

M-Use[®]

Circular
elevators: from
ownership to use

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Working towards change together

*“M-Use® dovetails beautifully with our philosophy on
Total Cost of Usage and the Circular economy.”*

ABN AMRO / ERWIN VAN BAAR / SENIOR PROCUREMENT CONSULTANT



**“Be the change
that you wish
to see in
the world”**

Mahatma Gandhi

With the realisation that many traditional business models are no longer sustainable, the need for a circular, more environmentally responsible economy has grown considerably in recent years. Despite the increasing burden our consumer economy places on the earth and its resources, products continue to be manufactured with shorter and shorter lifespans. The pressure on suppliers to make their products available at increasingly low prices has resulted in business models in which huge quantities must be sold in order to achieve maximum turnover in the shortest possible time. This is illustrated by the so-called planned obsolescence principle where products like smartphones are designed for failure and need to be replaced after only a few years of use. >>

From ownership to use

‘A more sustainable business model for the elevator industry’

“The long-term contract is especially beneficial because you know where you stand.”

DE ESHOF HOMEOWNER'S
ASSOCIATION, RIJSSEN

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The elevator industry

These new developments and business models have also had an effect on the elevator industry. Where before, an elevator could be expected to last at least 20 years, today, many elevators from well-known brands require major renovation after only 12 years (and sometimes even earlier).

Not only does this result in high maintenance and replacement costs, the lower quality also leads to failure costs caused by breakdown and disruption.

In addition to the financial consequences, planned obsolescence has a negative impact on the planet. The elevator industry – as well as the entire construction and real estate sector – still has a long way to go when it comes to recycling and re-using its materials.

At Mitsubishi Elevator Europe, we believe that it is now imperative that we change this by putting circularity into practice. Globally, we throw away more than 500 kilos of waste per person every year without any of the valuable raw materials being re-used.



The consumer society and the depletion of raw materials

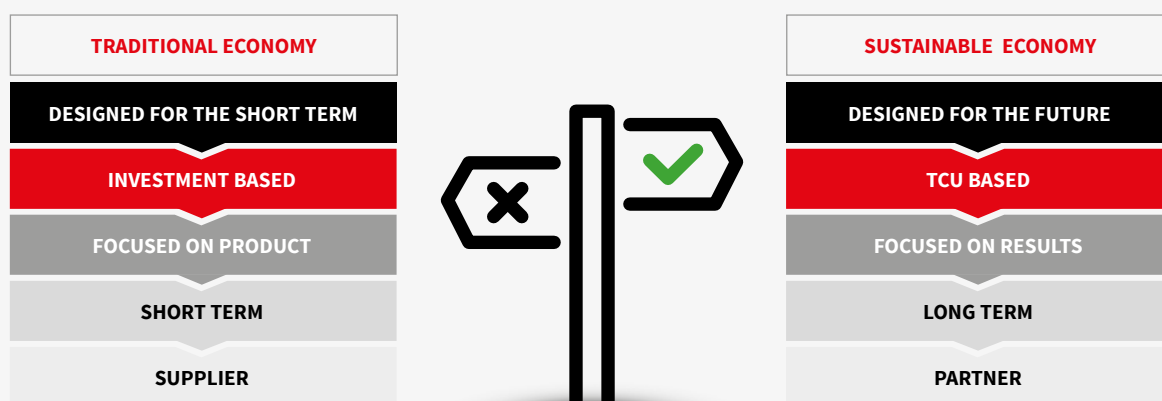


De plastic ocean: the urgent need for more re-use and recycling

From ownership to use

In an effort to break the paradox surrounding initial procurement versus long-term quality, many sectors have seen a growing shift from ownership to use. In this model, the supplier retains ownership of the products, and the customer 'uses' them. This means that the supplier provides a service and takes on the risks associated with owning and managing the product.

With both user and supplier focused on results, the supplier is incentivised to deliver a high-quality product. The design-for-failure business model is replaced by a design-for-success model. This leads to better quality products with longer lifespans and contributes to real sustainability.



