

CIRCLE FINANCE

Workshop Financing circulaire business models
Conference NEW GENERATION BUSINESS MODELS

Aglaia Fischer – Project manager @ Circle Economy & Sustainable Finance Lab, PhD Candidate WUR

ABOUT CIRCLE ECONOMY

At **Circle Economy** we believe it is time for a new economic approach: the circular economy. Circle Economy is a cooperative, and together with our members and partners we create industrial systems that are restorative by design by decoupling growth and resource needs.

We **accelerate the transition** towards a circular economy by providing insights into what a circular future might look like for a company, a region or even worldwide, and by coming up with scenarios for how to get there. Moreover, we provide a powerful **network, tools and experience** to the members of our cooperative to turn these scenarios into reality. Our focus is on projects and activities that are both **practical and scalable**.



Founded in 2012
Social Enterprise
25 employees
40 members

Funded by businesses via memberships,
Dutch and EU governments,
Funds & Foundations



ABOUT SUSTAINABLE FINANCE LAB

The **Sustainable Finance Lab (SFL)** is a network of leading scientists and experts with the objective to promote a stable and robust financial sector that contributes to an economy serving humanity without depleting its environment.

To this end, SFL provides a platform to discuss innovative ideas for sustainability in the financial sector, and stimulates public debate. Additionally, SFL conducts research, delivers science-based input to policy consultations, and publishes both scientific and opinion articles.



Founded in 2011
Academic Network
5 employees
17 members

Funded by Dutch Central Bank (DNB) and Triodos Bank, Project Funding from different ministries and financial institutions.



AGENDA

1. VALUE CREATION IN A CIRCULAR ECONOMY
2. CIRCULAR BUSINESS MODELS
3. FINANCING CIRCULAR BUSINESS MODELS
4. DIY CASE

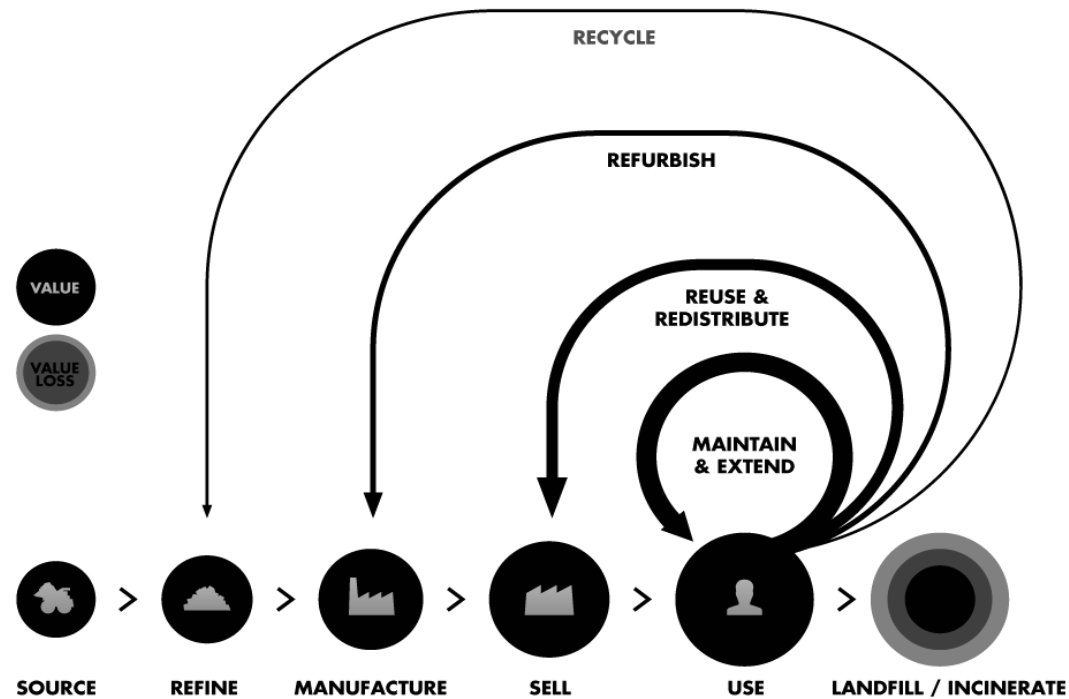


VALUE CREATION in a circular economy

Sources of value creation

- Power of the inner circle
- Power of circling longer
- Power of cascading
- Power of pure, non-toxic, or at least easier-to-separate inputs and designs

