

AGENDA

- About the Free ICT Europe Fundation
- The “The ICT Aftermarkets in Europe” report
- How about Firmware
- Q & A

INTRODUCTION – THE FREE ICT EUROPE FOUNDATION



FIE PRESS CONFERENCE, BRUSSELS OCT | 2019



WHO DO WE REPRESENT?

- Hardware: Third Party Maintenance
- Hardware: Brokers, ITAD, Refurbishers
- Software: Third Party Maintenance
- Software: Used Software Resellers





HERE IT IS – THE REPORT



Nurturing the ICT aftermarket, critical for hitting European environmental goals and economy

The growing value of independent providers

THE EU ICT AFTERMARKET

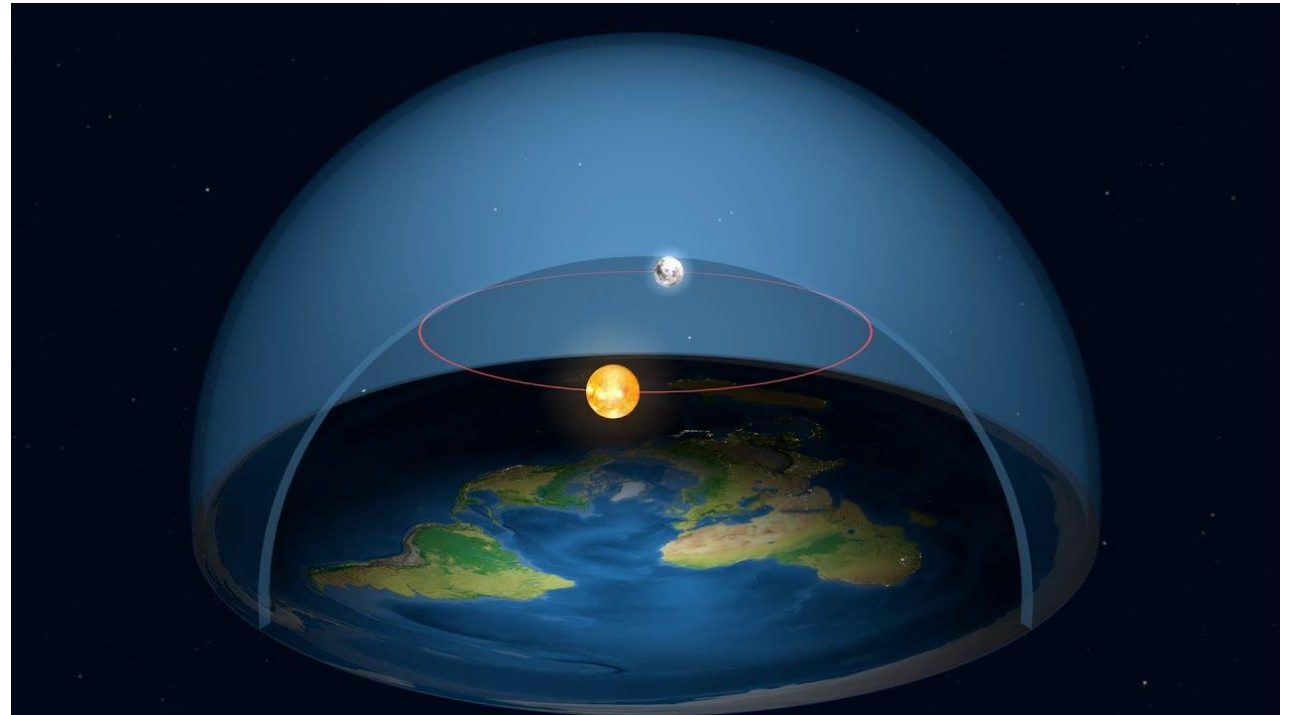
- ICT aftermarket is worth >\$ 46 Bn
- Supports more than 227.000 jobs
- Third-parties providing better solutions
- At 50% lower prices
- Actively contributing to the circular economy

QUESTIONS?

- What car does your company management drive? (Prius-SUV)
- What is the value of your business
- What is the % of hardware cost in maintenance contracts?
- You service legacy equipment, what is your legacy?
- How much Kg CO₂ is required to for a 2RU server?

