



RENEWABLE MATTER
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Energy transition, circular economy, indigenous knowledge and biodiversity protection, the fight against extractivism, and the management of climate emergencies. In the journey towards a sustainable future, the countries of the Global South, those most affected by the overlapping environmental and economic crises, could forge a third path, between Europe's capitalist Green Deal and the denialist, destructive approach of the United States.

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INSIGHTS

TOWARDS FACTORIES WITH NO ASSETS

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Many **offices** don't buy printers, lighting systems, computers or carpets anymore. To reduce their costs, they prefer to buy copies per page from Xerox, light per lux from Philips, compute capacity by the hour from Amazon, or carpet per month from Desso. Switching to **pay per use services** is a great way to reduce or eliminate capital intensive investments such as **hardware** and **facilities**, while significantly curtailing overhead costs in management and maintenance. Yet, if such services are common on the office floor, they still barely go through the **factory** door. Despite the benefits, many purchasing departments prefer to keep buying equipment and products rather than their usage. But, slowly, change happens. In **France** for example, several companies have chosen to shift from sales to a performance-based model to improve their competitiveness.

Corundum Leasing

CVP, a company close to Lille, **leases corundum**, a mineral used for its abrasive properties. The company delivers corundum to its customers, mostly automotive and aerospace subcontractors. It collects the used corundum back and recycles it into a new high performing abrasive. By leasing corundum, customers reduce their cost by at least 10% and CVP save energy and transportation costs since the largest corundum deposits are found in China. Furthermore, **the used abrasives will not end up in landfills** anymore.

Selling air

Air can also be sold. Close to Grenoble, [les Etablissements André Cros](#) **sell compressed air per cubic meter**. The firm installs compressors at customer sites and then monitors them remotely using captors. Whenever required, it goes on site to maintain, repair, or replace the compressors. By leveraging its core businesses, compressor sales, installation and maintenance, les Etablissements André Cros can deliver a high quality service at a competitive price. The company also assists its customers to improve their performance in being energy efficient; one of its customers, Soitec, has reduced its energy bill 50% by switching to this new service.

Chemical Leasing in Renault

One can now purchase chemicals in a service model as how **Renault** does for the **cutting fluids**, a **coolant** and **lubricant** used in machining. If the supplier had to redesign the fluid and its supporting processes to shift to a pay per use model, as a result, Renault reduced the total cost of ownership for cutting fluids by about 20%. Coolants and lubricants are not the only chemicals that can be purchased in a pay per use model. Today, thanks to what can be called "**chemical leasing**", plants can pay for paint per number of painted pieces, solvent per surface of metal treated, or detergent per square meter cleaned. The pay per use model demonstrates not only economic but also environmental benefits: it improves resource efficiency, and reduces energy consumption as well as waste. For instance, **Renault reduced the volume of cutting fluids waste discharge by 90%**. If the adoption rate remains low, it is likely because pay per use models are changing the traditional customer - supplier relationship. Customers have to build longer term relationship with their suppliers, and suppliers may need to acquire new expertise to operate, maintain, and recycle their equipment or products.

How Technology Can Help

Technology can help in the transition toward this new model. For instance, the [Internet of Things](#) and low cost *sensors* are helping vendors to automatically and **remotely track the performance of their equipment or materials** at customer locations. Today, many factories are using energy service companies to improve their energy efficiency. Tomorrow, they will very likely buy pay per use services to improve their resource efficiency; and it could happen sooner than later.

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