



EUROPEAN  
RENTAL  
ASSOCIATION

# Circular Economy & Business Model Opportunities

*Egbert de Jong*  
DLL



**ERA's 10<sup>th</sup>  
Anniversary!**



EUROPEAN  
RENTAL  
ASSOCIATION

ERA Convention 2016, "The next 10 years", Stockholm, 08-09 June

- Asset based financial solutions
- 34 markets, 5500 members
- Managed portfolio of €37.5 bn (€ 2 bln in construction equipment)
- Offerings include Vendor Finance, Fleet Solutions, Life Cycle Asset Management, Mobility Solutions, Consumer Finance, Leasing and Factoring.
- DLL is a wholly owned subsidiary of Rabobank Group
- Davos World Economic Forum: Circular Economy Award

## Progressing **together**

See what counts.

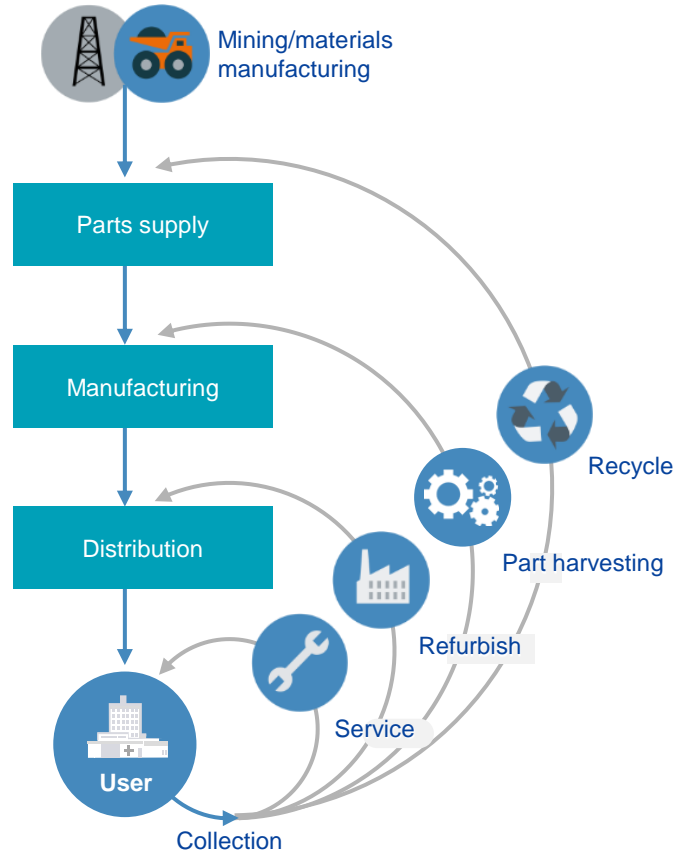


---

## Creating a circular economy



# Circular Economy



# More trends

| Global trends                  | Industry trends          | Customer trends                      |
|--------------------------------|--------------------------|--------------------------------------|
| Circular Economy               | Demand on the food chain | Smaller world, more connected        |
|                                | Home healthcare          |                                      |
| Population Growth              | Scarcity of resources    | Use assets rather than owning        |
|                                | Value added services     |                                      |
| Responsible business practices | Green technologies       | Expect sustainable product solutions |
|                                | Transparency             |                                      |
| Digitalization                 | Online retailing         | More ease of business                |
|                                | Consumerization of IT    | Managing TCO of Fleet                |

---

## Circular Economy

- Reduce waste
- Linear to Circular
- Going Green
- Sustainability

## Other Trends

- Servitization
- Internet of Things
- From ownership to usage
- New Lease Accounting



