

IRP report implications

G7 Value Retention Policies Workshop, 21-22 June 2018

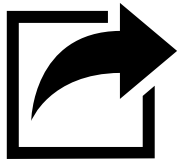
Topics



Implications of the IRP report



Identifying VRP potential



Transitioning to higher VRP



What's happening



IRP report...thank you

- Identifies the VRP landscape ... decoupling
- Positions VRP in 'circular' thinking
- Quantifies exemplar benefits
- Highlights practice/policy interconnect



IRP report...but

- Lays bare the terminological pitfalls
- Exposes inconsistent legal interpretation
- Core collection challenges
- Market access and scaling up

- Integrating policy and business practice
 - More on this



Identifying VRP opportunities



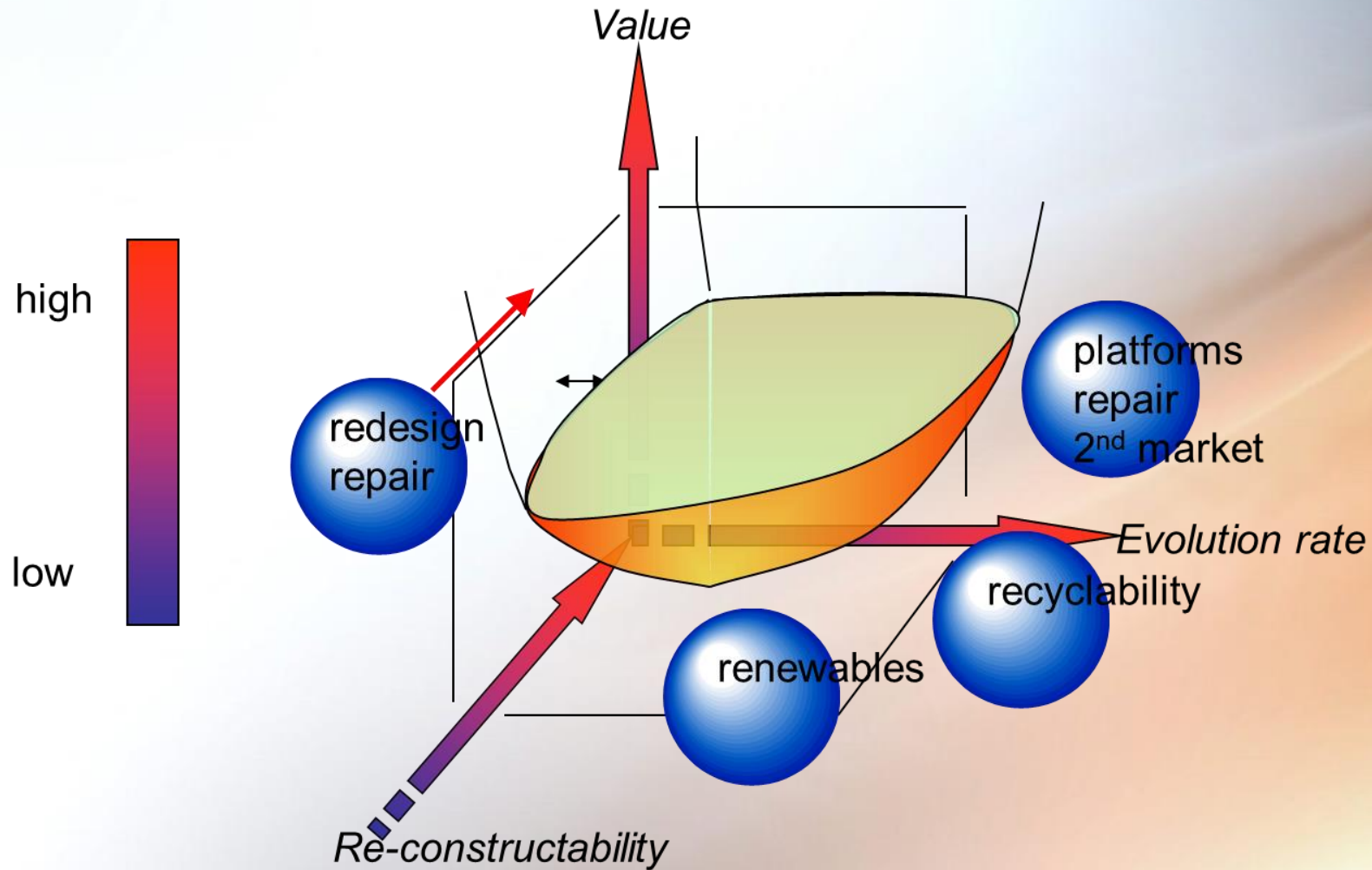
Reflects embedded value of materials, time, labour, and robustness.
Or critical materials.
Or value per weight.
Ease of traceability.
Take-back environment.
Customer engagement.