FROM A LINEAR TO A CIRCULAR SYSTEM



3 STEPS TOWARDS FINANCING CIRCULAR BUSINESS

MASTER



Circular business with the
Value Hill

CREATE



A financeable circular
businesses

EMPOWER



Financial decision makers for
a circular economy

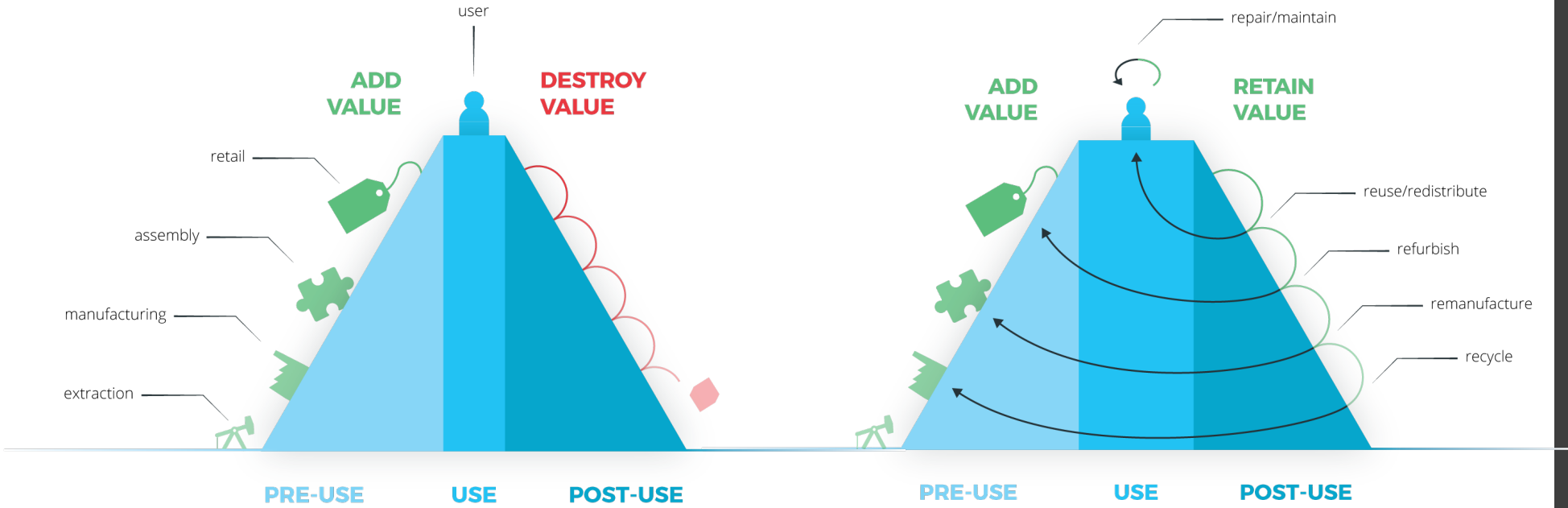
<http://www.circle-economy.com/financing-circular-business>