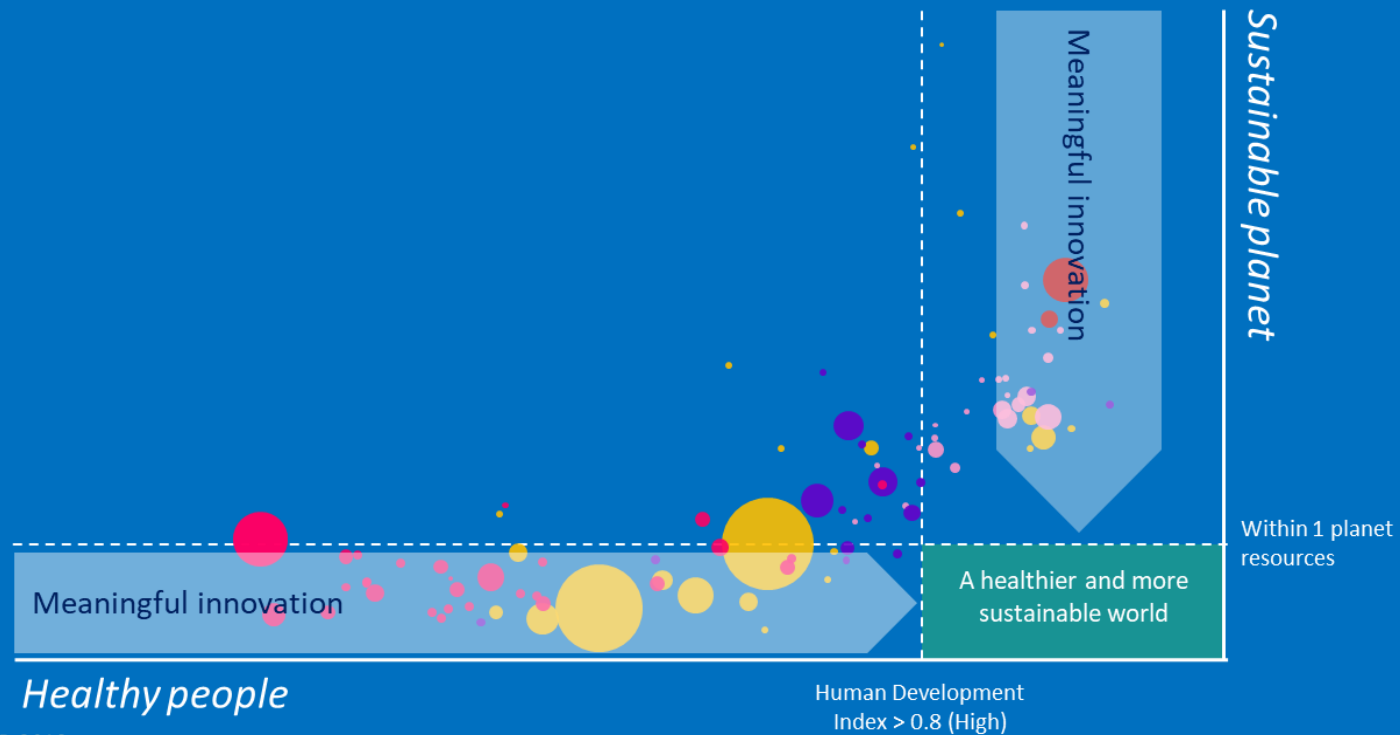
A PLANET IN NEED?

- The earth is a closed system
- A closed system only exchanges energy; matter is always locked in.
- The Earth recycles all the matter within it. One organism's waste is another organism's treasure.



KNOW THE LIMITS

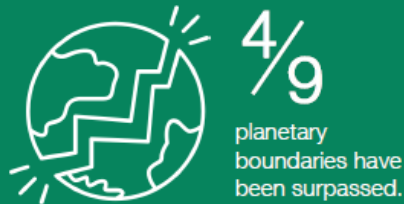
The innovation challenge for sustainable development:
Improving quality of life while respecting the limits of our planet



WHAT IS THE EXPECTED RESOURCE DEMAND?



