

DEVICE AS A SERVICE AND THE CIRCULAR ECONOMY



DaaS
Device as a Service

Lenovo

The Linear Economy

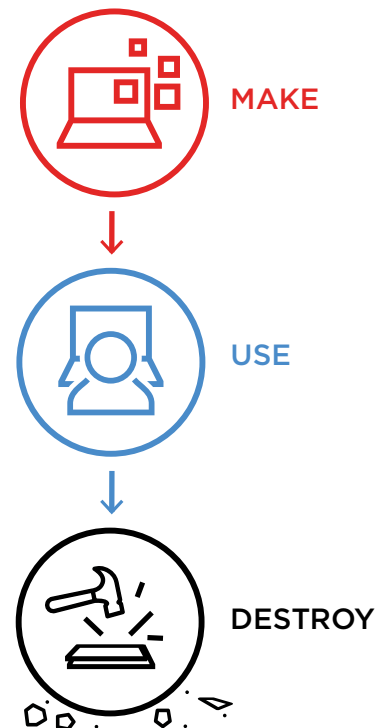
From the beginning of time, the world has operated in what is often referred to as a linear economy.

In a linear economy, tangible goods are made, used for a time and then destroyed. It is a model which gives no thought to the economic cost of disposing goods at the end of the lifecycle and ignores the impact the waste has on the environment. Although this has been the dominant economic model of our time, there has recently been a resounding call for more sustainable business practices.

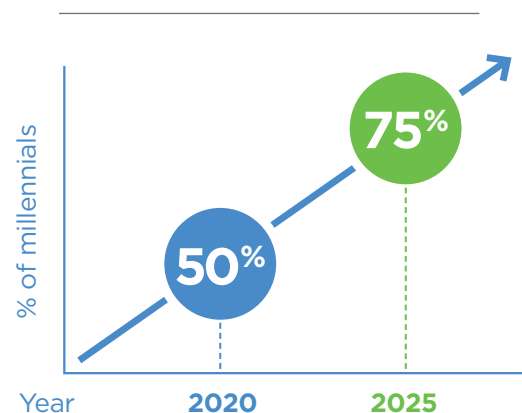
The practical, economic, and environmental benefits of reusing, repurposing, or recycling goods has driven a monumental disruption in consumption practices. Organizations have already realized that following the linear model is bad for business and bad for their bottom line. Many argue that the recirculation of products, components, and materials will dramatically lower capital costs, while reducing procurement inefficiencies and excess waste. Consequently, businesses are investing a considerable amount of time and resources every year to eliminate wasteful and inefficient practices that arise from operating in a linear economy.

Another key factor accelerating the shift away from a linear economy is the maturation of the “millennial” generation. Millennials take the preservation of our environment more seriously than past generations and are taking more responsibility for ensuring that wasteful usage practices do not impact future generations. They value mobility, freedom of choice, and agile lifestyles unencumbered by the ownership of things. They want to spend their money on experiences rather than on accumulating “stuff”. Their generation has given rise to the sharing economy (Uber, Airbnb, Lime) and a proliferation of subscription services (Netflix, Spotify, Microsoft) that replace the ownership model with a usage model.

It is projected that by 2020 roughly 50% of the global workforce will be comprised of millennials and 75% by 2025. As emerging leaders in every industry, millennials will change the way we design, build, and use products. They will be advocates for moving from a linear economy to one which is more circular in nature.



THE LINEAR ECONOMY

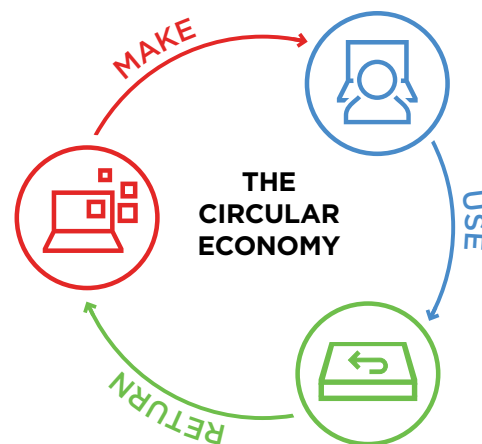


GLOBAL WORKFORCE

The Circular Economy

A circular economy is one which calls for the reduction of waste in the way products are both designed and consumed.

In a circular economy, products are made, used, then returned, instead of being discarded and consigned to waste. In this model, the greatest amount of value is extracted from a resource while in use. Then, at the end of its service life, the resource is recovered, refurbished, and redeployed. This drives greater resource productivity, makes businesses more competitive, and creates new opportunities for growth. The demand for a more circular economy has given rise to the 'as a service' or usage models seen across many industries in which the user pays for only what they need, when they need it, and returns the assets or resources when they are finished.



Device as a Service

Lenovo's introduction of Device as a Service (DaaS) to the PC industry is coherent with this trend and has pioneered a new way for organizations to procure their end-user technology.

Lenovo DaaS is a usage model in which the consumer pays to use the device of their choice as they need it and has the option of pausing or returning the device when it is not in use. Along with the device, Lenovo offers a variety of services to protect and support the asset during its lifecycle. When the device reaches the end of its service life, Lenovo will collect the device, wipe it clean of the customer's data, and recycle or repurpose it. This means the device can either be refurbished and reintroduced into a new working environment, or the device's parts can be used to repair other devices under warranty. Customers only pay for what they use, avoiding the heavy capital outlays of the ownership model, as well as escaping the burden and cost of disposal.

As geo-political, economic, environmental, and industry forces rapidly evolve, organizations need to be agile to be competitive. A prudent and comprehensive strategy for embracing the circular economy, which utilizes resources more efficiently and sustainably, will separate the winners from the losers across industries. Without such a strategy, organizations will face competitive and economic challenges and quickly fall behind more forward-thinking competitors. Those who excel will be those who leverage an 'as a service' usage model to more efficiently deploy capital, keep costs down, and maintain employee productivity. But most of all, they will be able to remain focused on their customers and avoid the burden and distraction of managing activities outside their core competencies.

[Learn more about DaaS](#)

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| MICHELIN | Fleet tyres Pay-per-mile |
| CONSTRUCTION | |
| CATERPILLAR | Big iron Pay-per-metric ton moved |
| ENERGY | |
| Schneider Electric | Circuit breakers Pay-per-KW hour |
| HEALTHCARE | |
| SIEMENS | Diagnostics Pay-per-outcome |
| TECHNOLOGY | |
| Lenovo | PC devices Pay-per-seat |

USAGE MODELS IN DIFFERENT INDUSTRIES