MASTER CIRCULAR BUSINESS: THE VALUE HILL

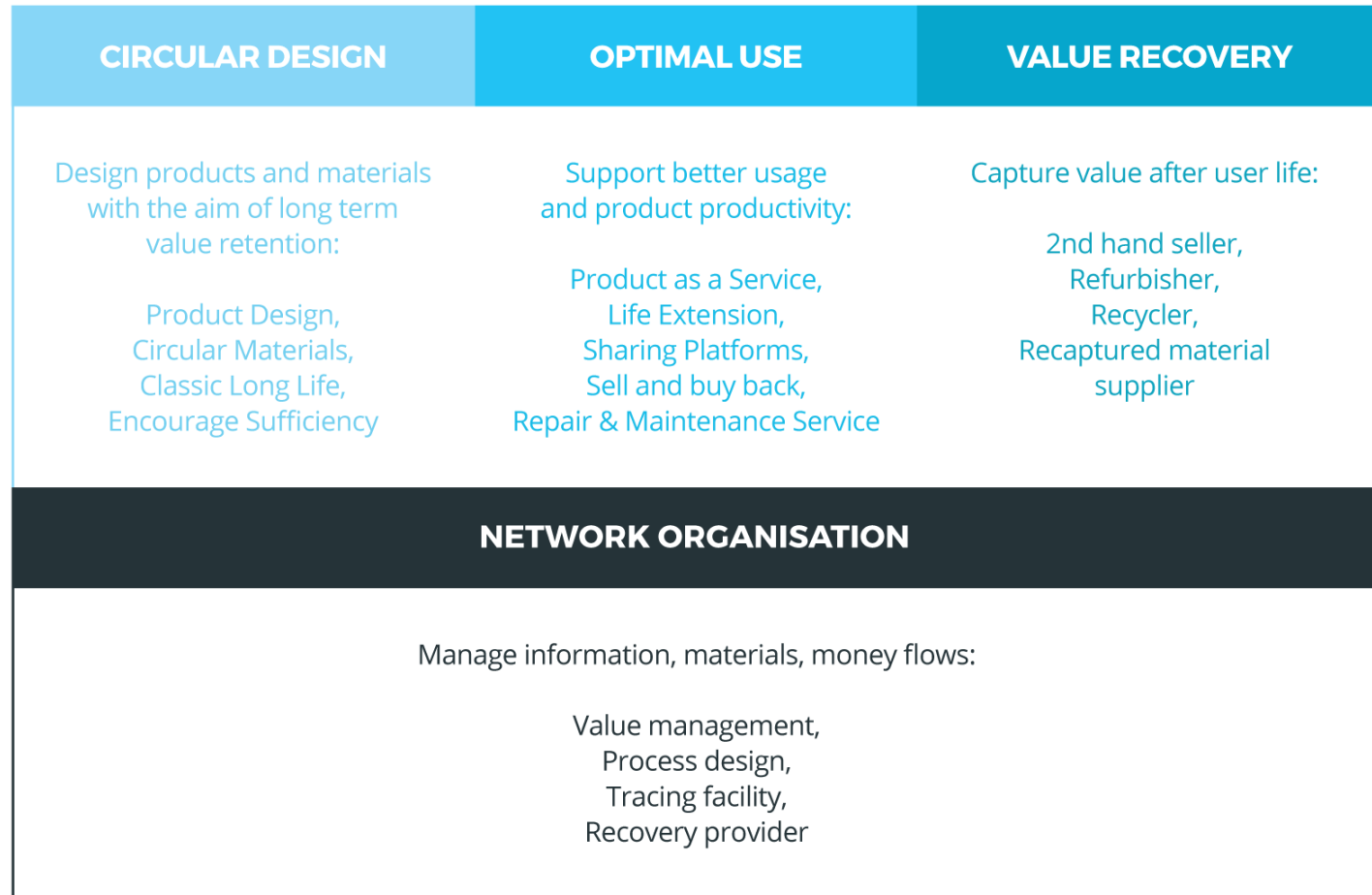
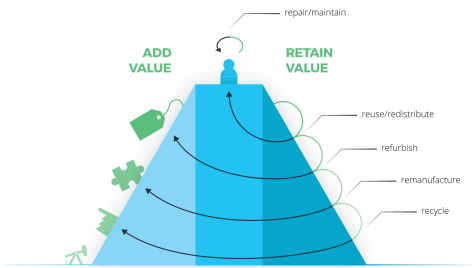