World consumption of primary materials is expected to go up to **186 billion tons** by 2050 if current consumption trends continue.



Only less than **1/3** of existing metals have a recycling rate above **50%**.

Most speciality metals have a recycling rate of **less than 1%**.



33% of the world's soils are moderately to highly degraded



20% of aquifers are overexploited



29% of 'commercial' fish populations are overfished

Resource consumption pie

1% of world's resource consumption comes from the **1.2 billion** poorest people

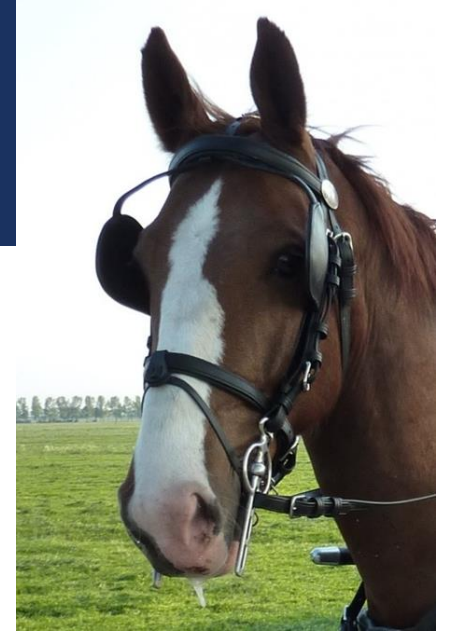


the **billion** richest consume **72%** of the world's resources

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WHAT DEVELOPMENTS TOOK PLACE?

- Go Green (energy reduction, recycle)
- Sustainable (reduce waste, reuse)
- Circular (design, materials, repair, extend product life)
- Resource efficiency (lower environmental impact, upgrade, refurbish, remanufacturing)
- Future: Green Economy (Sell less)



GLOBAL GOALS - DO YOU HAVE LOCAL IMPACT?



WHAT ARE THE CHALLENGES?

- Systems technical life-cycle need to be used
- Reducing e-waste
- Reuse and resale to be possible without barriers
- Independent repair and maintenance without restrictions
- An open circular economy not to be a sum of OEM ecosystems

