

accenturestrategy



Waste
to
Wealth

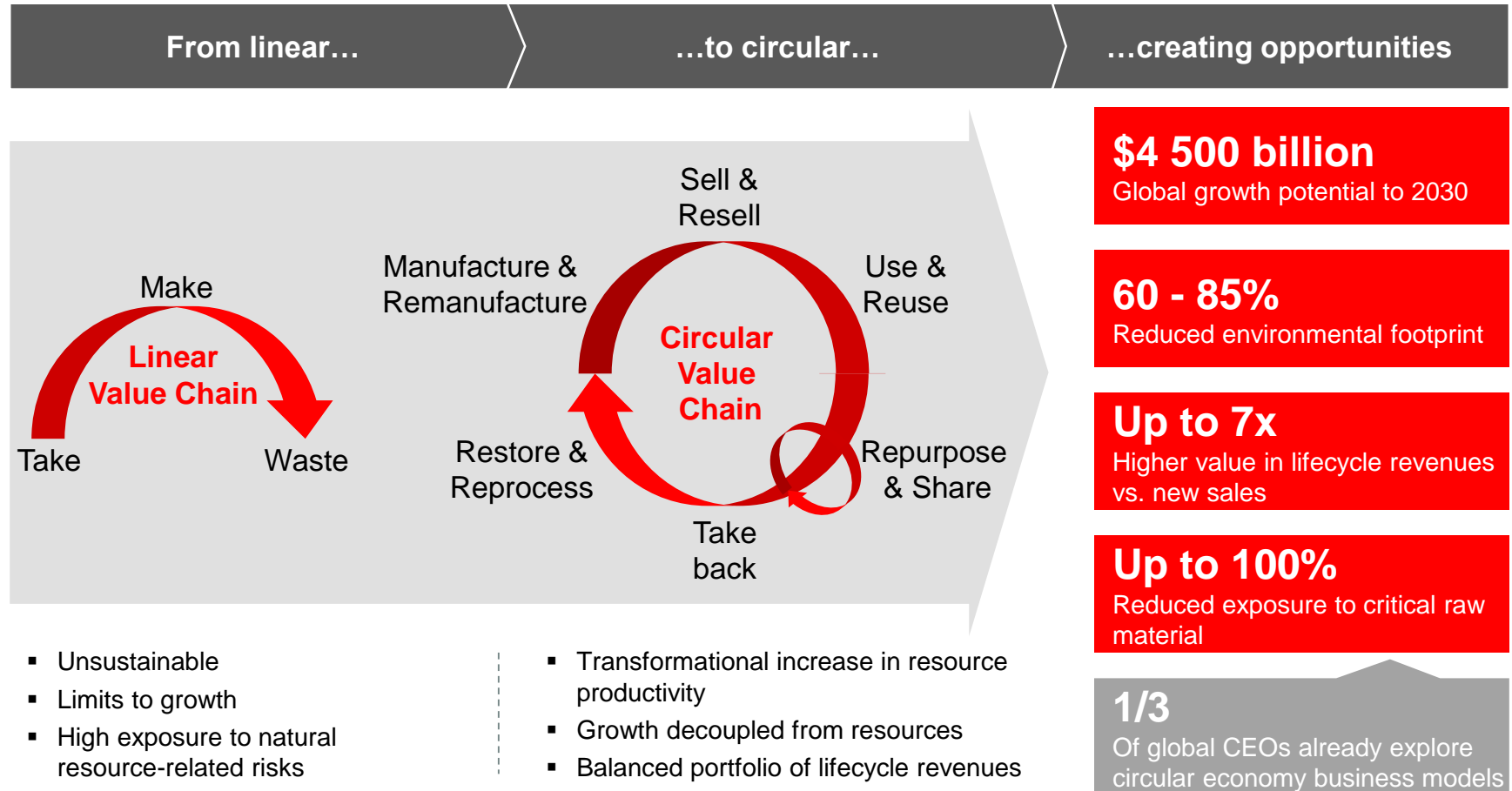
Creating Advantage in a Circular Economy

High performance. Delivered.

