The background of the entire page is a blurred image of a microscope. Overlaid on this is a pattern of numerous thin, teal-colored lines radiating outwards from the center, creating a sunburst or starburst effect. The text is centered over this graphic.

# THE CIRCULAR OPPORTUNITY HARNESSING THE POWER OF PRODUCT-AS-A-SERVICE IN **HEALTHCARE**



**BNP PARIBAS**  
LEASING SOLUTIONS

Equipment finance for a changing world

## ABOUT THIS REPORT

This sector report forms part of the more detailed report, “The Circular Opportunity: Harnessing the Power of Product-as-Service”, which was commissioned by BNP Paribas and BNP Paribas Leasing Solutions. The research was conducted by Do Well Do Good, a purpose-led strategy consultancy. The report aims to contribute to advancing Product-as-a-Service (PaaS) business models, in line with the European Union’s efforts to promote the transition towards a circular economy.

The report offers an overview of the role of the PaaS in the circular economy ecosystem. It also explores two key sectors in depth, examining how agricultural equipment and green tech have responded to opportunities and challenges presented by PaaS models. These industries have been identified as core sectors for BNP Paribas Leasing Solutions due to their significant economic impact and the possibility of integrating PaaS models into their operations. Additional insights have also been gathered across four other sectors – heavy vehicles, healthcare, IT, and construction.

While researching this report, interviews were conducted with 28 industry experts across six industries, who were asked to share their comprehensive understanding of how PaaS models are transforming traditional business practices in their field.

**You can access the full report and more insights into Product-as-a-Service models here.**

Thank you to everyone who shared their time, knowledge, and insights:

**Fabien Delolme**, Commercial Director for France, Dell Financial Services

**Michael Mansard**, Chair of the Subscribed Institute EMEA & Principal Director, Zuora

**Stéphane Dierick**, Director of Cloud Projects, Zuora

**Jesus Blasco**, Senior Vice President Capital Markets EMEA, GE Healthcare

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# INTRODUCTION

Regulators in the EU, and the world over, have made their intentions clear – linear consumption models must become a thing of the past if we are to tackle the immense challenges of climate change and resource scarcity.

The EU's target to transition to a fully circular economy by 2050 sets a firm deadline, just over two decades away, to achieve seismic and systemic changes to the way we design, produce, distribute, sell, buy, use, and dispose of goods and services. This will require new laws, new technologies, new processes, and new business models. But most crucially, this transition will require a level of global collaboration, trust, partnership, and goodwill throughout the value chain and across industries and borders.

If circularity is the concept that can lead us to a more sustainable future, now we urgently need practical tools to help make progress on the ground. New financial models and operating systems that prioritize servitization will be important levers that enable organizations to adopt the principles of a circular economy in practice.

Product-as-a-Service (PaaS) models support a shift away from purchasing products outright to buying the services, value, and benefits products provide. This has the potential to reduce the demand on natural resources, by laying the foundations for producers to take responsibility for assets throughout the entire product lifecycle and to retain the value of materials by keeping them in use.

Financial and contractual mechanisms, such as leasing, are a key part of the PaaS equation. Crucially, leasing can allow the use and possession of an asset to transfer between different parties, while ownership is maintained by one entity; and it encourages optimal use of assets over time.

Today, most of these circular service models are still in their infancy and all major sectors still have a long road ahead to develop mature PaaS offerings. Every part of the value chain must contribute to progressing this new, circular approach to production and consumption, and there are undoubtedly complex challenges ahead.

This mini report explores the role of PaaS in the agriculture sector. It forms part of the wider report, "The Circular Opportunity: Harnessing the Power of Product-as-a-Service". As part of this broader research, we discuss the role of service models in enabling a circular economy and the challenges and opportunities this presents for businesses.



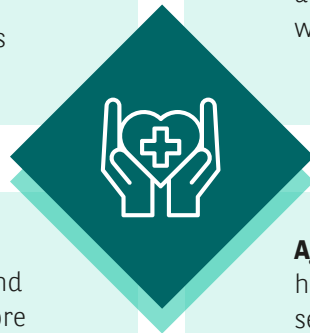
## THE PAAS OPPORTUNITY: HEALTHCARE

Healthcare is always evolving to improve patient outcomes and using advances in science and technology to push the boundaries of what can be done to keep our population healthy. Today healthcare leaders are faced with significant challenges, including an ageing population, a shortage of skilled workers, budget constraints, and new global environmental risk factors. This has resulted in the rapid digitalization of healthcare, with the sector undergoing huge transformation to prepare for the future. Both private and public institutions are looking to technology to find new solutions that deliver better results for patients and provide the flexibility to scale and innovate.

### Trends in healthcare

**Europe's population is ageing**, with more than 20% of people over 65 years.<sup>lxii</sup> As the population grows and people get older, the demand for health services is rapidly increasing.

**A skills shortage** has resulted in a deficit of nearly 1 million health workers in Europe.<sup>lxiii</sup>



**Healthcare funding is under pressure** and organizations are being asked to do more with less.

**Agility and flexibility** are crucial in healthcare, with COVID-19 proving the sector must be prepared to transform and scale quickly in response to unprecedented health events.

## Innovation in healthcare

Healthcare providers are turning to new technology, like robotics and artificial intelligence to improve the health outcomes of patients and reduce the strain on medical staff and resources. According to Deloitte, by 2040 hospitals will be using artificial intelligence “to optimize care delivery, workforce efficiency and back-office cost-effectiveness, and to reduce hospital stay durations and costs, while improving patient outcomes and experiences.”<sup>lxiv</sup>

Robotics is already playing a part in improving surgical precision and reducing the risk of human error. Sanitization remains urgent priority for hospitals and robots are being deployed to clean surfaces and rooms to reduce the risk of infection for patients and staff.<sup>lxv</sup> As more routine tasks are undertaken by robots, clinicians will be able to focus more on the critical aspects of patient care.