LINEAR ECONOMY

CIRCULAR ECONOMY

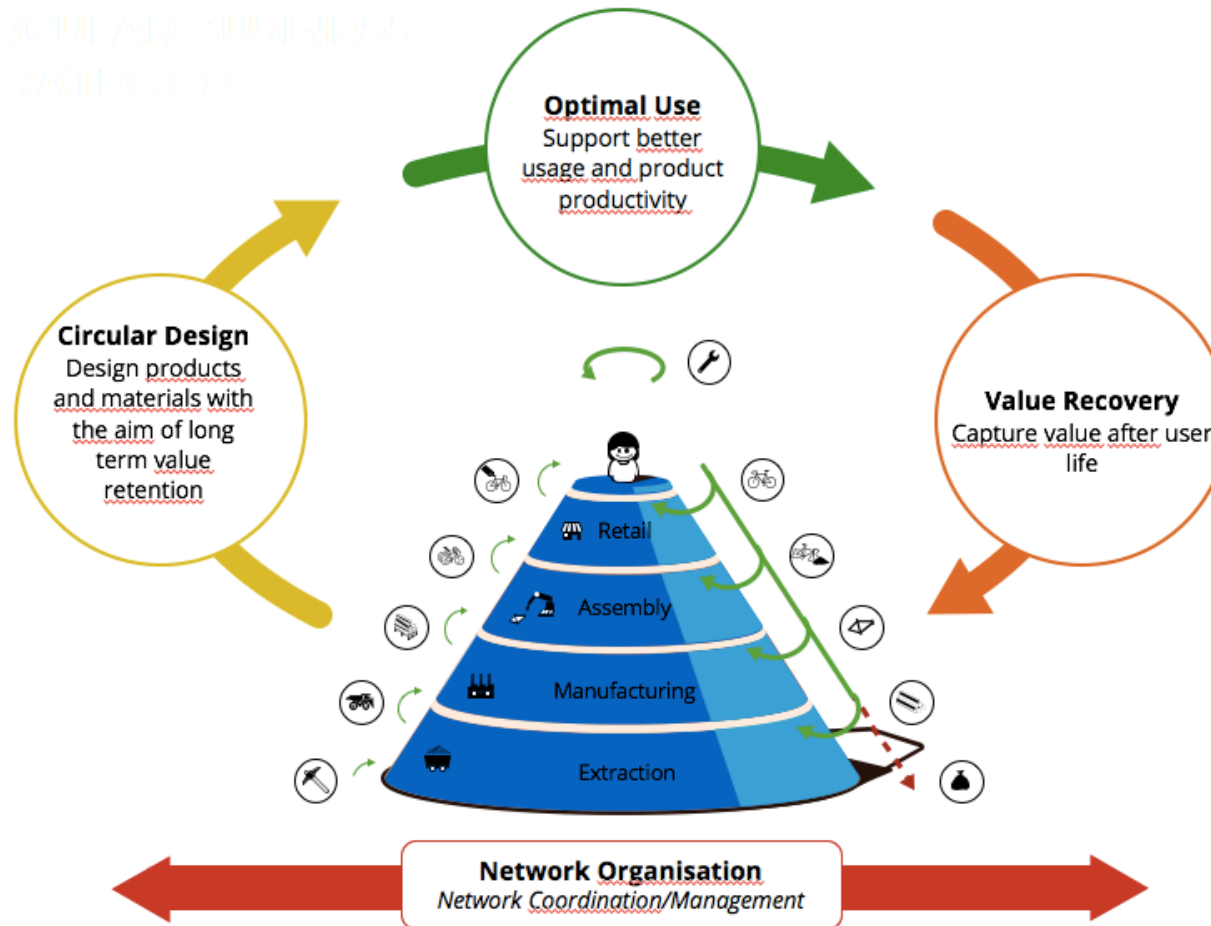


Achterberg et al. 2016



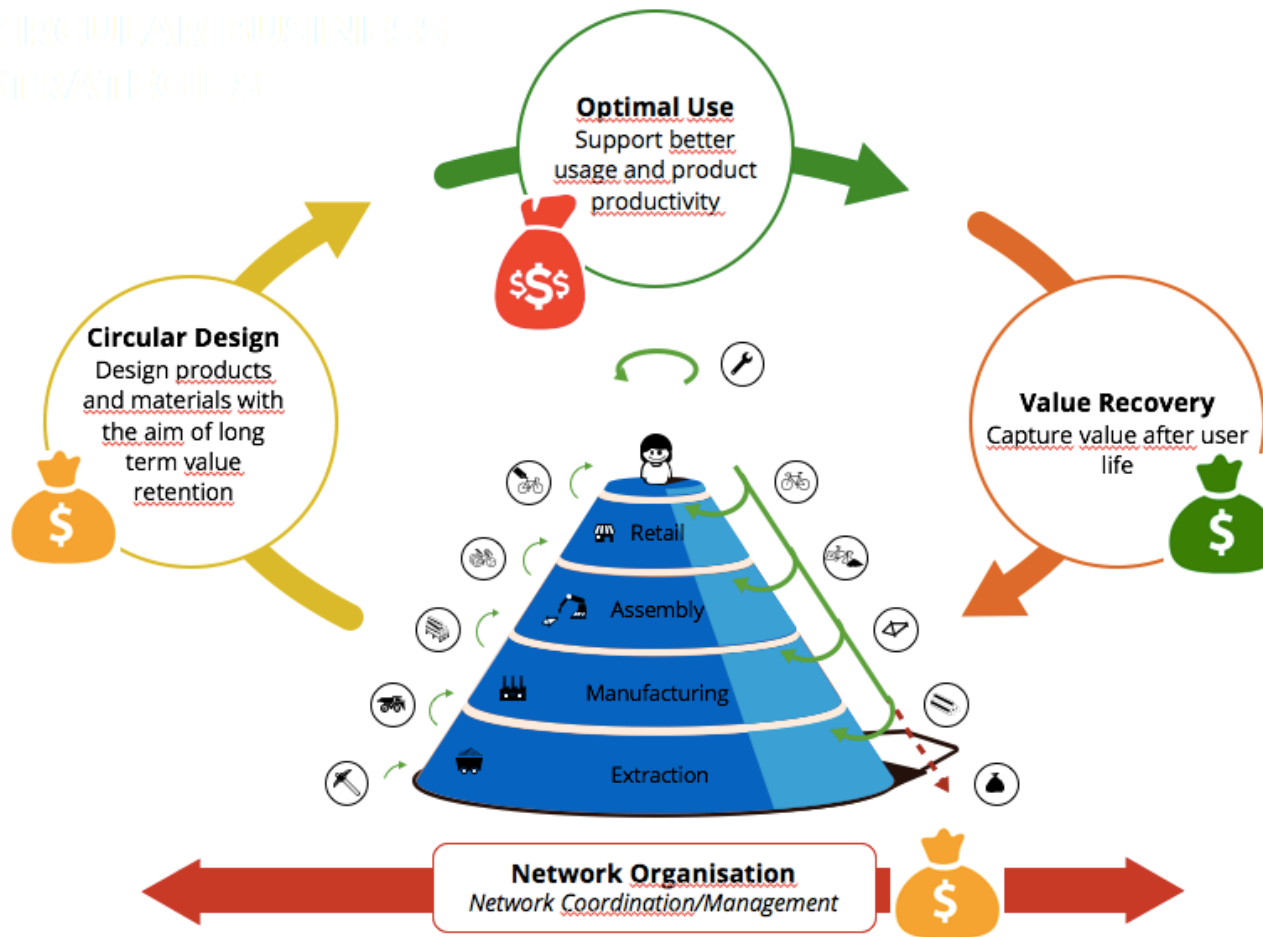