Quentin Drewell
UK Circular Economy Lead
Accenture Strategy

The business case for the Circular Economy is compelling and leading companies are beginning to transition

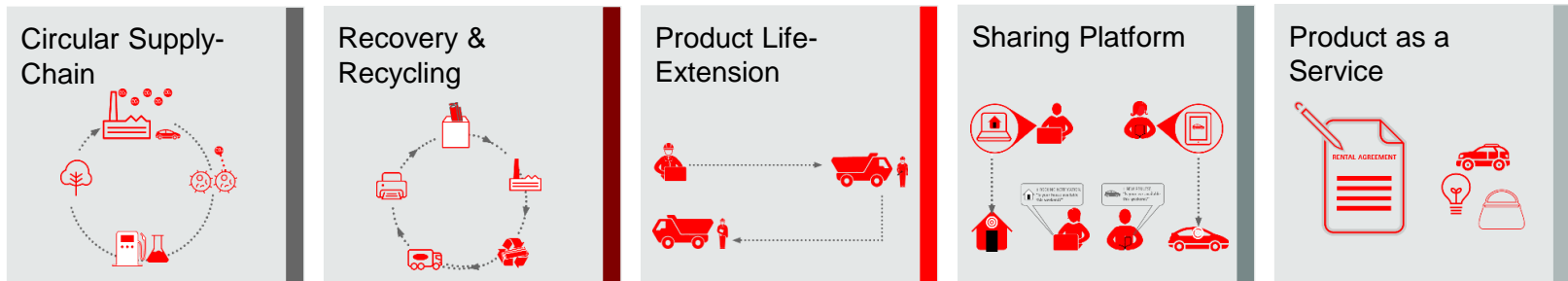
The business case for the Circular Economy



Accenture has studied over 500 successful circular pioneers

50 Executive Interviews 500+ Case Studies

5 Business Models



5 Capability Shifts

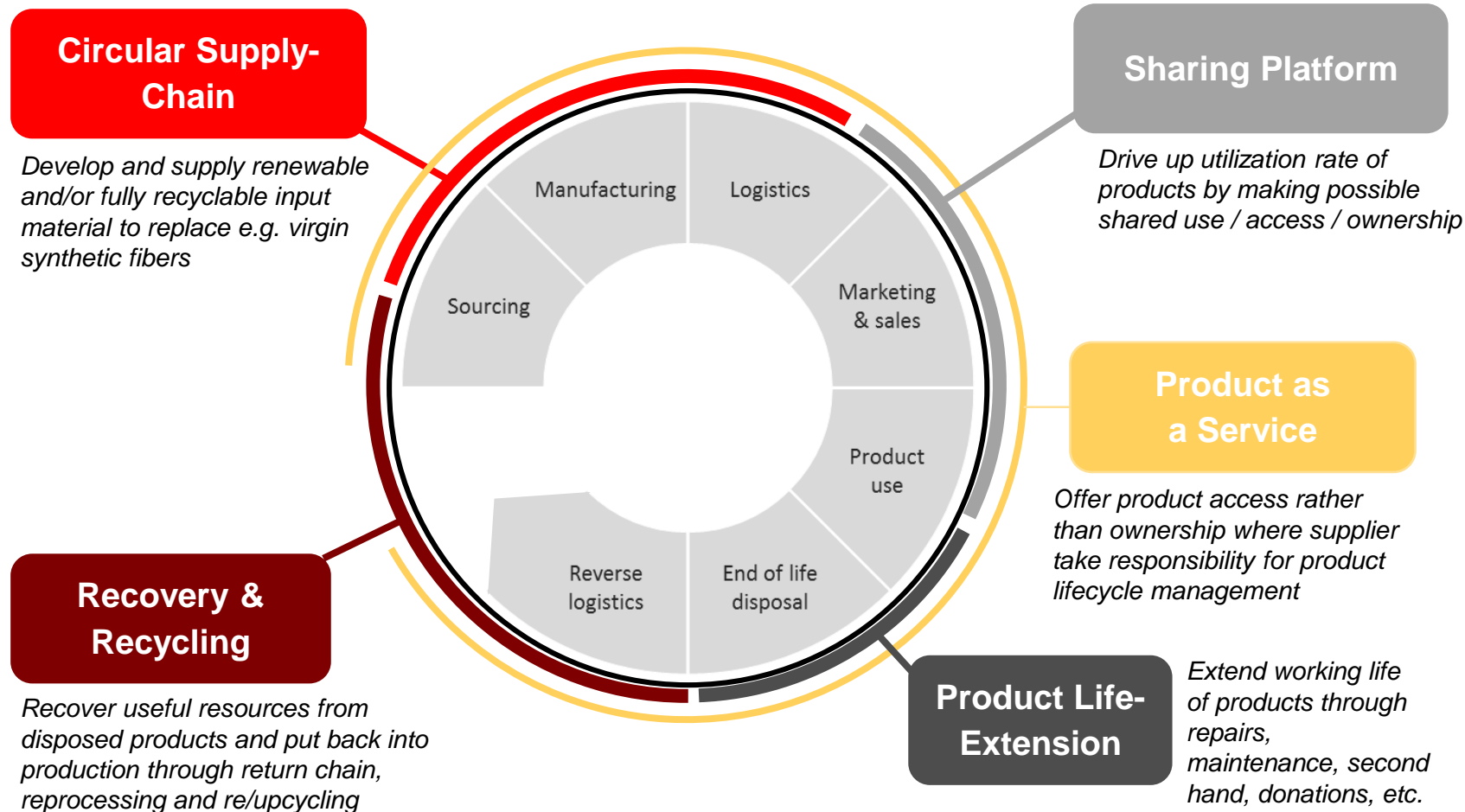
- Strategy
- Innovation & product development
- Sourcing and manufacturing
- Sales & product use
- Return chains

