

Financing PaaS models

Solutions for financiers

Selected from RISE 13 solutions for financing PaaS models

Asset based solutions

Business case-based solutions

Relationship based solutions

Asset based solutions

Business case-based solutions

Relationship based solutions

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Contract financing

- Lend capital and take contracts as collateral
- Large and long-term contracts provides predictability
- Small and short contracts (e.g. subscriptions of low value consumer products) can be gathered as a portfolio of multiple contracts to compensate for the individual risk
- A large mass of contracts creates inertia in the business model and revenue flows, which gives the company time to adjust the supply to varying demand

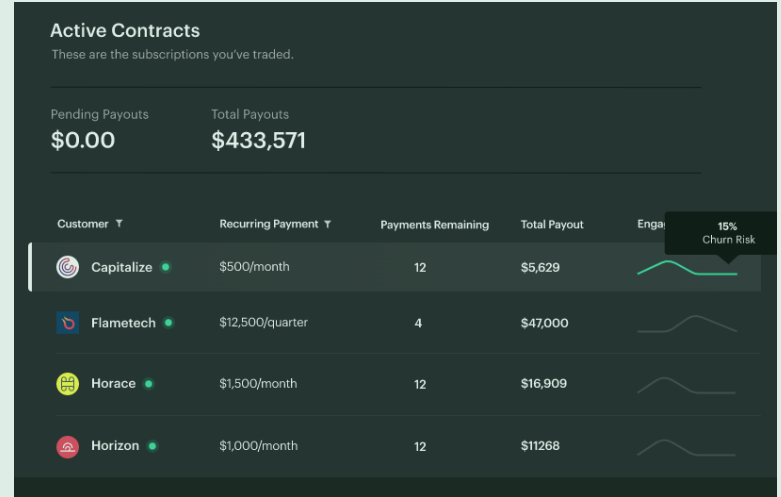


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Contract financing

- Pipe provides a platform where companies can convert future revenue flows to capital today
- For investors, Pipe provides access to recurrent revenue streams as an investment asset
- On the platform, the right to recurrent revenue from the companies' portfolio of customer contracts are traded

Case



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Lease on lease

- A company that provides a product as a service can in turn lease components of the product
- The expected benefits of PaaS are the same for most product-oriented companies in a value chain
- It is easier to propagate products as a service forward in the value chain (especially B2C)
- One way of strengthening the business model is to spread the idea of PaaS along the value chain, even to the company's customers' customers.



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Step-for-step loans

- In order to be part of the transition, financiers can offer circular PaaS companies step-for-step loans to reduce their cost of capital
- Instead of offering a full amount made out in one payout, financiers could offer a scope amount where the payouts are made stepwise when the company reaches certain milestones



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Include risks of linear BMs in the profitability analysis

- In the risk analysis of circular business models, which often have a longer time horizon, the long-term risks of comparable linear business models should also be considered
- A prominent example is that the larger the share of linear businesses, the larger the risk is for future resource scarcity is and thus risk for higher costs
- Increased circularity reduces the dependence of international actors, thus reduces the risks of being negatively affected from global events



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Include risks of linear BMs in the profitability analysis

- Example of media report on resource shortages

Case

Varning: Akut materialbrist i svensk industri



Bild: Thomas Johansson/TT / Mostphotos

Det handlar inte längre bara om halvledare. Bransch efter bransch varnar för en skenande materialbrist som kommer att sätta spår i ekonomin under hela året. Experter som TN har talat med varnar för inflation och företagen kämpar för att hantera prisuppgångar på råvaror på upp till 40 procent. "Det är ett exceptionellt läge", säger företagaren Sandra-Stina Vesterlund till TN.

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Long term partnerships and niched actors

- Include the financiers in the business model in order to promote deep understanding
- Allow financiers to explore what roles they could take in the ecosystem
- Use customers as witnesses about the service's performance



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Long term partnerships and niched actors

- Fairown work specifically with actors that work towards a circular transition
- They provide a platform for environmentally conscious companies so that they can offer their products through monthly subscriptions

Case



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