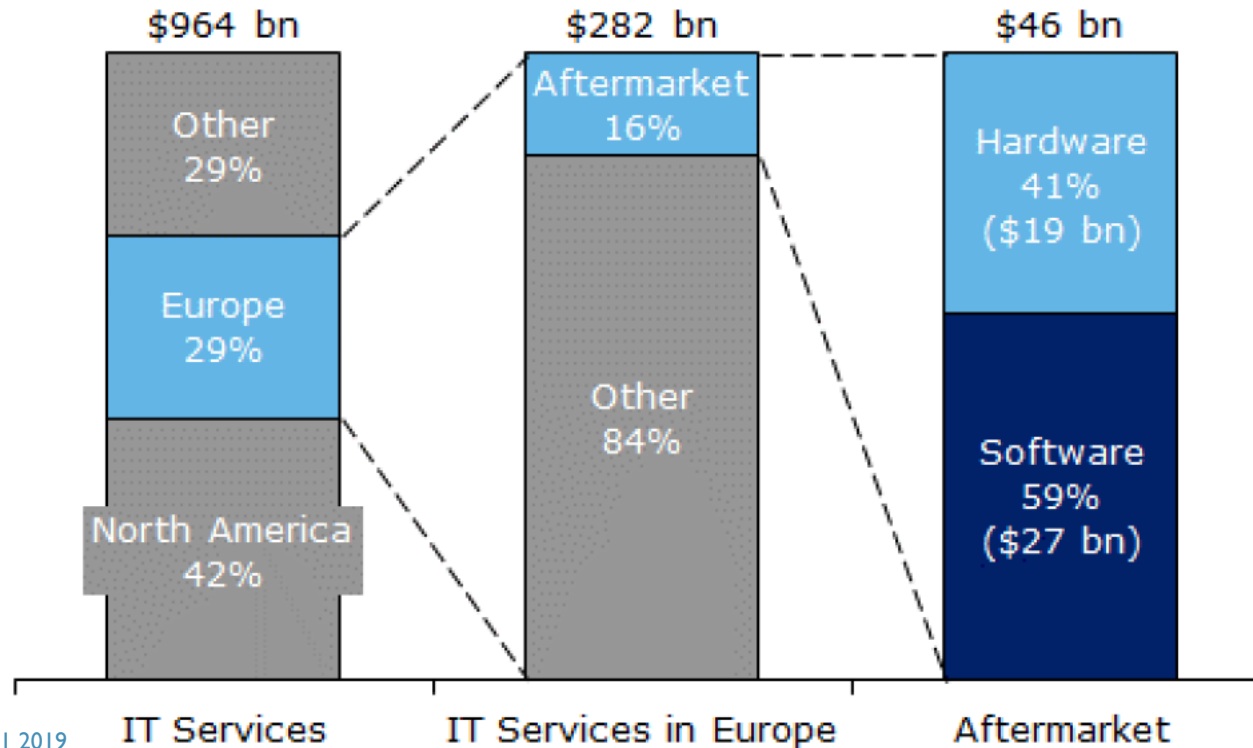
LET'S ZOOM IN

■ No reliable figure for Hardware resale:

18. The sale of used equipment and parts is not captured by statistics. A study for the EU Ecodesign¹⁸ indicates that about 50% of the hardware is being reused. This suggests that the market is large both in terms of quantity and turnover, though no valid estimation and market shares in Euro's can be given at this time.