10 Enabling Technologies

- Life & Material sciences
- Modular design technology
- Cloud
- Analytics
- Mobile
- Social
- M2M Communication
- 3D Printing
- Trace and return systems
- Advanced recycling tech

At the core of the solution lie five circular economy business models

Business models of the circular economy



Source: Waste to Wealth, Accenture, 2015





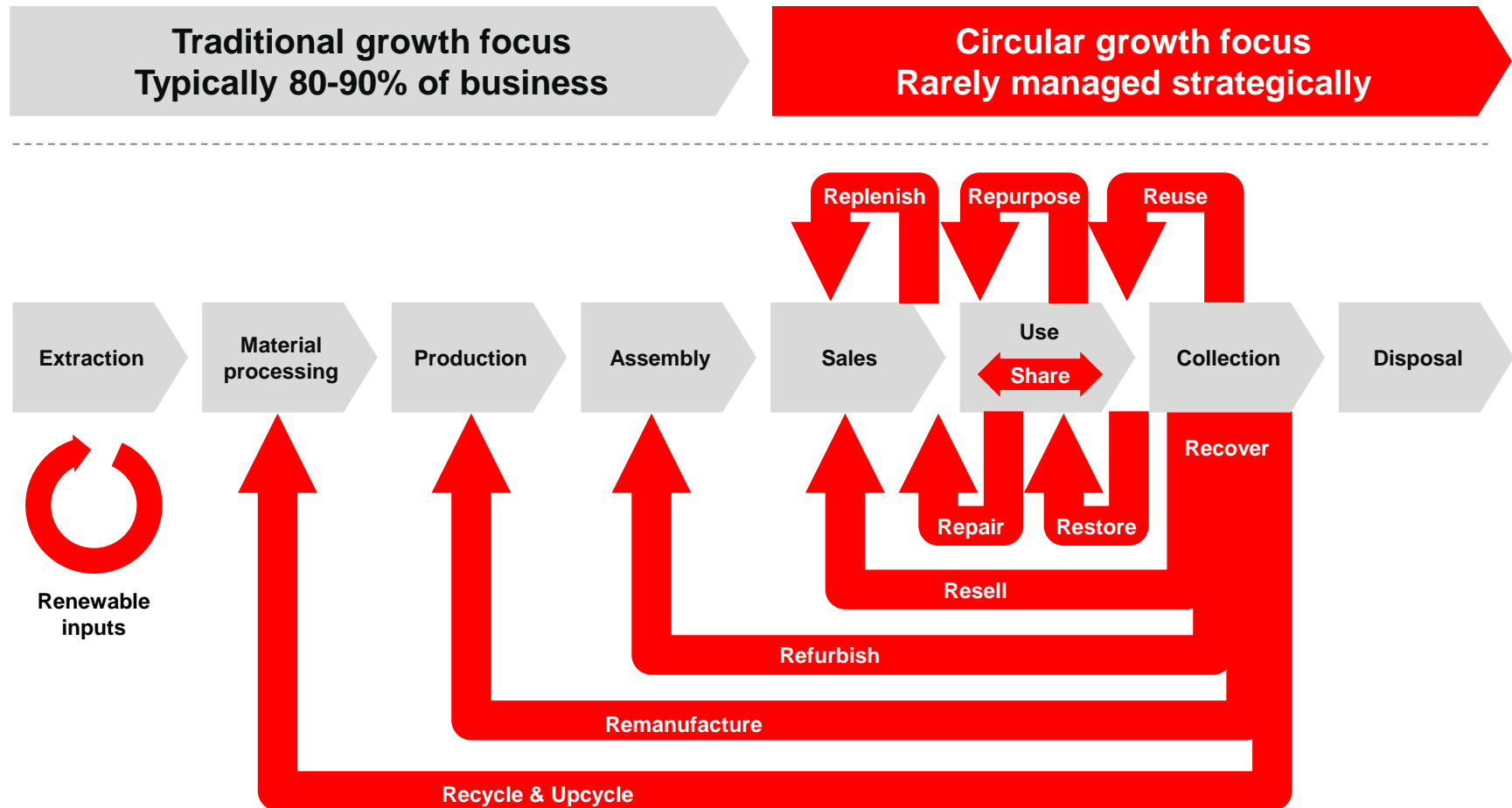






The Circular Economy transformation implies moving business focus from the line to the 'cascades'

Strategic imperative



Stakeholders struggle with different questions

Typical questions on clients' minds...



Executive

Chief Executive Officer:

How can I begin to transform the company today to ensure long term competitive positioning in a changing global market?



Strategy

Chief Strategy Officer:

How do I find new innovative business models to drive growth and create competitive advantage over my rivals?



Supply Chain

Chief Supply Chain Officer:

How can I reduce my input resource costs and make my supply chain more resilient and lower risk?



Operations

Chief Operations Officer:

How can I design and manufacture products which reduce resource need and create an upside from production waste?



