

# Case study

## Re-tek UK Limited

**Circular Economy Business Models are ways of doing business that keep products and materials in use for as long as possible to extract the maximum value from them.**

**Re-tek was established in 1996 and is based in East Kilbride, South Lanarkshire. The business has 32 employees and sales representatives in Europe, America and Asia. Re-tek is accredited by many international quality, environmental and security standards.**

### Background

Re-tek Group initially worked with large Original Equipment Manufacturers (OEMs) worldwide, helping them to sell their excess manufacturing inventory through their three international sites. In 2003 the company then diversified into other areas, notably the refurbishment and resale of IT equipment. Now solely based in the UK they maintain an international presence through their services and export sales.

Re-tek's core business now includes:

- Customised disposal solutions for IT, including buy-back and re-use of IT and communications equipment;
- Provision of spare parts to the maintenance and after sales market; and
- Excess Inventory Disposition of spare parts for large manufacturing OEMs of ICT equipment on a global basis.



### Incentivised return business model

An 'incentivised return' business model is a Circular Economy Business Model which offers a financial incentive for the return of 'used' products, which can then be refurbished and re-sold.

Re-tek operates an incentivised return business model. The firm repairs and refurbishes functional used IT products and sells on to new owners, sharing the revenue with the previous owner. This includes laptops, PCs, flat screen monitors and hand held electronics.

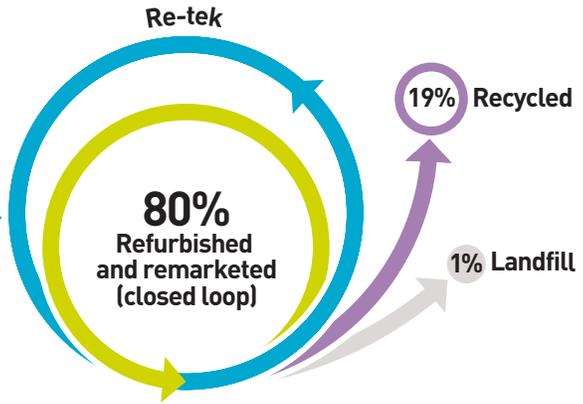
Research indicates that the average desktop computer and monitor requires at least 10 times its weight in fossil fuels and chemicals to manufacture – this is far more material-intensive than the manufacturing of a new car or a fridge, which requires one to two times the product's weight in fossil fuels. What's more, donating old IT equipment for re-use offers potential energy savings of between five and 20 times those gained by recycling.

Therefore, extending the lifecycle of IT or electronic equipment is by far the best way to minimise its impact on the environment.



## Re-tek incentivised return business model

Used IT equipment



This model tends to work best on a larger scale, as small volume disposals tend to be eclipsed by the logistical and processing costs. Re-tek sources most of its equipment from medium to large-sized businesses and public sector organisations such as the NHS, and they aim to re-market as much of the material received as possible. Approximately 80 percent of all equipment received is refurbished and re-marketed. Only equipment which is non-functional or has no market value goes to conventional IT recycling partners. Of the recycling output, the average resulting landfill is just one percent.

As standard, Re-tek offer a number of services around the disposal and re-sale of IT equipment. This includes the safe destruction of data and media, as well as solutions that extend the lifecycle of older IT products through refurbishment, maintenance and spare parts. If an item is non-functional then the unit is nearly always harvested for spare parts.

This lifecycle management service is also extended to the consumer, through retailers who offer customers a financial incentive for the return of their old equipment. This can then be repaired by Re-tek, diverting these products from recycling or landfill.

The re-use operation at Re-tek's East Kilbride facility is powered using 70% renewable energy sources from a biomass system and a solar PV array.

### Benefits of a circular economy business model

The benefits of incentivised return business models include:

- IT and electronic equipment is kept in use for longer, maximising the life of the spare parts;
- Provides a consistent supply of functional, used IT and electronics to meet demand and develop to new markets;
- Provides a quality stream of materials for conventional recycling;
- Contributes to a business's Corporate Social Responsibility values by enhancing their environmental credentials;
- Creates demand for donation centres, diverting perfectly useable items from landfill or recycling centres and providing income for the organisation; and
- Contributes to the development of a circular economy, which will ultimately mean a stronger and more sustainable economy in Scotland.

[www.re-tek.co.uk](http://www.re-tek.co.uk)

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