## 5 steps to a circular business model



---

# Industries



**Food**



**Agriculture**



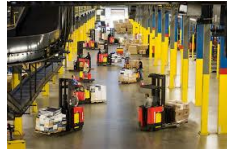
**Office  
Technology**



**Construction**



**Transportation**



**Industry**



**Healthcare**



**Clean  
Technology**



**Automotive**

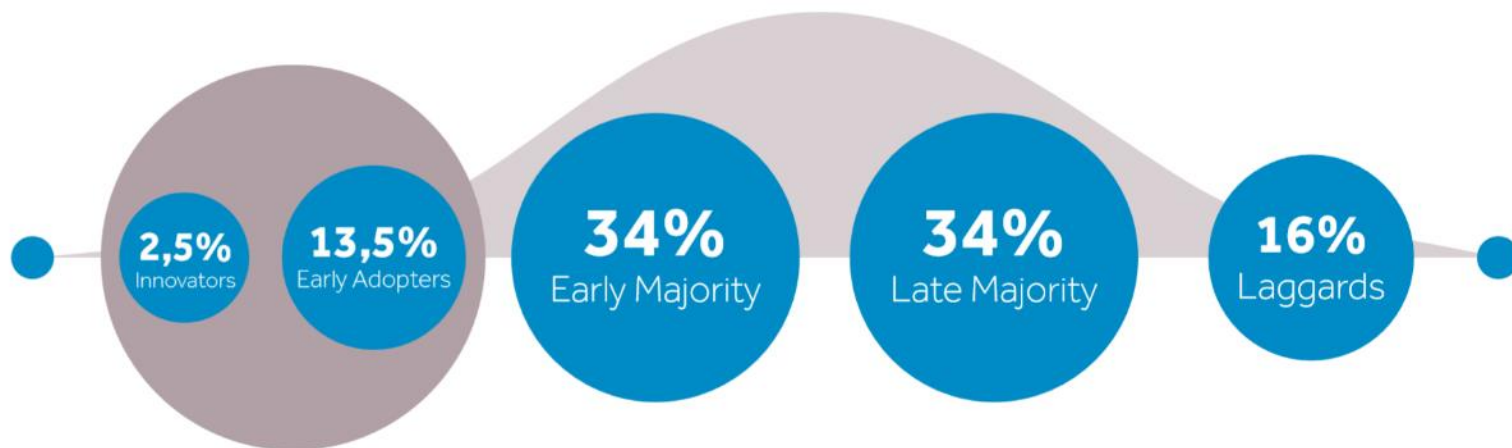