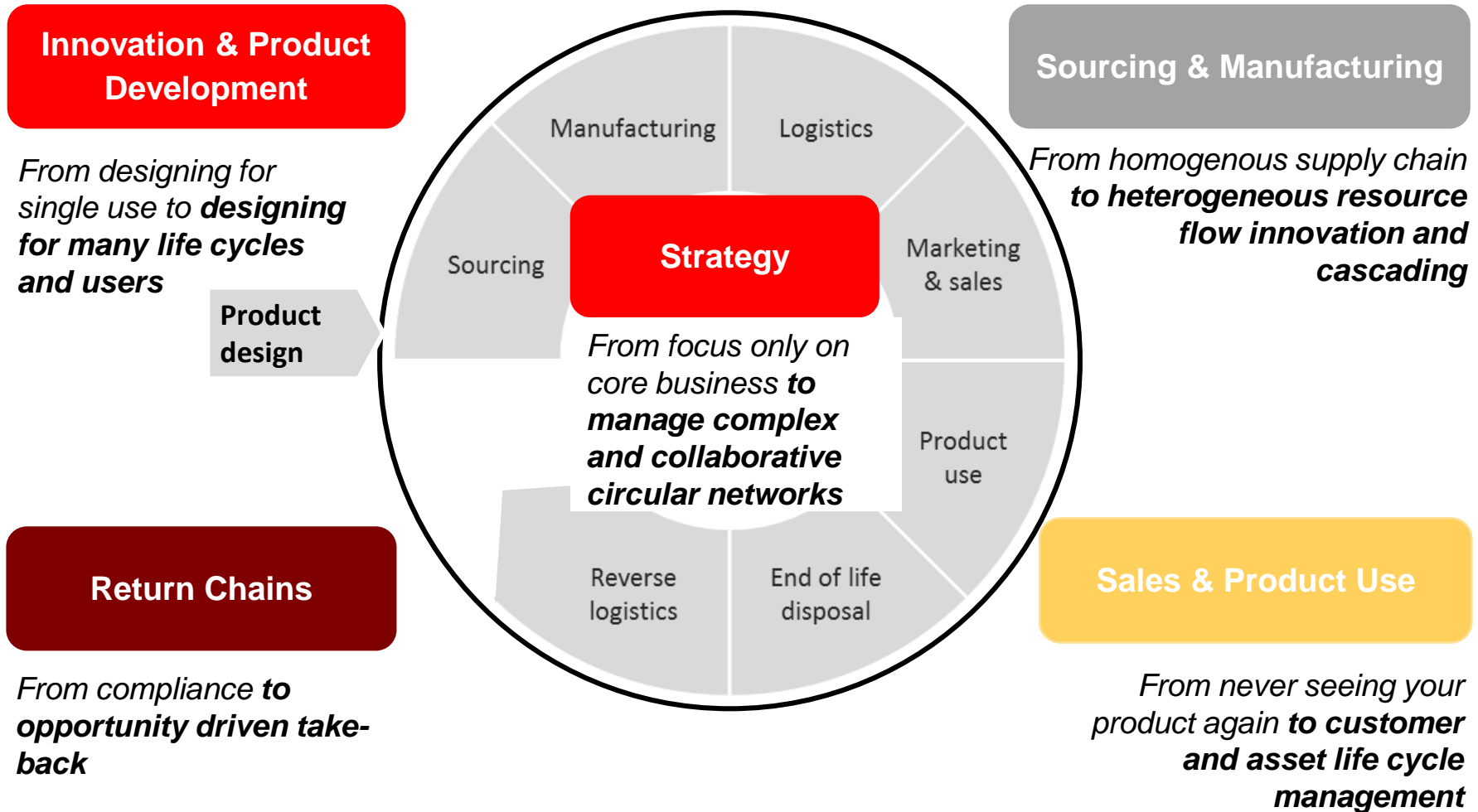
Sales

Sales Director:

How can I continuously improve the customer value proposition to increase revenue?

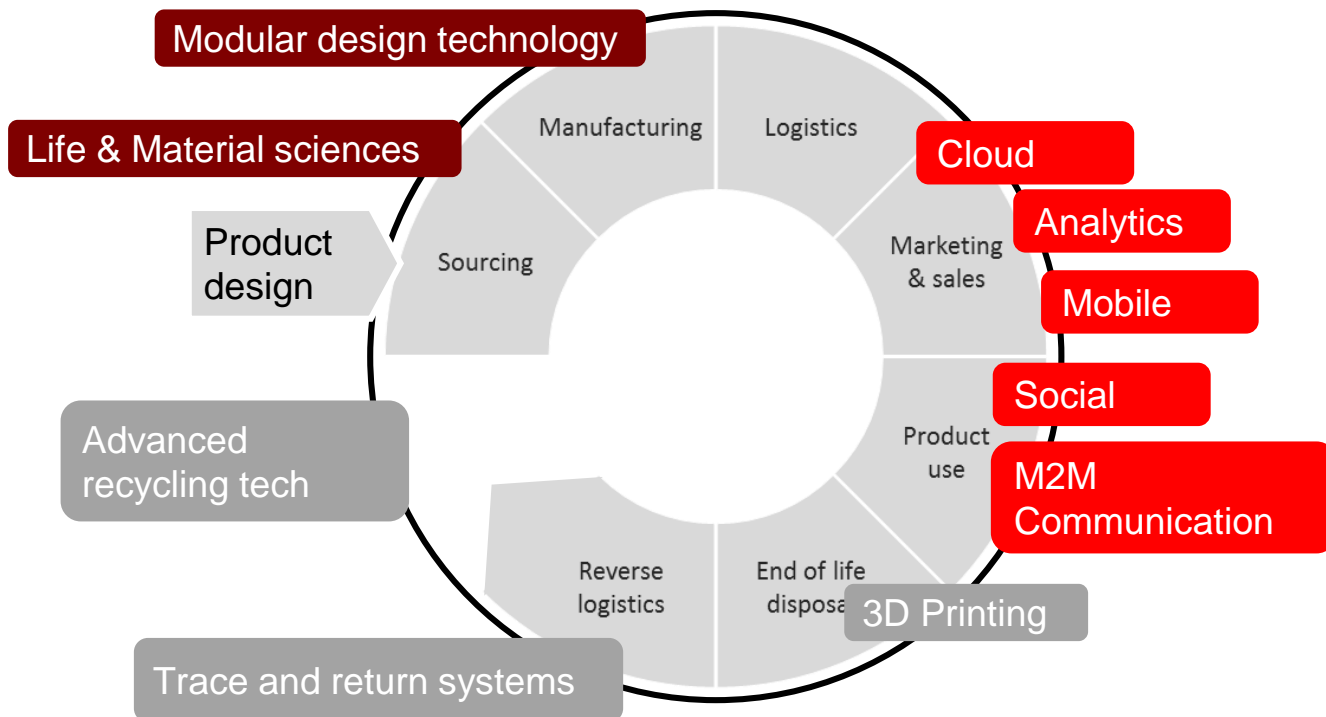
Five major shifts in business capabilities are critical to deliver the circular economy business models successfully

Circular economy capability shifts



Ten supporting technologies are maturing fast and provide concrete benefits to enable circular economy businesses

10 Technologies for disruption

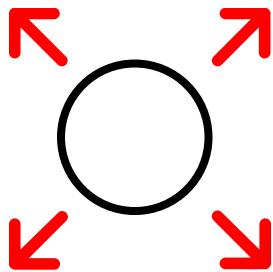


- **Digital**
 Enabling entirely new ways to access and understand product use-phase and aid customers in use efficiency
- **Hybrid**
 Enabling moving physical objects back and forth from value chains with digital services to drive down cost
- **Engineering**
 Enabling production and supply of new types of resources as well as new product designs to use them

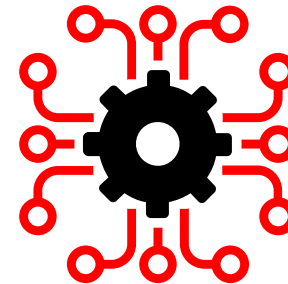
Gaining the circular advantage



Map out a circular economy strategy - and determine where to position the business in the value chain.