Ability to disassemble.
Ability to remediate.
Diagnostic knowledge.

Modularised.
Upgradeable.
Enduring technology.
Legislation-proof.
Fashion-immune



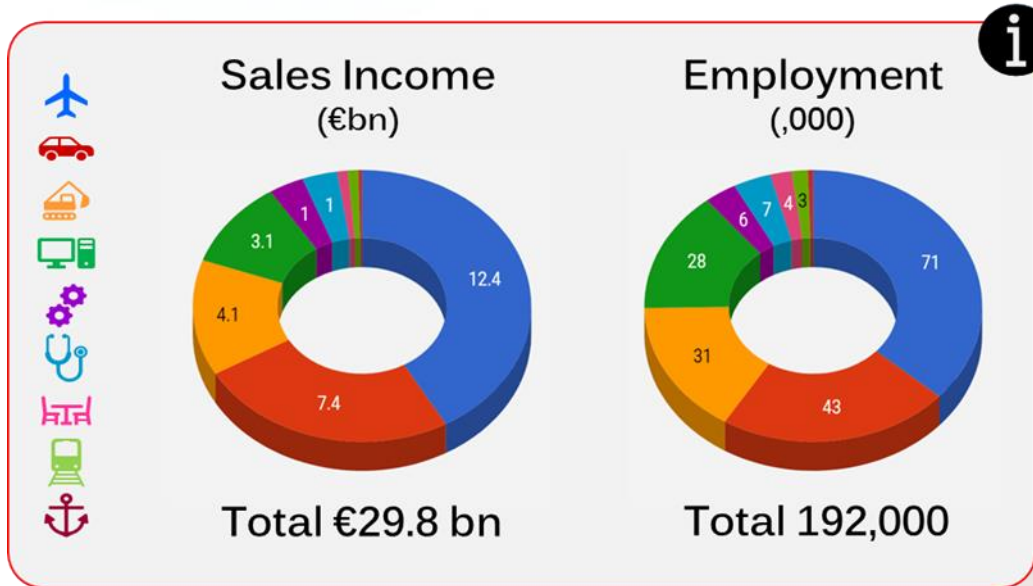
Alternative tactics





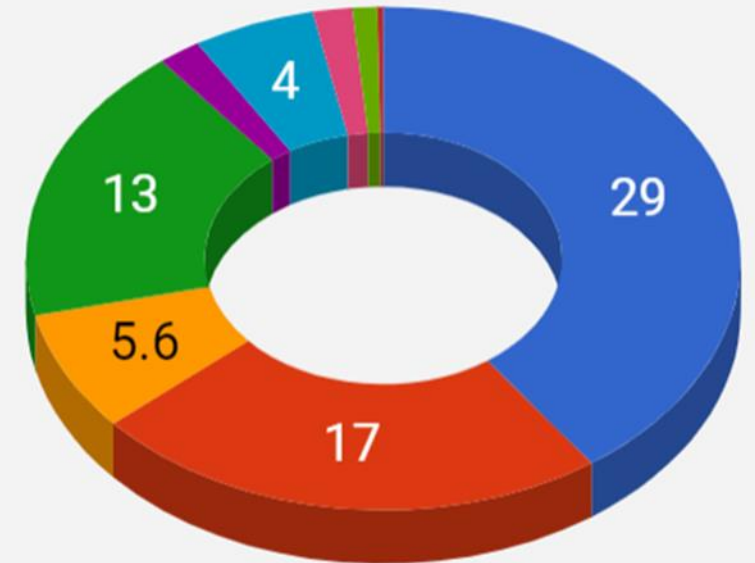
Identifying VRP opportunities

2015 Position



- Aerospace
- Automotive
- Off-road
- Consumer products
- Machinery
- Medical
- Furniture
- Rail
- Marine