PLOTTING BUSINESS ACTIVITIES ON THE VALUE HILL

CIRCULAR BUSINESS STRATEGIES



FINANCING BARRIERS

CIRCULAR BUSINESS STRATEGIES



WHY PRODUCT-AS-A-SERVICE

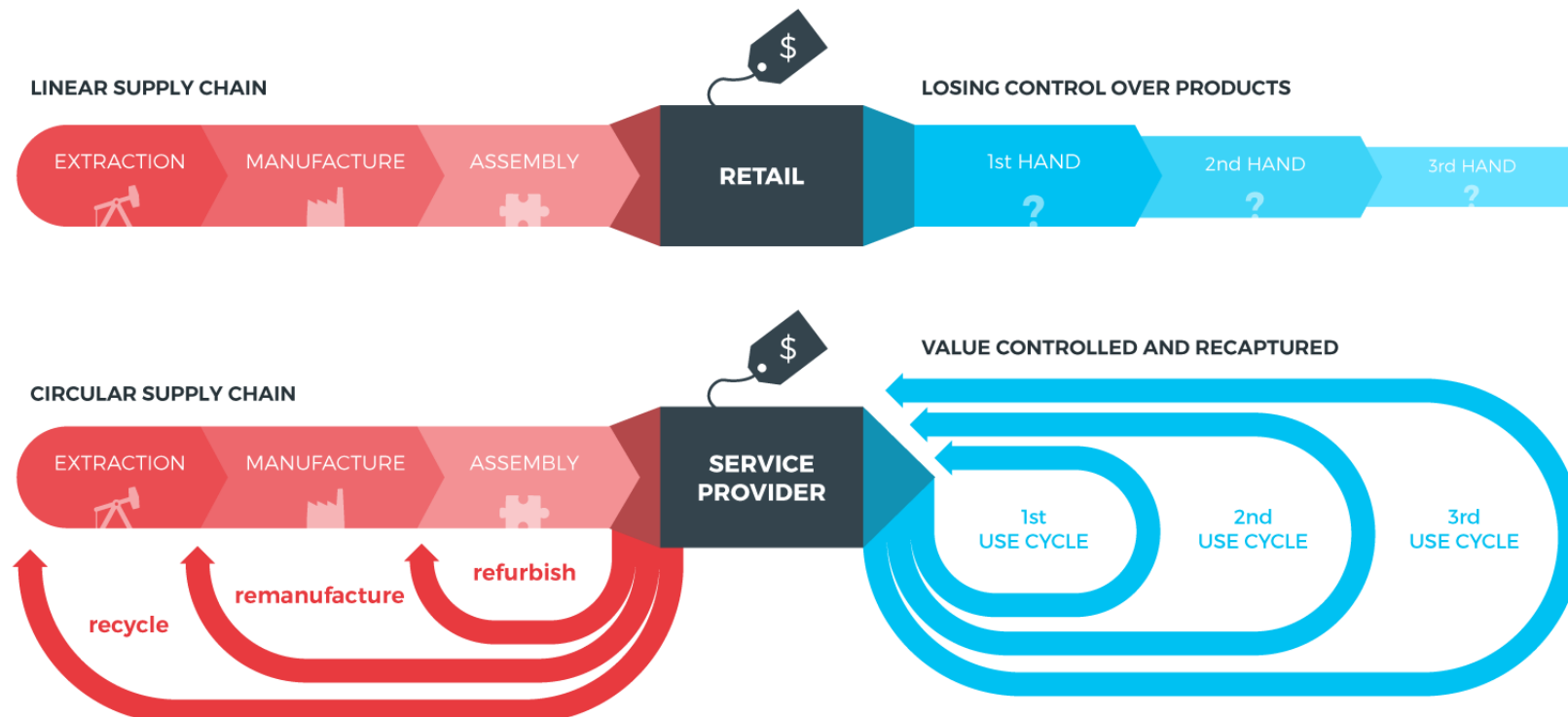
- Safeguard products (materials) return to the chain
- Mitigate resource dependence
- Create stable future cash flow