How can circular value be maximized?



Where can the company best utilize its capabilities to outcompete others?

Gaining the circular advantage

2

Create the right ecosystem, allying with leaders from other industries.

Jaguar Land Rover + aluminum recycling giant Novelis¹

- Vehicles designed to utilize aluminum more effectively
- Manufacturing processes minimize waste
- Built-in recycling processes for products at end-of-life

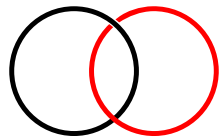
Ford + global food manufacturer Kraft Heinz²

Collaboration to develop new component parts based on food waste—tomato skins

Gaining the circular advantage



Put the customer at the centre



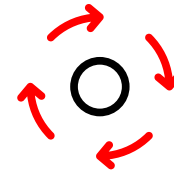
Embrace circular

Continuous customer engagement can mean major organizational and operational changes



Establish trust

Build relationships with customers to maximize a product's utility across its lifecycle, and encouraging responsible return or disposal at the end of a product's life



Enabled after-sale service

Proactively manage a products' lifecycle – keep track of assets, optimize performance/return, and measure the product's impact

Gaining the circular advantage



Combine circular business models

Vehicle Design,
Manufacturing/Distribution



Product as a Service



Product Life Extension



**14% potential cost
base reduction**

**\$400 - \$600 billion
by 2030**

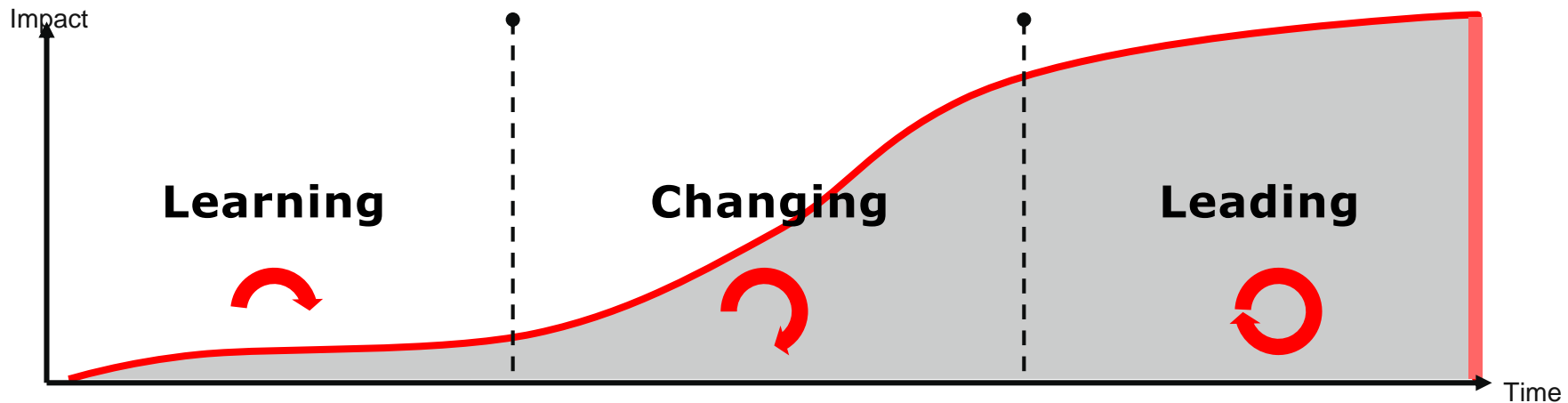


**potential revenue for
automotive companies
from selected circular
economy business models**

Gaining the circular advantage

5

Start small and join the dots



Isolated pilots

Low commercial value

Challenge conventions

Co-ordinated learnings

Unique value contribution

Conflict of interest

Full lifecycle offer

Reformed value proposition

New culture

Conclusion

\$4.5 trillion size of prize through ...



5 Business
models
Conclusion

10 enabling
technologies

5 capability
shifts