



## Business model

# PRODUCT AS A SERVICE

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A product can be linked with a digital solution, which collects data on how the product is used. The data can be used to develop even better products.

Source: Sitra



# LINDSTRÖM

*Lindström retains ownership of uniforms to the end of their life cycle. In this way, it can ensure that uniforms are used optimally and their rotation between different customers is managed efficiently. The advanced service model has allowed the company to expand into new countries.*



## Problem

Work uniforms tie up companies' capital, and their management is often far removed from the company's core business. Value is lost when uniforms are discarded or replaced too early in their life cycle.

## Solution: work uniforms as a service

In the service offered by Lindström, work uniforms are taken to a regional service centre for maintenance at regular intervals, and a new set of uniforms is delivered to the customer. The uniforms feature RFID chips which are used to collect data on the clothes in order to optimise the customer/user experience. Over their life cycle, garments are allocated to appropriate applications – as work uniforms or for other purposes – based on their condition. As the owner, Lindström has an interest in maintaining the garments in good condition to ensure a long useful life for them.

## Revenue logic and benefits to Lindström

A typical contract term is three years, which ensures steady revenue streams for Lindström. It also gives Lindström opportunities for cross-selling other services, such as carpets and personal protective equipment. The business model supports high levels of customer retention and satisfaction.

## Benefits to customers and end users

Companies do not have to tie up capital in work uniforms or allocate resources to their management and maintenance. Customers have easy access to clean, serviced, safe clothes that meet the required quality standards. Management becomes easier with a joined-up operating model and streamlined costs.

Source: Sitra (2019): *The most interesting companies in the circular economy in Finland*. [www.sitra.fi](http://www.sitra.fi)





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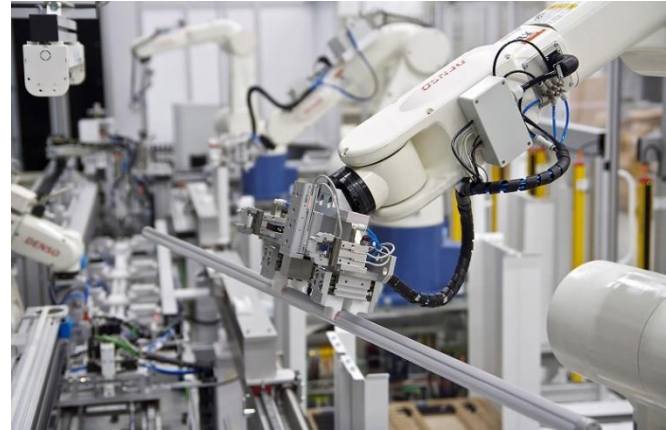
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# VALTAVALO

*Valtavallo sells light instead of light bulbs. The product is a service, which means that the company is committed to the product's longevity starting from the design stage. Valtavallo's service model conserves energy and helps customers save on lighting costs. The customer pays for the service based on the savings. The financing partnership which enables Valtavallo's business model is an integral part of the solution.*



## Problem

Lighting accounts for a significant part of the energy consumption and costs of business facilities. How can they be reduced, when conventional fluorescent lamps offer poor energy efficiency?

## Solution: an energy-efficient LED lighting solution as a service

The standard service model includes initial mapping and the supply of lighting sources. Installation and maintenance services are optional. An energy-efficient, environmentally friendly Valtavallo G4 long-life LED tube is installed in the existing light fittings. The solution also makes it easier to manage larger lighting systems.

## Revenue logic and benefits to Valtavallo

Valtavallo sells led lightbulbs and lighting service. The service agreement period ranges between three and five years. Thanks to the financing partner, Valtavallo immediately receives income on the products included in the service. The products are identified by serial numbers, which means that the finance company can repossess the products easily, if the user does not pay the instalments.

## Benefits to customers and end users

The service requires no initial investment outlay, and the monthly service charge can be offset by the savings provided by the service. The service can reduce lighting costs by up to 50% – the charge is less than the customer's previous electricity bill. The monthly service charge is tax-deductible and easy to budget for. Outsourced installation and maintenance costs also lead to additional savings. There are no unexpected maintenance works or repairs.

