

# Five business models driving the circular economy

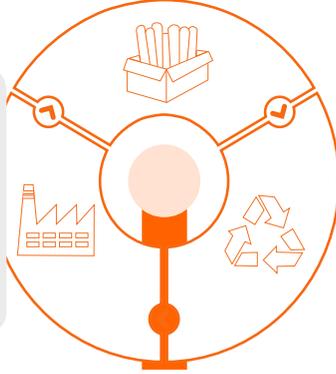


Circular business models are future-oriented. They focus on solving the unsustainability of current resource-heavy business models. They incorporate multiple principles for value creation — including financial, social and environmental business values. Companies in circular supply chains often co-operate beyond traditional buyer-supplier relationships to operate in a network of companies and institutions that engender collaboration and co-creation.

Success is measured by cost-benefit analyses that incorporate financial and non-financial values for all stakeholders involved, as well as society at large. Below, we outline five business models that are powering the circular economy. These five models work in harmony to support and enable the circular supply chain — providing the opportunity for new revenue streams, cost reductions and improved operational efficiency for those businesses that embrace them.

## 1 Circular Supplies

- based on supplying fully renewable, recyclable or biodegradable resource inputs that underpin circular production and consumption systems
- replaces linear resource approaches and phases out the use of scarce resources while cutting waste and removing inefficiencies



## 2 Resource Recovery

- recovers embedded value at the end of a product life cycle to feed into another one
- promotes return flows and transforms waste into value through innovative recycling and upcycling services



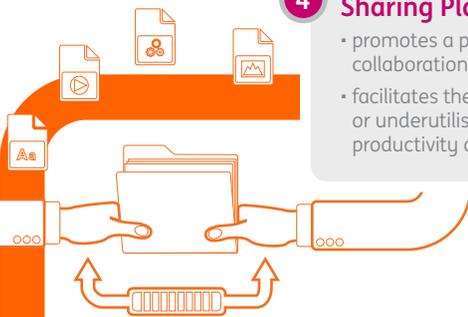
## 3 Product Life Extension

- allows companies to extend the lifecycle of products and assets by repairing, upgrading, remanufacturing or remarketing
- additional revenue is generated thanks to extended usage



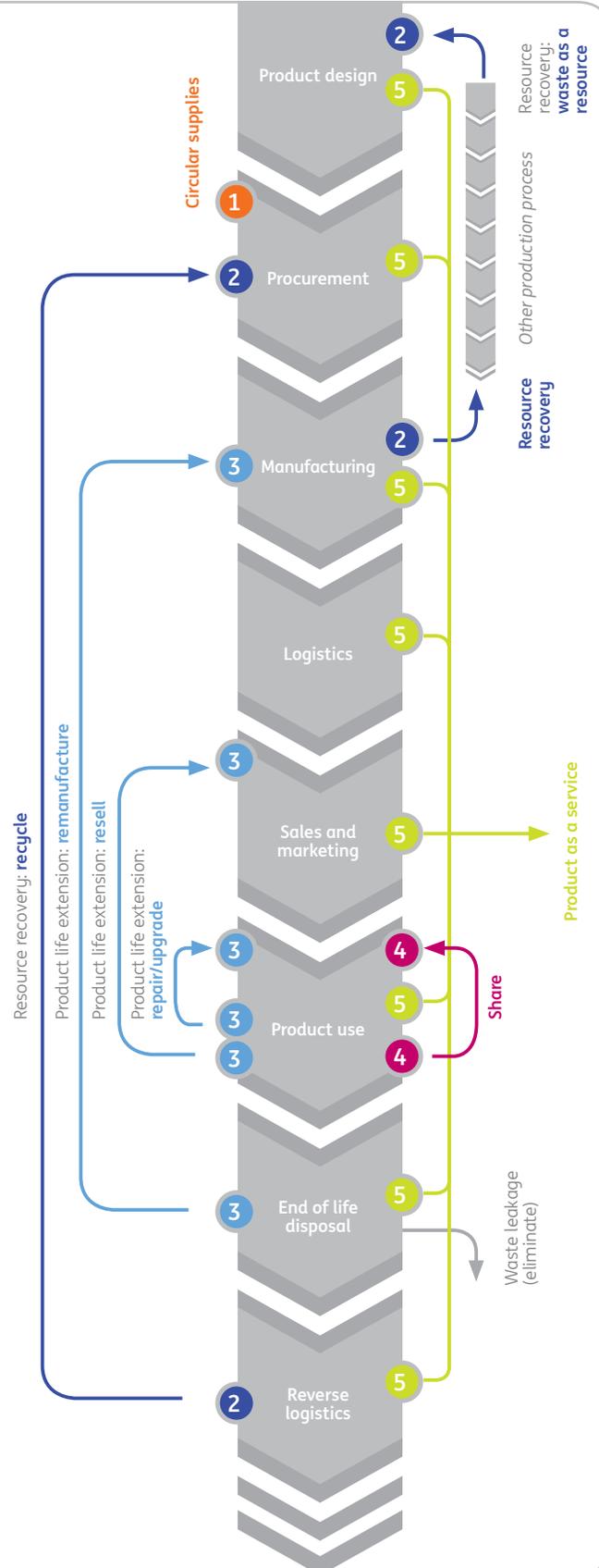
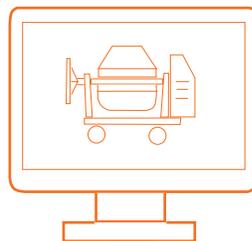
## 4 Sharing Platforms

- promotes a platform for collaboration among product users
- facilitates the sharing of overcapacity or underutilisation, increasing productivity and user value creation



## 5 Product as a Service

- products used by one or many customers through a lease or pay-for-use arrangement
- product longevity, reusability and sharing become drivers of revenues, as well as cost reduction
- can be used at any level of the supply chain



Source: ING / Accenture, 2014

Visit [www.ingwb.com/insights/themes/circular-economy](http://www.ingwb.com/insights/themes/circular-economy) for more information on the circular economy.

