



CASE STUDY 3 - RECONFIGURING VALUE: A DEMAND-LED APPROACH TO STRATEGIC RESOURCE RECOVERY

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ABSTRACT

This case explores how Circulus could turn an identified recovery opportunity into a viable commercial pathway through value reconfiguration. It considers how earlier intervention in asset retirement decisions could help preserve potential value by coordinating recovery activities, allocating risk, and agreeing how additional value is shared across stakeholders. Rather than responding after disposal decisions have been made, the case examines how Circulus could help shape the pathway from retirement to next use. The proposed business model and pilot remain to be tested.

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Circulus Today: A Business Built Around Recovering Value

Previous case studies have examined how value is preserved through repeated component use (Case 1 – Value cycle), and how strategic demand can reveal overlooked resources (Case 2 – Value rediscovery). This case considers how Circulus could turn an identified opportunity into a viable commercial pathway by coordinating recovery activities, allocating risk and agreeing how the additional value is shared. The business model and pilot described here remain to be tested.

This case focuses on value reconfiguration: the process of changing how an asset moves from retirement to its next use, and how the resulting value is identified, organised, and shared. It examines whether Circulus can move from reacting to assets after disposal decisions have been made to shaping the commercial pathway earlier, before potential value is lost.

Circulus operates in circular resource management and electronics recovery. Its business has developed from Waste Electrical and Electronic Equipment (WEEE) recycling into a broader model for managing redundant electronic assets through reuse, repair, refurbishment, remanufacturing, secure asset disposal and material recovery.

The commercial logic is based on two connected revenue streams. Circulus earns service revenue by managing electronic and electrical assets for customers, including collection, asset handling, secure disposal, data-related services, refurbishment and recycling. It can also recover value from the assets themselves through reuse, refurbishment, component recovery and material recovery.

Industrial assets are regularly retired across sectors such as offshore energy, infrastructure and manufacturing. Equipment may be replaced because of operational changes, upgrades, project closures or decommissioning, rather than because every component has reached the end of its functional or commercial life. Once these assets enter conventional disposal or recovery routes, decisions often prioritise compliance, logistics and established recycling processes. As a result, potentially valuable components may be dismantled, mixed with lower-value material streams or processed before opportunities for reuse, refurbishment or higher-value recovery have been identified.

This position also creates an important strategic limitation. Circulus usually becomes involved only after an organisation has decided that an asset is surplus or no longer needed in its current use. By that point, disposal and recovery decisions may already be underway, and some assets may enter established waste-management routes before their remaining commercial value has been fully understood.

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Circulus therefore faces a strategic choice: should it continue concentrating its resources on strengthening its existing circular asset management and recovery business, or should it invest in moving upstream by developing a model that identifies and captures industrial value before disposal decisions make that value harder to recover?

The answer will determine whether the opportunity becomes a strategic growth platform or remains a commercially unproven concept.



Figure 1 Conventional recovery route and the risk of lost value

THE CUSTOMER OPPORTUNITY AND PROPOSED BUSINESS MODEL

The primary customer for the proposed model is the organisation that owns or controls retiring industrial assets. This may include asset owners, operators, or organisations that manage decommissioning activities. These customers face a practical problem. Once equipment is removed from service, they may need to make decisions quickly about storage, disposal, compliance, and logistics. Identifying whether individual components have secondary value can require technical knowledge, market information, and access to specialist recovery partners that may not exist within the organisation. The customer may therefore default to an established disposal or recycling route, even when a more valuable alternative exists.

Circulus helps asset owners identify and capture residual commercial value from retiring industrial assets without requiring them to develop their own specialist recovery capabilities or manage fragmented secondary markets. Circulus's potential advantage lies in its position between the organisation retiring the asset and the downstream organisations capable of reusing, refurbishing or recovering value from it.

Industrial buyers may have demand for recovered equipment but lack visibility of available supply. Circulus has the potential to connect these fragmented parts of the value chain. Its existing business gives it operational knowledge of asset handling, assessment, reuse, refurbishment, and recovery. Its proposed role would build on these capabilities by introducing an earlier commercial decision point.

The proposed operating model follows four connected stages: access, assess, match and capture. Circulus first gains access to assets before irreversible recovery occurs. It then assesses each asset and identifies the highest-value commercially viable pathway. Where an opportunity exists, Circulus matches the asset, component or material with industrial demand and coordinates the specialist activities needed to complete the transaction. Finally, Circulus captures a share of the value it has helped create.

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Some assets may be suitable for reuse or refurbishment, while others may be directed towards component or specialist material recovery. Assets for which no higher-value opportunity exists can continue through Circulus's existing recovery and recycling operations.

Its existing business provides a viable recovery route when the upstream value model does not identify a superior alternative. The proposed model therefore adds a value-identification and commercial decision layer before conventional recovery.

