. The product is followed by a warranty or service contract to replace or repair the product, which is a service. □□

Product-as-a-Service fuses physical products, services and software to enable new offerings where the buyer may no longer own a physical product; it is rather delivered as a service or "virtual" experience. Instead of a one-time-transaction the customer subscribes to the product and pays a recurring fee. □□ The oldest example of Product-as-a-Service are leasing programs offered by car manufacturers or technology companies. For example, customers will purchase cars and all maintenance work is included during the lifetime of the lease. In a newer model Zipcar buys, operates and maintains their fleet and then lets people access that on a per-use basis. Another example is "renting" space in a data centre instead of buying expensive storage equipment and let others run the infrastructure. The user pays a price that scales to use; use is monitored so that adjustments can be made up or down to address demand.

Challenge Description:

Via this challenge we would like participants to explore what opportunities exist to replace traditional single purchase models with alternate business models that enable a circular economy. For example:

- What products are, or could be, conducive to a usage and maintenance model versus an ownership model? What are the environmental, social and economic benefits to this approach? What are the barriers to scale?
- What innovative examples of product as a service can you find that you think are scalable or replicable? What are the key characteristics of these examples and what is the business case? (i.e., why does it seem to work in this instance? What conditions or enabling factors contribute to success)
- What other products, though they might not yet be delivered as a service, do you think could be considered a product-as-a-service in future?

Skills/Attributes We Are Seeking

- Understanding of innovation that enables the circular economy - technological, social, other
- Knowledge of circular economy principles
- Business model experience

Who to contact for additional information on this challenge:

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