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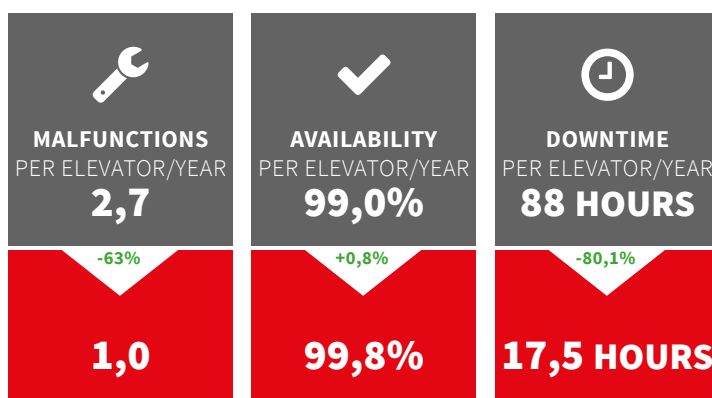
How does Mitsubishi compare to the rest of the market?

Considering the current economic model and the (price) pressure on quality in the construction sector, Mitsubishi Elevator Europe recognises that it must capitalise on its high quality. In short: in the traditional purchasing model, how do suppliers persuade contractors to spend more on buying better quality materials? Especially when the contractors themselves are also subject to price pressures and the Total Cost of Ownership may no longer be accurate.

This model continues to be used, despite the fact that it is often not in the long-term interests of either the owner or the end user. Mitsubishi Elevator Europe's vision is to provide a full-service product that delivers the best quality for the long term, taking care of all aspects of lift maintenance so that the end user has complete peace of mind. And Mitsubishi elevators can easily last for at least 25 years.

INDUSTRY AVERAGE*

*Source, DLR Adviesgroep B.V. (2017) en Eurlicon (2017)



M-Use®

Reliable, outstanding
performance with clear
costs and no surprises



In line with the shift from consumer to user, what if we were to move away from selling elevators in combination with a maintenance package, and instead provided 'vertical mobility' as a service? By doing so, we can reduce the high upfront costs of the investment and move the focus to providing the end user with maximum freedom in vertical mobility.

All of this can be delivered for a fixed annual price, with no surprises and with contractual clearly-defined performance targets that are transparent and easy to understand. And if we don't meet the promises set out in our service agreement? Then we are obliged to reimburse you in the form of penalties. After all, as a customer, you pay for a solution and not for a problem. We would like to introduce M-Use®.

M-Use®, a more sustainable model for the elevator industry

Mitsubishi Elevator Europe strives to realise the best and most sustainable vertical mobility solution for its customers and end users. In order to achieve this, and with an awareness of the growing need for a circular economy, Mitsubishi has developed M-Use®.

Through M-Use® or "Mobility-Use", Mitsubishi offers high-quality elevators with guaranteed usage for a low initial investment.

Mitsubishi retains ownership of the elevator, while the customer, over an initial period of 20 years, pays a fixed, all-inclusive annual amount for its use. By means of contractual, clearly defined performance indicators and corresponding penalties together with a pay-per-use element calculated annually, the customer gets guaranteed, hassle-free elevator use at a fair and predictable price.





Aligned with this focus on use rather than ownership, circularity is central in M-Use®. By analysing all waste streams and the impacts of use at individual component level, Mitsubishi seeks to use its people and resources in the most effective way. Additionally, Mitsubishi works to either recycle or re-use as many of its elevator components as possible through various strategic programmes.