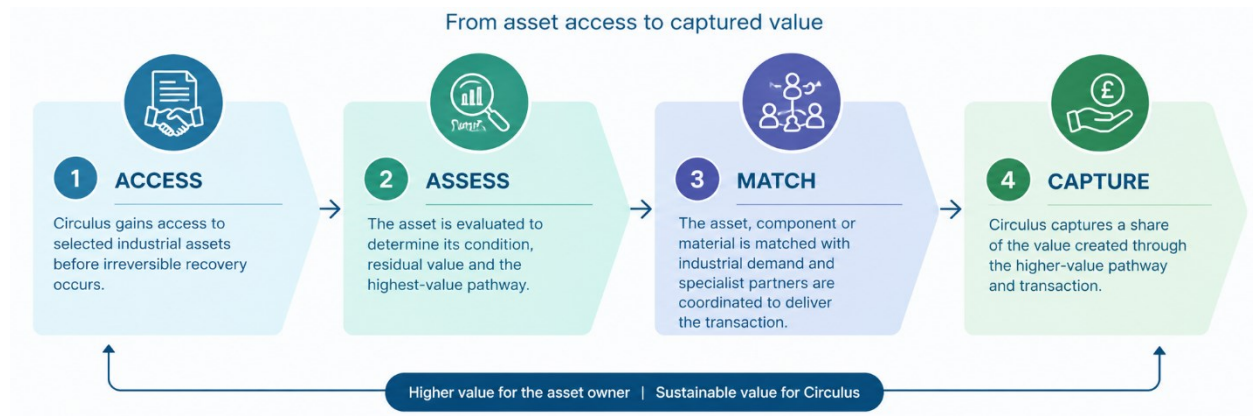


Figure 2 The proposed business model from asset access to captured value

REVENUE LOGIC AND COMMERCIAL RISK

The proposed model combines two sources of revenue. Circulus receives an agreed coordination fee for accessing assets, assessing opportunities and coordinating a higher-value pathway. This fee recognises that Circulus is providing a commercial and operational service before the final value outcome is known. The second source of revenue is a share of the additional net value created beyond the conventional recovery route. Before pursuing an alternative pathway, Circulus establishes the conventional recovery baseline: the net value the asset owner would reasonably receive if the asset followed its existing recovery route. Circulus then assesses whether the asset can be directed into a higher-value commercial pathway, such as reuse, refurbishment, component recovery or specialist material recovery. The net value from this alternative pathway is calculated after deducting all agreed direct costs.

Only the additional net value above the conventional recovery baseline is shared between the asset owner and Circulus. For the proposed pilot, this additional value would be divided equally, with Circulus also receiving an agreed coordination fee.

For example, if conventional recovery would generate £1,000 for the asset owner, that amount becomes the baseline. If Circulus then identifies an alternative pathway that generates £2,500 in gross revenue and requires £500 in direct costs, the alternative pathway produces a net value of £2,000. The additional net value is therefore £1,000. Under the pilot arrangement, the asset owner receives its £1,000 baseline plus £500, while Circulus receives £500 from the additional value, together with any agreed coordination fee.

This illustration shows the value split before any separately charged coordination fee. The pilot agreement must specify who pays that fee and how it affects the asset owner's final return. The baseline can only be described as protected once all charges and responsibilities for losses have been agreed.

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The pilot must also address commercial risk. A technically attractive opportunity may require testing, refurbishment or specialist processing before a buyer is secured. If that pathway fails, someone must absorb the associated costs. For this reason, the pilot should distinguish clearly between agreed assessment and coordination costs and the additional costs of pursuing a specific commercial pathway. Where possible, these costs should be agreed in advance with the asset owner or incorporated into the transaction's commercial terms. One objective of the pilot is therefore to determine the right balance between service-based revenue and success-based value sharing. The long-term model must ensure that Circulus does not absorb disproportionate risk while waiting for uncertain downstream value to materialise.

THE SIX-MONTH COMMERCIAL PILOT

Circulus should test the strategic hypothesis through a focused six-month pilot involving 60 industrial electronic control cabinets and associated control modules, sourced from at least three independent asset owners, decommissioning projects or industrial locations. The pilot should use Circulus's existing operational capabilities as its foundation. Each asset should first be assessed against its conventional recovery route to establish a baseline value. Circulus should then determine whether a higher-value pathway exists and whether that pathway can be converted into genuine commercial demand. Assets that do not offer a commercially viable alternative should continue through Circulus's established recovery and recycling routes. The pilot is therefore designed to test the additional value of the new model, not replace the existing business.

The pilot should establish whether Circulus can access suitable assets early enough, identify commercially meaningful opportunities, create additional value beyond conventional recovery, secure paying demand and generate positive economics. The thresholds below are proposed starting points for the pilot, not evidence of results already achieved.