2030 Stretch



Sales €73bn, Jobs 450k

Source: <https://tinyurl.com/ERNmarketstudy>



VRP Challenge

Barriers to expansion – policy impact

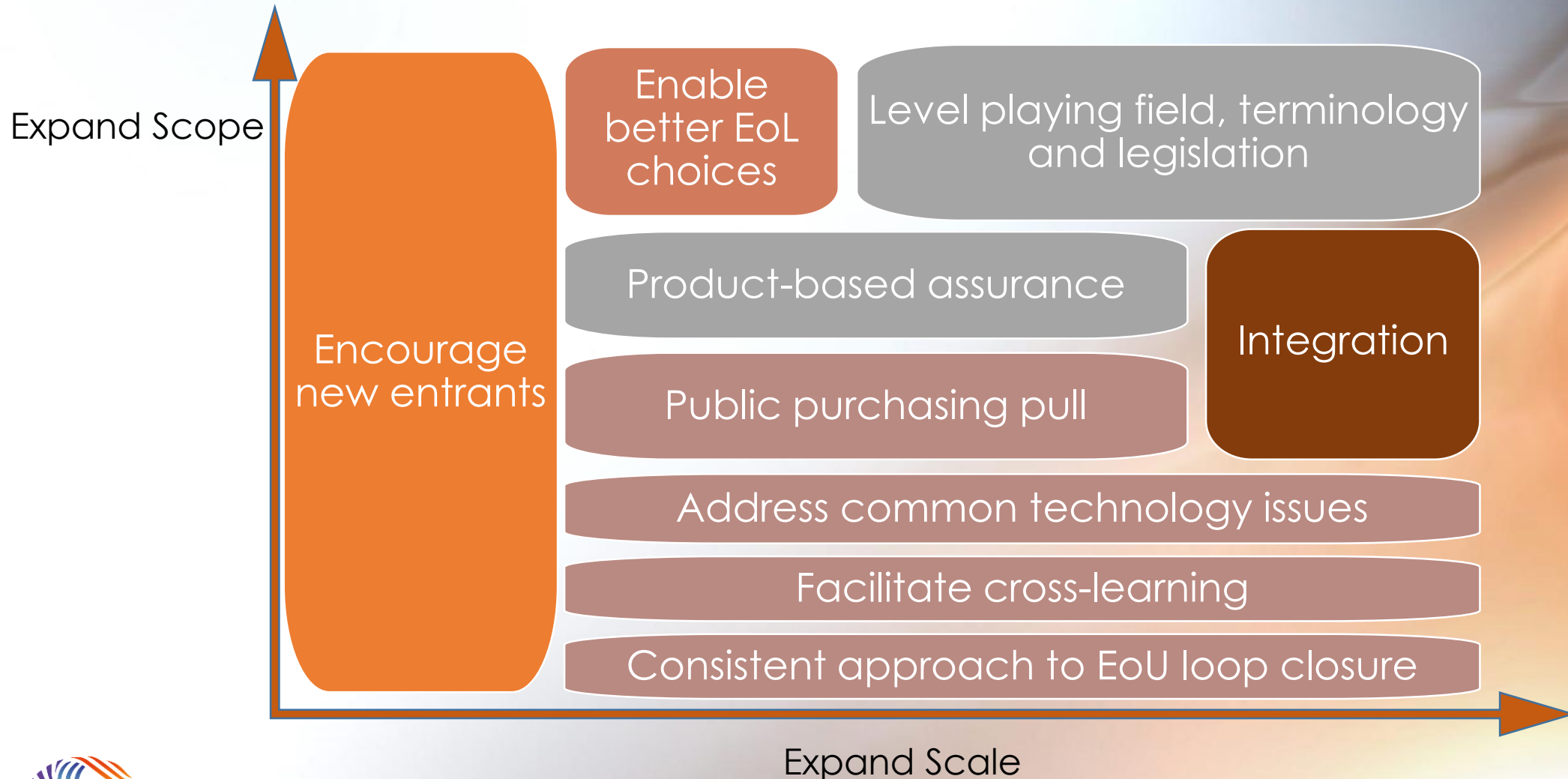
- Access to used product
- Boosting market confidence
 - terminology
 - standards
 - critical mass
- Integrated business/policy

Considering products, what are specific business practice/policy integration issues?