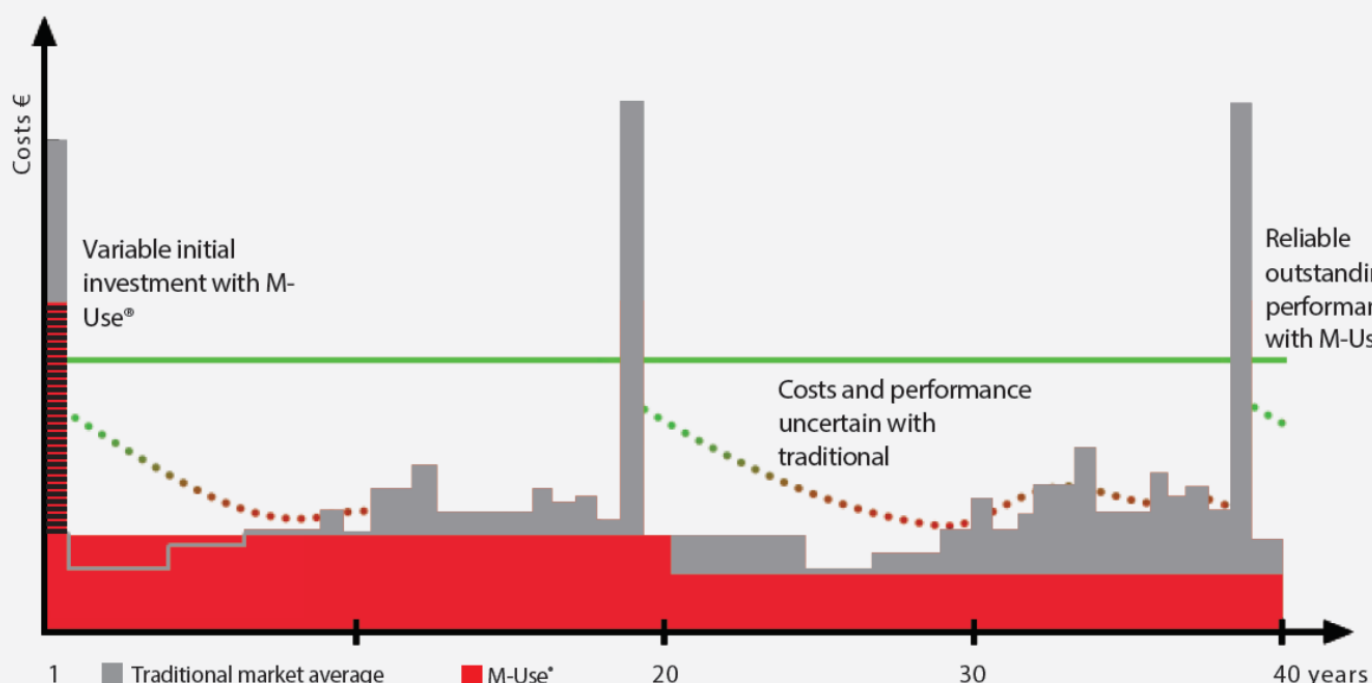
According to an independent study of the elevator market in The Netherlands conducted by KPMG Sustainability, M-Use® is more than € 15,000 cheaper than an average Dutch elevator over a period of 30 years. Long-term quality and sustainability are therefore not only good for society and the environment, they also make good business sense.

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Customer costs

The graph below shows the benefits of M-Use® to the customer: Reliable, outstanding performance with clear costs and no surprises.

M-USE®		TRADITIONAL	
	1,0		2,7
MALFUNCTIONS		MALFUNCTIONS	
PER ELEVATOR/		PER ELEVATORS/	
YEAR		YEAR	
	17,5 UUR		88 UUR
DOWNTIME		DOWNTIME	
PER ELEVATOR/		PER ELEVATOR/	
YEAR		YEAR	



All-in-one service



"We review the service agreements with each other on an annual basis, and everything works as it should. If not, we settle the costs together. There's no need to dispute anything; the agreements have all been clearly set out already."

HARRY HAISMA, BOARD GRIMMA HERNA HOMEOWNER'S ASSOCIATION, DOKKUM

TRADITIONAL



PURCHASE

Initial purchase price 100%



ELEVATOR OWNER

Customer



ELEVATOR PLAN

Party 1



ELEVATOR

Party 2



INSTALLATION

Party 3



MAINTENANCE

Party 4



REPAIRS

Party 5



REPLACEMENT

Party 6



ELEVATOR ADVICE

party 7



INSPECTIONS

Party 8



RISK

Lies with the customer and is highly inconsistent because of the involvement of multiple parties with varying standards