The thresholds should be treated as decision tests rather than performance claims. Together, they assess whether the model can secure early access, identify value, convert that value into demand and generate a positive contribution for Circulus.

Investment test	Proposed pilot threshold
Asset Access	At least 36 of 60 targeted assets
Value Discovery	At least 25% of assessed assets
Additional Value	At least 20% above conventional recovery
Paying Demand	At least one completed paid transaction
Circulus Contribution	Positive after direct costs
Repeatability	Evidence across at least three independent supply sources

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A formal review should take place after three months to identify where the model is weakest. If asset access falls short of expectations, Circulus must reconsider its supply strategy. If value discovery is strong but buyers cannot be found, the problem lies in market development. If buyers exist but margins remain weak, the commercial structure must be redesigned. The pilot should therefore function as a disciplined learning and investment process, rather than simply as a demonstration project.

A completed paid transaction would provide an initial test of demand. The investment decision would also need evidence of repeat sales and positive economics across the pilot, including the cost of assessments that do not lead to transactions.

THE SCALE QUESTION AND INVESTMENT DECISION

Pilot success alone is not sufficient to justify major investment. Circulus must answer two separate questions. First, can the model work commercially? The pilot thresholds are designed to answer this question. Second, can the model become large enough to justify strategic investment and management attention? A commercially successful pilot involving a small number of assets may demonstrate proof of concept but still fail to create a meaningful growth platform. Before scaling, Circulus must therefore assess whether there is sufficient volume of accessible assets, whether similar opportunities occur repeatedly across customers and projects, whether assets can be aggregated efficiently and whether the contribution generated per transaction can support the capabilities required for growth.

Circulus should invest and scale if the pilot demonstrates reliable asset access, meaningful value discovery, genuine paying demand and positive contribution economics. The model must also show that it can be repeated across multiple supply sources and has the potential to reach commercially meaningful scale. Under this outcome, Circulus would invest in upstream capabilities, expand relationships with asset owners, develop systematic value-assessment processes, build industrial customer demand and formalise a network of specialist delivery partners.

Circulus should revise and re-pilot if the pilot validates the underlying opportunity but exposes a significant weakness in the operating or commercial model. For example, valuable assets may be available and buyers may exist, but access may be inconsistent. Alternatively, higher-value opportunities may exist, but the cost of testing and coordination may prevent attractive margins. In this situation, the opportunity remains strategically credible, but the business model has not yet earned the right to scale. Circulus should identify the specific constraint, redesign the affected part of the model and conduct a targeted second pilot.

Circulus should not invest further if the pilot fails to demonstrate reliable supply, meaningful higher-value opportunities, genuine customer demand or positive commercial economics. Identifying additional value is not enough. Circulus must demonstrate that it can access value, convert it into demand and capture sufficient returns to build a sustainable business. If those conditions cannot be met, the company should focus its resources on strengthening its existing circular resource management and recovery business.

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Value reconfiguration lies in changing the route through which an asset reaches its next use and in designing the commercial arrangements that make that route viable.

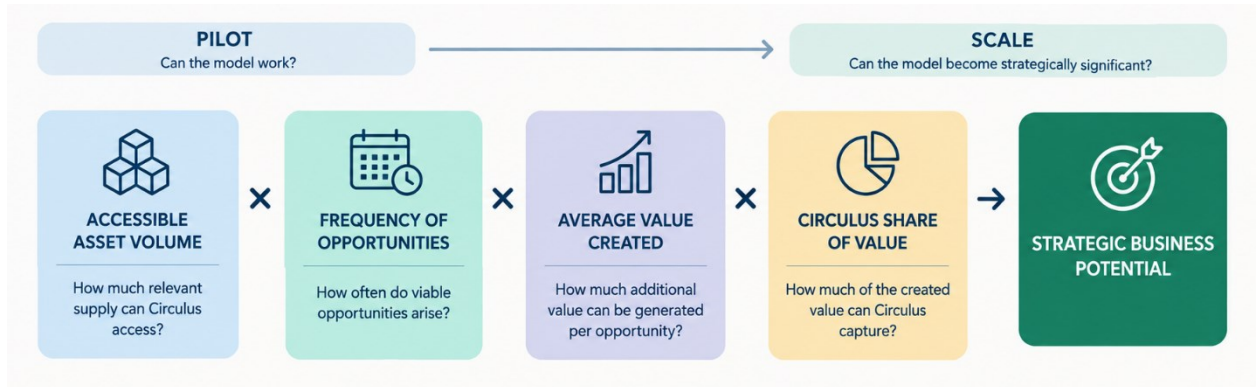


Figure 3 From a viable pilot to a business with potential to scale