CREATE A FINANCEABLE PAAS BUSINESS MODEL

Decide on a logic starting point

Think about working capital needs, liquidity

Generate profit through multiple use cycles *and* collaborate with chain



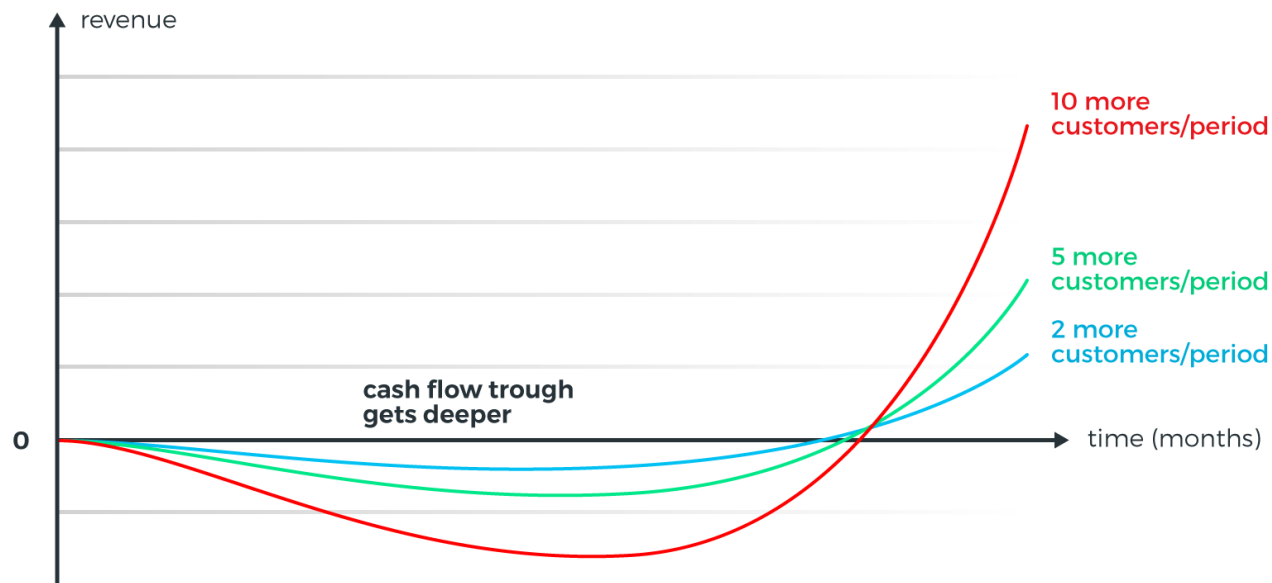
CREATE A FINANCEABLE PAAS BUSINESS MODEL

Mitigate debtor risk

Incentives for good (payment) behavior, collaborate with financial service provider

Gradually transition

Combine value propositions



EMPOWER FINANCIAL DECISION MAKERS FOR A CIRCULAR ECONOMY

Steer on different securities

Future cash flows, contracts, strength of the client, multiple cycle assets as collateral

Integrate multiple values in decision making

Externalities - GHG emissions, resource use, ecosystem services etc - increasingly measured and monetized

Dare to fail

Time and energy needed to explore new investment opportunities
More risk capital needed