ANNUAL COSTS

Unpredictable, fluctuating annual costs for regular maintenance, repairs, surcharges, replacements, elevator advice and inspections



CONTRACT LENGTH

Open



QUALITY

Inconsistent because of the involvement of multiple parties and a lack of agreement over performance levels



RESULT

2.7 malfunctions per elevator per year
An average of 88 hours downtime per elevator per year

M-Use®



INVESTMENT

Variable initial investment based on your needs



ELEVATOR OWNER

Mitsubishi Elevator Europe



ALL-IN-ONE

For a simple, fixed price, Mitsubishi Elevator Europe takes care of all issues concerning your elevator with their comprehensive service



RISK

Lies with Mitsubishi Elevator Europe for the entirety of the contract period



ANNUAL COSTS

Fixed annual fee (including finance, maintenance, repairs, surcharges, replacements, reporting, advice, and elevator inspections by third parties)



PAY PER USE

At the end of each year, your final bill is calculated based on your actual use



CONTRACT LENGTH

20 years, after which the contract can be extended, or the elevator purchased for the pre-set residual value



QUALITY

High quality guaranteed by performance contract and penalty clauses



RESULT

No more than 1 malfunction per elevator per year
No more than 17.5h of downtime per elevator per year

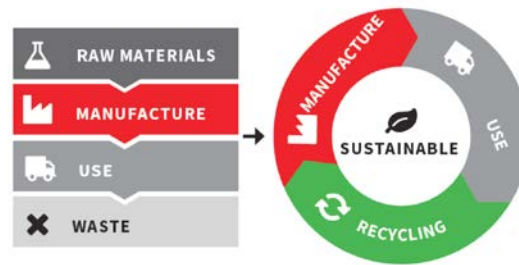


In short:

An all-in-one service that offers reliability and peace of mind

Implementing circularity

M-Use® combines results-driven service provision with a smart finance construction to make our high-quality product accessible. Moreover, as a result of the innovative ownership structure and our long-term continued involvement, we are also able to extend the lifespan of the elevator, and we work hard to recycle and re-use numerous components in order to further implement circularity. We cooperate with a number of external partners to work on the priorities below.



From linear economy to circular economy

Remote monitoring

Through the use of sensors and intelligent software, we are able to monitor the various components and usage variables of our M-Use® elevators. This gives us precise details about the length and frequency of the trips our elevators make and how much stress this places on the most important components. By monitoring this data in real time and comparing it with extensive historical data from Mitsubishi components, we are able to fine-tune our maintenance programme to the actual usage of a particular elevator installation. This ensures that every elevator gets the right kind of maintenance at the right time, thereby extending its lifespan and facilitating a more efficient use of resources.

Design for disassembly

Our own Engineering and R&D departments in Veenendaal are working together with our parent company (MELINA) in Japan to adapt the design of Mitsubishi elevators in various project groups so that they can be easily disassembled. This is essential to the realisation of our programme of re-use and recycling.

Recycling

We are working with a number of leading service providers in the field of waste collection and recycling to structure our logistical process in a way that allows us to effectively disassemble our elevators at the end of their initial technical lifespan so that the valuable materials can be recycled. For example, chrome can be recycled from stainless steel. Our guiding principle is that all of our elevators should achieve an exclusive Sustainability Certificate in accordance with the DIN and ISO 14040 standards.

Re-use

We are currently conducting a comprehensive study into the possibilities for not just recycling but even completely re-using some elevator components. Also, in collaboration with strategic partners and companies such as IBM (GARS project), our Remote Monitoring project is exploring how individual elevator components can be allocated as optimally as possible in other areas based on their technical lifespans for different types and intensities of use.

“Yes, it costs us less. With M-Use®, our annual costs are between € 800 and € 900 lower than before. And that’s in addition to the reduction on our energy bills. That’s a nice saving.”

DE ESHOF HOMEOWNER’S ASSOCIATION, RIJSSEN

What can M-Use® do for you?