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# TAMTURBO

*Reliable availability of compressed air is important for the industry. The production facilities often have old compressed air technology which requires oil and maintenance. Tamturbo has developed a new compressor technology that allows it to produce compressed air without the use of oil. The technology is sold as a service.*



## Problem

Industry uses compressed air as a source of power for automation and machines. Reliable availability of compressed air is often so important that there must be at least two air compressors in production facilities. The environmental load of devices is increased because most air compressors are oiled, and even the instruments in “oil-less” compressors require oiling. Additionally, oil-less screw compressors are expensive to maintain and break easily as a result of their complex structure and rapid erosion.

## Solution: compressed air as a service

Tamturbo sells compressed air as a service for the needs of industry. The company has developed a new compressor technology that allows it to produce compressed air without the use of oil. The compressor is based on a high-efficiency electric motor with a magnetic bearing, in which the rotors do not mechanically come into contact with one another. As a result of this, the compressor does not require oil, its parts do not suffer from wear and it can be used for long periods without maintenance. The technology also saves approximately 15% in energy consumption compared to old oil-less screw compressor technology.

## Revenue logic and benefits for Tamturbo

Tamturbo sells both compressed air as a service and compressors to its customers. In the compressed air as a service model, customers are charged on the basis of the amount of compressed air indicated by the airflow gauge. When an agreement comes to an end, Tamturbo can supply the same machine to another customer with a similar agreement.

## Benefits to customers and end users

Customers who select the compressed air as a service model do not need to invest in purchasing the device or see to its repair or maintenance. As a result of the absence of repair costs and the energy efficiency of the solution, purchasing the service is a considerably more affordable option for the customer when compared to traditional technology.

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# INNORENT

*The company builds, rents out and supplies its customers with movable facilities that can be used as sports halls, shops or industrial halls, among other things.*



## Problem

A lot of resources and money are used to construct buildings that last for decades. However, it is not always possible to predict the use of the building very far into the future. For example, societal changes such as migration affect the need to use buildings. Buildings may also remain empty because they no longer meet the requirements for living. Empty buildings consume resources and take up city space needlessly.

## Solution: movable facilities based on a rental agreement

Innorent builds, rents out and supplies to its customers movable facilities to be used as sports halls, shops or industrial halls, among other things. The facilities have steel frames and their joints and automated systems enable them to be easily dismantled and moved. If the customer wishes, the facilities can be used for years, and the possibilities in terms of usage are not greatly different from those provided by permanent buildings.

## Revenue logic and benefits to Innorent

Innorent's business operations are based on renting out and leasing movable facilities. The company builds the facilities and the customer pays rent for using them. After the agreement has ended, the company can use the space solution somewhere else. The facilities can be used for a variety of purposes, which makes it easier to rent them again.

## Benefits to customers and end users

With Innorent, the customer does not need to own or build the required facilities or wonder about their further use and/or sale after the need for them has ended. In addition, the customer does not need to build new facilities in a situation where the need for the facilities is likely to be only for short term. The solution enables local authorities, for example, to provide services that would otherwise not be possible because of risks related to construction.

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## REPACK

*RePack's reusable packaging helps reduce waste in online retail. End customers get a rebate for returning the packaging by post, which ensures a high return rate. The packaging products are owned by RePack, and online sellers pay a fee for their usage.*



### Problem

Postal packaging for online sale items is hardly ever reused. As online trading continues to grow in popularity, the volume of packaging waste increases.

### Solution: reusable postal packaging as a service

Customers of online stores can choose this new packaging product as the delivery method. The packaging can be returned to any public postbox free of charge. Each packaging product can be used up to 20 times, which translates to an 80% reduction in the carbon footprint compared with disposable plastic packaging. The service model significantly reduces the amount of packaging waste.

### Revenue logic and benefits to RePack

RePack has leasing agreements with participating online stores. The store pays RePack each time a customer chooses the delivery method. The consumer pays an additional fee of up to €4 depending on the store. RePack also receives commission for customers referred to online stores through promotional vouchers.

### Benefits to customers and end users

From the store's point of view, the service model promotes customer commitment. Stores can brand themselves as zero-waste operators. The consumer receives a voucher for each returned packaging product, which can be used at any participating online store.

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## NAAVA

Naava offers as a service smart green walls that the company monitors and guides remotely on the basis of sensor data. Updateable and modular walls can be moved to new premises once a contract expires.



### Problem

There is an increased need to guarantee the air quality and attractiveness of business premises. Addressing these issues requires, for example, replacing air filters, caring for plants and regularly replacing them, and other efforts that are not part of a company's core business. Usually, these services need to be bought separately from several different operators.