Financial collaboration and stacking

Combining financial products - spread risks



BUNDLES CASE

Service of the washing machine

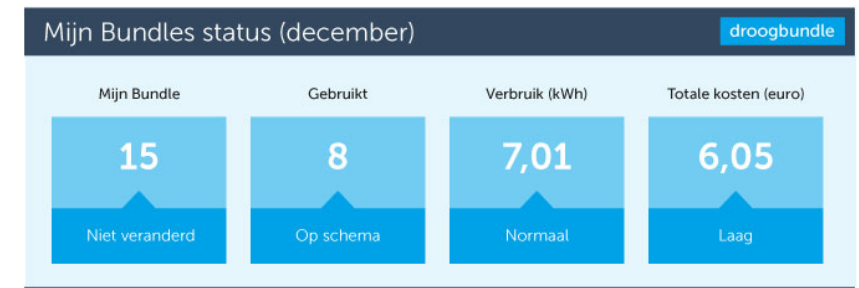
- Pay per wash
- Remote monitoring → life extension
- Bundles stays owner of the machines

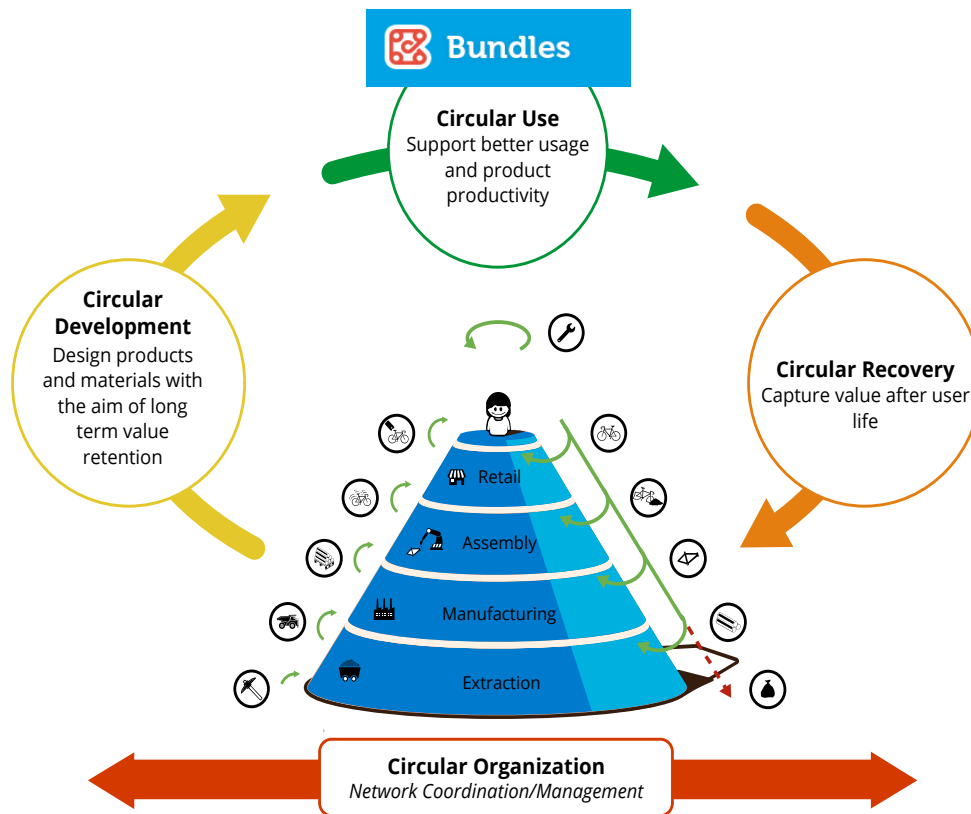
Pre for producer assets

- life extension of the

Pre for consumer unburdening

- fixt costs and





Create a financeable circular business model

- decide on a logical starting point
- generate multiple use cycles
- chain collaboration
- gradually transition
- mitigate debtor risk

Stakeholders: Bundles, Miele, Bouwinvest (real estate), financiers (debt/equity)



Thank you!

www.circle-economy.com

aglaia@circle-economy.com