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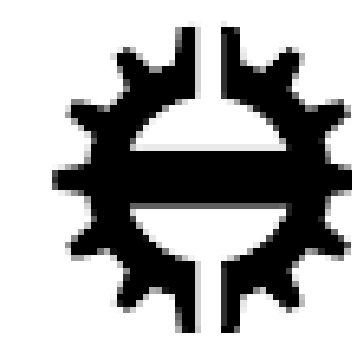
Material Value Chains

# Business Models in the Circular Economy: A structured multiple case analysis

Ranta, Aarikka-Stenroos, Mäkinen (2016)

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## Business Models important for CE implementation

Circular economy has been introduced as a potential way of decoupling consumption from the use of natural resources, but there are few studies on how to make business with circular economy principles.

Thus, we studied how circular economy can be introduced to a business model, a popular concept for illustrating how companies do business.

## Case studies across multiple markets and industries

A multiple case study with four cases was conducted, analysing a variety of business models from multiple industries in China, USA and Finland.

To analyse the cases, we created a hierarchical framework that focused on the value proposition, value creation & delivery, and value capture of the initiative.

## Result highlights:

Existence of a service and a product offering, a discrepancy between value proposition for recycled materials and products made from them, and a significant reliance on recycling in comparison to other circular economy principles are identified in our results.

## Example case: Dell's closed-loop system

Value proposition	Value creation and delivery	Value capture
<p><u>Computer products:</u> <u>Sustainably produced</u> computers without trade-offs on price or performance</p>	<p><u>Processes and capabilities:</u> Closed-loop recycling of plastics, collection and recycling of computers</p>	<p><u>Revenue Sources:</u> <b>Dell:</b> product sales and business services</p>
<p><u>Reconnect service:</u> Free disposal of end-of-life computers for consumers</p>	<p><u>Organization:</u> Organized by Dell. Collection, recycling, processing, and manufacturing done by partners</p>	<p><b>Partners:</b> Computer resale, sales of recycled materials</p>
<p><u>B2B service:</u> Helping customers to capture value from old equipment and comply with regulations in IT asset renewal</p>	<p><u>Position in the value network:</u> From producer to organizing a recycling network</p>	<p><u>Economics of the Business:</u> Cheaper materials through the closed loop recycling system</p>

The overall results contribute to existing circular economy and business model literature by introducing the business model perspective into the circular economy field and providing empirical evidence through it. Through concrete examples of CE business models, the results are also well suited for managerial purposes.



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