### Solution: nature and healthy indoor air as a service

Naava produces modular, intelligent green walls, which purify and humidify the air in addition to having pleasing aesthetic qualities. The company takes care of the green walls and maintains them on the customer's behalf. Naava's automated system remotely controls each unit's operations by using sensor data received from each unit. Artificial intelligence and remote control reduce the number of service visits and the amount of necessary logistics – Naava knows the precise condition of each product and when, for example, water containers need to be filled.

### Revenue logic and benefits to Naava

The green walls are sold to customers as a service for a specified contract period, which may range from a few months to several years. The service package includes the maintenance and quality of the product. Green walls can also be refreshed by changing the lighting, for example. The benefit of the products offered as services is that they can be directly transferred to new premises once the contract ends.

### Benefits to customers and end users

The customer does not have to acquire, maintain and service similar solutions internally. The customer receives a product that increases humidity and cleans the air, while also serving as an aesthetic green wall. Offering the products as services encourages Naava to focus on quality, so that the products last a long time. In addition, the product can be acquired for an agreed period, after which the customer can discontinue its use easily. Because of their modularity, Naava's green walls can also be moved if the floor plan or the function of the premises are altered.

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# MARTELA

*Martela offers a user-centred work environment as a life cycle service. The life cycle model for offices is a viable business opportunity for both the service provider and the company buying the service.*



## Problem

Our ways of working are being revolutionised. At the same time, requirements for workplace environments are also changing. Changes caused by digitalisation also have a bearing on our space needs. In the Helsinki area, the occupancy rates of work stations and meeting rooms have fallen to around 50%. Underused spaces are being heated, lit and air-conditioned year round.

## Solution: User-centred work environment as a life cycle service

Martela works with the client's staff to define, design and implement work environments that suit the client's strategy and help the company find ways to use its facilities efficiently. The need for different types of workspaces is determined individually for each company on a case-by-case basis. After the design process, Martela oversees the relocation, the delivery of necessary furniture and fittings and the recycling of old ones that are no longer needed. Any furniture that is still in good condition is restored and sold at Martela Outlet. Alternatively, furniture such as electric tables that are still in working order can be restored for the customer.

## Revenue logic and benefits to Martela

Martela sells life cycle management of work environments and office furniture as a service, and customers can also buy individual services such as a work environment specification, design, furnishing and relocation. By expanding into needs-based design, specification and maintenance, the company has been able to offer an unrivalled holistic service to its customers. With the life cycle model, Martela helps customers recycle and repurpose office furniture.

## Benefits to customers and end users

More efficient use of office spaces can significantly reduce costs. At the same time, the introduction of a user-oriented work environment enhances workplace well-being, productivity and enjoyment of work. Customers have understood that the work environment is an important factor when trying to attract the best employees. Younger generations in particular value an inspiring workplace environment.

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## 24 RENTAL NETWORK

*New flexible transportation services combined with public transport. The car-sharing service offered by 24Rent makes cars easy to order by smartphone.*



### Problem

Privately owned cars sit unused a lot. At the same time, many Finns drive cars that are considerably over 10 years old and produce more emissions than newer cars. In addition, the construction of car parks according to building regulations prevents land resources being put to other uses and increases construction costs.

### Solution: a shared car in five minutes

24 Rental Network rents shared cars. The cars are placed in locations that people frequent and renting them does not require a separate visit to a service desk. With the 24Rent service, the car is booked online, picked up using a mobile phone and dropped off at the pickup location once the customer is finished using it. A majority of the cars are hybrid vehicles. One shared car could replace the need for between 3 and 25 privately owned cars, depending on the evaluation method.

### Revenue logic and benefits to 24Rent

24 Rental Network's business is based on renting cars on the internet without sustaining physical offices or a large number of employees. This allows the service to be scaled quickly. The company leases the cars, which allows it to avoid committing a large amount of capital to buying cars.

### Benefits to customers and end users

24Rent service reduces the need for consumers to buy a car of their own. With 24Rent, the car can be rented in a flexible manner when you need it and with no monthly commitment. At the same time, you do not have to worry about other motoring-related costs, such as maintenance and insurance policies. Relying on a shared-use vehicle instead of a privately owned car is also likely to increase people's exercise levels and the positive health effects that result from more considerate car use.

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