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## The PaaS opportunity

### Relieving budget constraints:

Funding constraints can prevent healthcare providers from offering the world-class care they strive for. PaaS models offer access to modern, scalable med-tech solutions without the upfront costs of investment, easing budget and cash flow constraints.

### Data-driven insights:

Asset management software, often included in PaaS contracts, can ensure medical equipment is used efficiently, deployed to the areas of greatest need, and maintained regularly. This potentially maximizes the use and availability of medical technology.

### Aligning costs with benefits:

Pay-per-use subscriptions help align costs with benefits and prevent waste from underutilized equipment. For example, MRI machines can be acquired on pay-per-use contracts, which base billing on the number of scans conducted.

### Diversified revenue streams for manufacturers:

Medical manufacturers can build business resilience and growth by diversifying their service offer and benefiting from the regular income PaaS contracts provide. This improves cash flow and fosters investment in research.

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## Top 3 challenges to PaaS adoption



The healthcare sector operates within a complex legal environment, especially regarding patient data and privacy. Regulations are still evolving to encompass servitization and can make it difficult to adopt new financial models.



Pay-per-use models rely heavily on the sharing of real-time data to measure equipment usage, establish appropriate pricing, and ensure financial viability. New technical, legal, and operational solutions are required to allow this information to be shared across the healthcare ecosystem.



Training and education are vital to the adoption of new operating systems. Both manufacturers and healthcare providers have the opportunity to invest in the capabilities of already-stretched medical teams to ensure the benefits of PaaS models are fully realized.

# PAAS IN ACTION

## GE Healthcare's circular med-tech<sup>lxvi</sup>

### The company

GE Healthcare is a global provider of digital infrastructure, data analytics, and decision support tools in the healthcare sector. GE provides refurbishment and recycling options to its customers once equipment reaches the end of its working life and buys back equipment for lifecycle extensions. The company has a proud record of using circularity to improve energy efficiency and maximize the use of materials, while delivering digitally enabled and remote predictive and corrective maintenance services.

### PaaS features

According to Jesus Blasco, Senior Vice President Capital Markets EMEA, GE Healthcare, there is an increasing trend towards pay-per-use models for MRI machines and other med-tech and equipment. "The future of healthcare equipment lies in software upgrades, where AI will play a significant role, ensuring that equipment retains its value over time. Pay-per-use models are becoming more popular, but they require a deep understanding of usage data and a willingness from financing institutions to share the risk."

### Benefits to customers

These contracts base pricing on the number of scans, offering healthcare providers flexibility and risk mitigation, especially when usage volumes are uncertain. This approach is particularly beneficial for new product launches where clients may be unsure about future costs and performance.

### Circular impact

GE Healthcare's PaaS model for medical imaging equipment promotes equipment reuse and refurbishment. Extending the life of 6700 units of imaging and ultrasound equipment, led to the reduction of 5.15 million kilograms of potential landfill waste.<sup>lxvii</sup>

"Our strategy is to manage the entire lifecycle of our equipment, from new sales to refurbishment, while navigating the complexities of pay-per-use and circular economy models," said Jesus Blasco.

### WHAT OUR EXPERTS TOLD US:

Florian André is Founder and CEO, P2S Management Consulting, a boutique consultancy specializing in helping companies develop their own subscription and as-a-service business models.

**"High-priced, connected equipment with fluctuating demand is ideal for PaaS, as it allows for flexible, usage-based billing. Healthcare equipment is increasingly moving towards subscription models, driven by a focus on medical efficiency and asset-light operations."**



# CONCLUSION

BNP Paribas Leasing Solutions has identified the circular economy as a key business priority, and an essential part of its alignment with the European Union's Green Deal. The transition to a circular economy has a clear role in addressing the causes of climate change and resource scarcity. But crucially, we believe that it also has the potential to build resilience in our business, in our customer's businesses, and in the global economy.

Our goal is to find new financial products and services that meet our clients' needs and drive business value, while respecting the planet's limits. That's why as circular solutions emerge and mature, we see a key role for our business in supporting our partners and clients to unlock the opportunities this transition presents.

As this report explains, leasing can bring to life a crucial principle of circularity. A lease contract can act as a thread that weaves through a product's lifecycle, linking the people and organizations who manufacture, finance, distribute, sell, and use it. By connecting this circular ecosystem, products can be used more efficiently and reused by more people, increasing lifetime utilisation, retaining value, and preventing unnecessary waste.

Through our research, we have explored the financial, operational, and environmental benefits of PaaS models as practical tools that organizations can use to embed circularity into their operations. However, we believe it's equally important to highlight the challenges that exist today, in what is still a nascent and emerging sector.

The linear economy remains deeply embedded in every industry and achieving a circular economy will require a complete transformation of the way we produce, sell, buy, use, and dispose of goods, as well as systems our society has in place to enable these economic exchanges to happen.

This is the important job ahead of us all, as we work towards the EU's deadline of achieving a fully circular economy by 2050. Only through new partnerships and greater levels of collaboration will this seismic change be possible. That's why we are inviting our network to transition with us as we unlock new ideas, solutions, and partnerships that help to build a circular economy.

All research references can be found in the main report.

You can access the full report and more insights into Product-as-a-Service models [here](#).

[READ THE FULL REPORT](#)



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