The parties involved in the chain of supply, maintenance and renovation of elevators are each concerned with their own individual interests. If we are to break the paradox around initial procurement versus long-term quality, we need to think in terms of common goals. How does M-Use® harmonise these individual and common interests and help to realise value for the entire chain?



DEVELOPER

- Low initial investment
- Guaranteed top quality and optimal elevator plan
- Collaboration on the basis of partnership rather than supplier/consumer
- Minimal impact of costs per m2
- Clear costs with no surprises
- Contributes to the circular economy and a sustainable future



OWNER

- Fixed annual costs with no surprises
- Prices based on performance and actual usage
- Guaranteed high-quality service and availability lead to satisfied tenants and end users
- Full coverage of risks with minimal impact to the service costs per m2.
- Contributes to the circular economy and a sustainable future



USER

- High-quality service and guaranteed use
- Variable costs only for improper use and pay-per-use component
- Money back when use is less than predicted
- Fair distribution of costs between current and future users
- Significantly lower incidence of service failures, waiting times and malfunctions

SUSTAINABLE, HASSLE-FREE SERVICE!

Reliable, outstanding performance with clear costs and no surprises

What does M-Use[®] means?

Working towards a circular economy is important for all of us – not just for the organisation you work for, but for you too. However, we also need to be realistic; the business case behind the model has to be right. In short: what are the financial benefits of M-Use[®] in comparison to the current model in which the consumer purchases the elevator and also pays for its maintenance and renovation? To find out, KPMG Sustainability carried out an independent survey into exactly this question using the True Value methodology. You can



Savings for average Dutch elevator over 30 years (incl.) *



≥ € 5.000 INITIAL INVESTMENT COSTS



≥ € 7.400 OPERATIONAL COSTS



≥ € 900 ENERGY COSTS



≥ € 3.200 INCIDENT AND FAILURE COSTS

+

 **≥15.000**

SAVED OVER THE LIFETIME OF ONE ELEVATOR

*Based on a 1050 kg elevator with 6 stops

Annual profit to society

If all office elevators in the Netherlands were leased via M-Use® from Mitsubishi Elevator Europe, it would save society, per year:



11,3

MILLION EUROS



190.000

HOURS OF DELAY

M-Use® contributes to the UN global objectives for sustainable development. You can see these objectives and the complete KPMG True Value Case Study at

www.mitsubishi-liften.nl/m-use



Make an appointment

The savings shown in the KPMG study are averages. To find out exactly how M-Use® can benefit you, make an appointment with us via

www.mitsubishi-liften.nl/afspraak-maken/



All of the benefits in a row

- >> Low initial investment at a level decided by you.
- >> Detailed performance contract and clear communication mean no surprises or financial uncertainty.
- >> Transparent annual billing based on actual trips made.
- >> Fair distribution of annual costs across all users.
- >> Higher quality elevators without paying more than you do now.
- >> Re-use and recycling of elevator components contribute to a more sustainable future.

Working towards change together

Alongside our team of specialists, our sales people will be happy to advise you on all aspects of your new elevator(s).

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Can we help u with:



Make an appointment

We look forward to working with you to find out how M-Use® can be of benefit in your situation.

www.mitsubishi-liften.nl/afspraak-maken/



Request a no-obligation quote

Would you like to find out more about our attractive rates and how M-Use® can work for you? Let us know more about your situation, and we'll put together your free, no-obligation quote.

www.mitsubishi-liften.nl/offerte-aanvragen/



More information about M-Use® online

Visit our website for more information about the benefits of M-Use®.

www.mitsubishi-liften.nl/m-use/

“M-Use® dovetails beautifully with our philosophy on the circular economy and gives ABN AMRO certainty about quality and costs over the next 20 years.”

ABN AMRO / ERWIN VAN BAAR / SENIOR PROCUREMENT CONSULTANT



With more than 65 years of experience, Mitsubishi Elevator Europe is the authority in the Benelux in the field of high-quality and reliable elevator and escalator installations, elevator maintenance and elevator renovations.



Visit our website

For a complete overview our organization, to request an extensive elevator inspection, or to design your own elevator in our elevator configurator, visit www.mitsubishi-liften.nl



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