- Role of sector level agreements and commitments
- Role of target setting and e.g. life-cycle impact bases
- Role of measurement, auditing, transparency, naming & shaming
- Balance of front-end design ‘clean in’ actions versus back-end ‘clean up’ actions

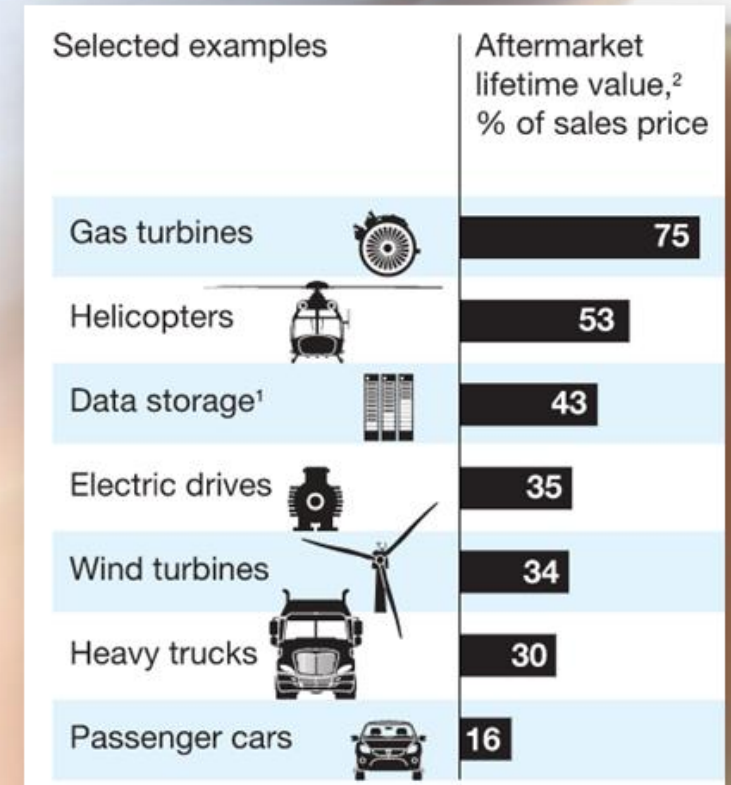


Transitioning to VR business



Transitioning to VR business

- Not all about ‘hard’ processes
- About 2/3 of potential through-life gains in service value accessible via improved business processes, service, customer retention...



Source: [McKinsey \(2017\)](#) 'Industrial aftermarket services: Growing the core', benchmark study



The future...

Chinese Ambition

● High Speed

Low cost, fast response

● March 2018

Ban on waste imports for recycling.
Move to reuse culture.

Validates use of reman parts in new product warranties.

● 2025 High Quality

“Made in China” =
“Made in Germany”



The future is...

- 151 cities where reman is part of economic dev't
- 8 remanufacturing zones inc.
 - Lingang remanufacturing zone, Shanghai
 - Hejian City, Hebei province, Centre of Excellence
- 1000 reman-orientated R&D projects
 - Trending to industry 4.0

- Aspire to create RMB 200bn sector



The future is here

Chinese Action

Hejian, 18 months,
from plan to built,
60 000 m²

● 2025 High Quality

March 2018

● High Speed

Low cost, fast
response

Ban on waste
imports for
recycling.
Move to reuse
culture.

“Made in China” =
“Made in Germany”

Enjoy the workshop!
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Sources: <https://tinyurl.com/ERNmarketstudy>
<https://tinyurl.com/ERNrecommendations>