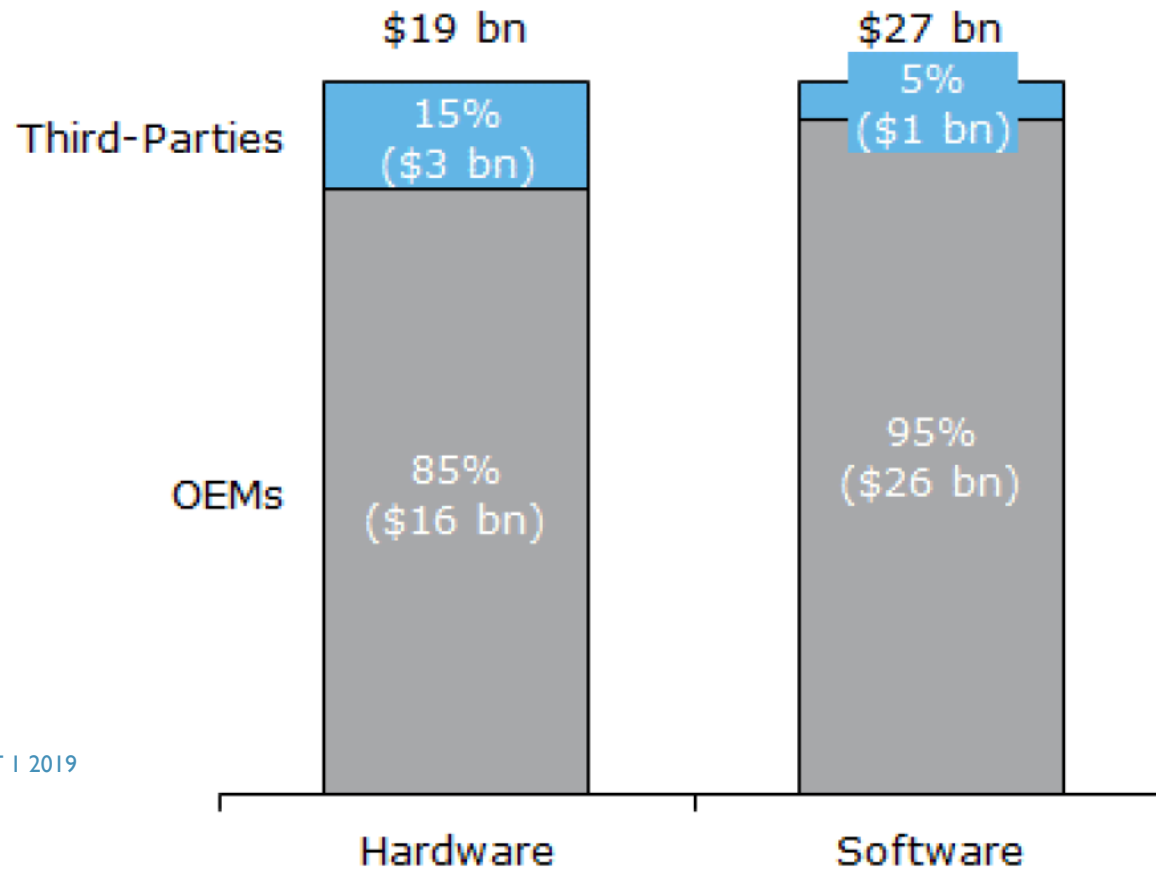
FOCUS ON SERVICES

Figure 6. Break down of ICT Services Markets



DAVID AND GOLIATH?

Figure 7. EU Market share of independent service provider



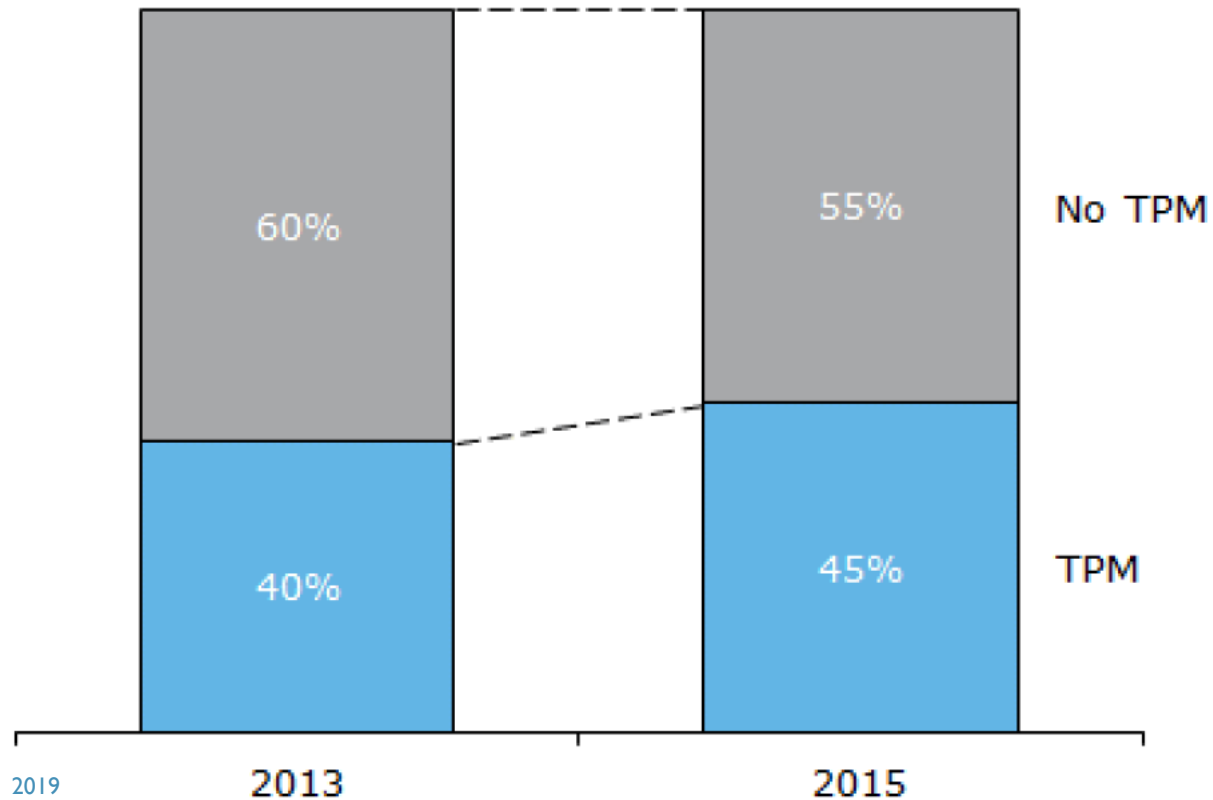
HOW ARE YOU DOING?