---

# Addressing multiple functional areas

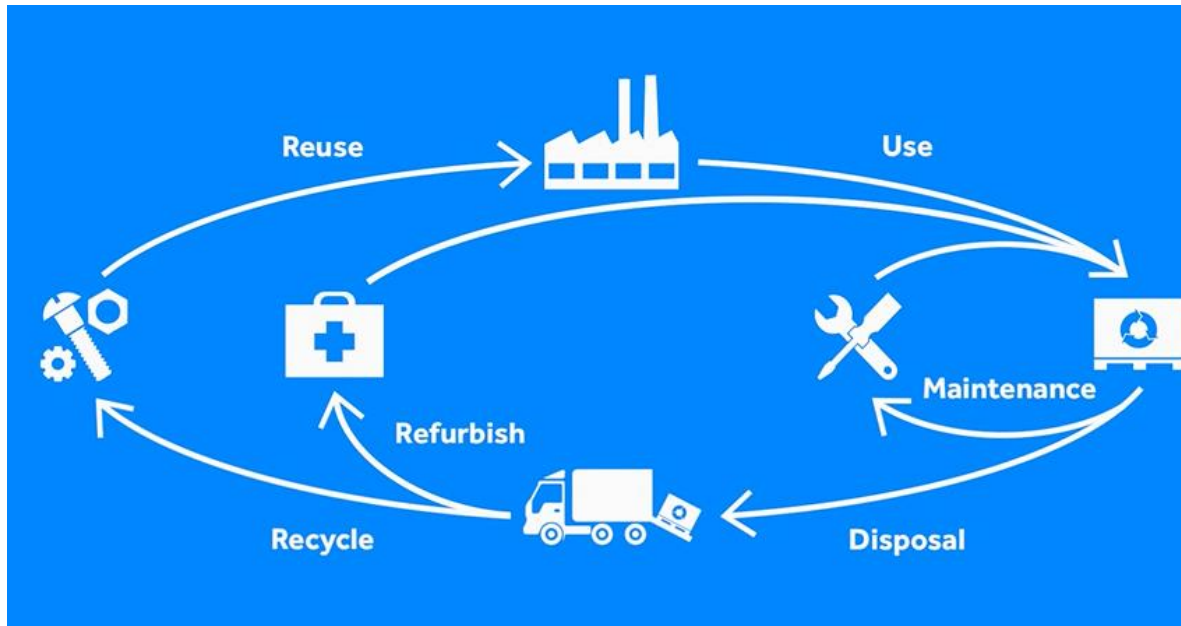


---

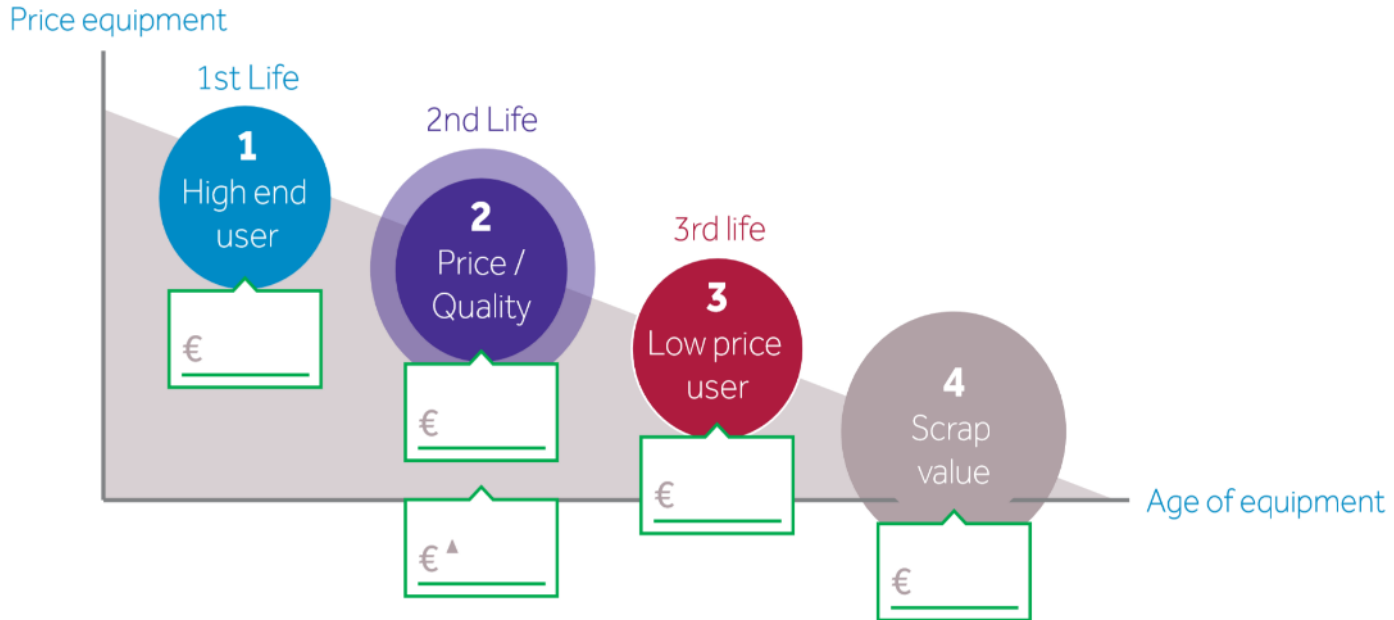
# Where are you? Your customer? Your supplier?



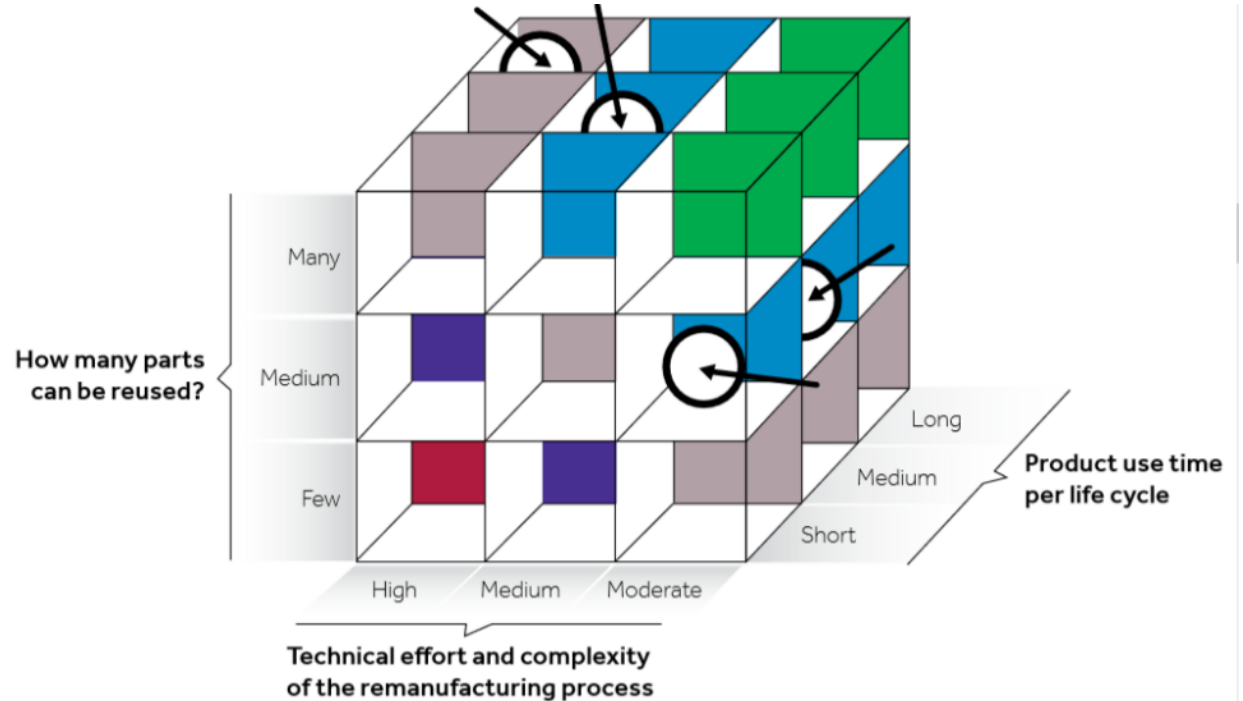
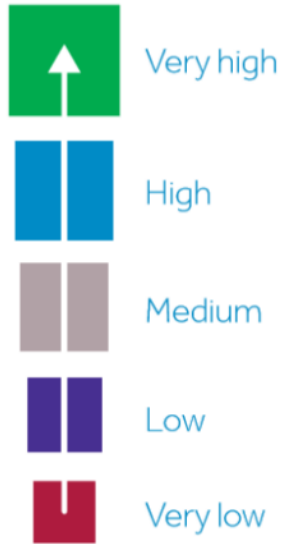
# Life Cycle Asset Management



# Economic lifecycle of a product



# Redesign for remanufacturing



---

# Examples











---

# Pay for service / pay per use



# Servitization

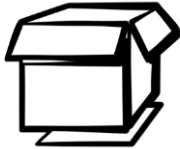
| Product-based value   | PRODUCT SERVICE SYSTEM (PSS)<br>Value based on combination of product and service  |  |  | Service based value   |
|---|--|--|--|---|
| Pure Product  | Product Oriented   | Use Oriented   | Result Oriented  | Pure Service  |
| <p><b>PRODUCT SALE</b><br/>THE OWNERSHIP OF THE PRODUCT CHANGES</p>  | <p><b>PRODUCT RELATED SERVICE</b><br/>SELLING A PRODUCT COMBINED WITH A PRODUCT RELATED SERVICE (EXAMPLE: MAINTENANCE CONTRACT).</p>  | <p><b>PRODUCT LEASE</b><br/>EXCLUSIVE USE OF A PRODUCT WITHOUT BEING THE OWNER.</p>    | <p><b>OUTSOURCING</b><br/>A THIRD PARTY OWNS THE PRODUCT AND PROVIDES A PRODUCT RELATED SERVICE.</p>                  | <p><b>SERVICE PROVIDING</b><br/>AN ACTIVITY IS PROVIDED WITHOUT THE USE OF ANY PRODUCT. FOR EXAMPLE: TELEPORTATION.</p>  |
|   | <p><b>PRODUCT RELATED ADVICE</b><br/>SELLING A PRODUCT WITH A USE RELATED SERVICE (EXAMPLE: ECO-DRIVING COURSE).</p>                  | <p><b>PRODUCT SHARING/RENTING</b><br/>NON EXCLUSIVE USE OF A PRODUCT. CONSUMER IS OWNER (SHARING) OR PROVIDER IS OWNER (RENTING).</p>  | <p><b>FUNCTIONAL RESULT</b><br/>A SERVICE PROVIDER DELIVERS A SPECIFIC RESULT. THE TYPE OF PRODUCT IS SECONDARY.</p>  |   |

# Inclusion of services:

(extended) warranty



Installation (labor)



Cloud Storage



Repair/ maintenance



Wear parts



(Paid) Advisory



Uptime guarantee



Damage Insurance



Fleet Management



24H Support



Upgrades



Software



Track & Trace  
Telematics



Recycling  
EOL service

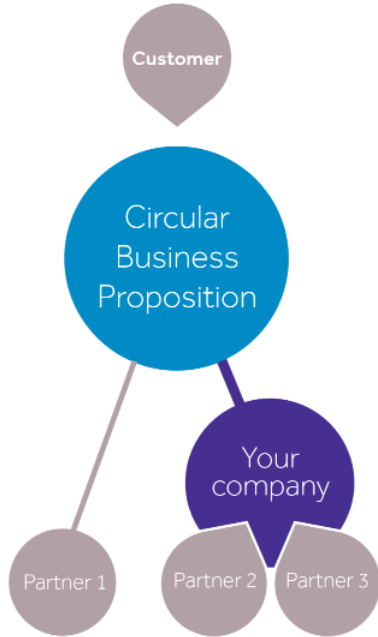


Performance  
guarantee



---

# Challenges



- With whom do you partner and who is in control?
- True needs of your customer?
- How to close the loop?
- Return logistics
- Who owns the assets?
- Value development during the life?
- Disruptive models by entrants in your markets

---

# Questions?

[www.dllgroup.com](http://www.dllgroup.com)