- Margins: 30% down, 10% the same, 60% up
- Direct contract with end-user: <50%
- Marketing budget: 75% reports $\leq 3\%$ of total budget
- Up to 40% of new business comes from other TPM

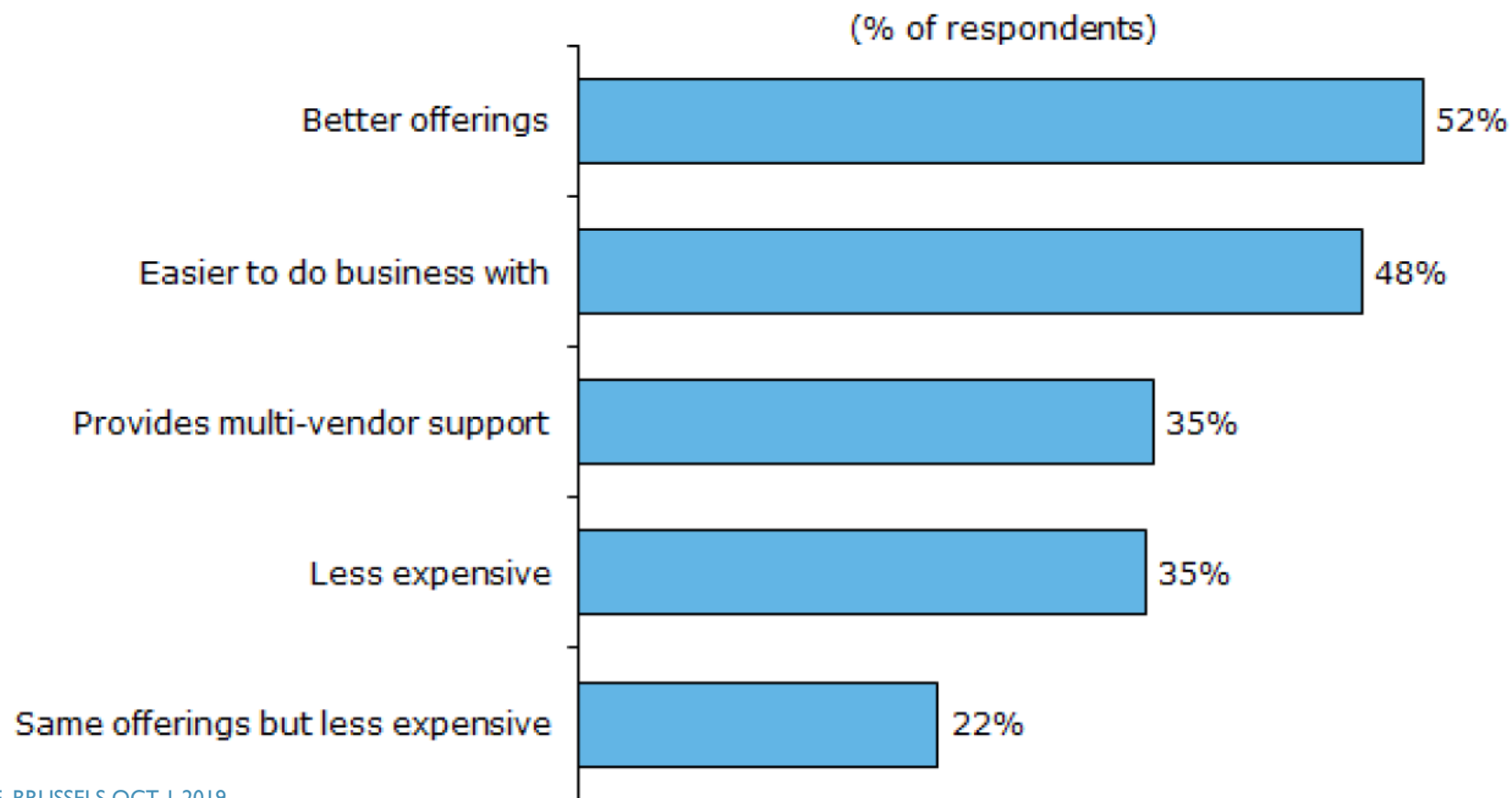


ONGOING DEVELOPMENTS

Figure 11. More Companies are Using third parties for Maintenance Services



WHY DO OR WOULD YOU?

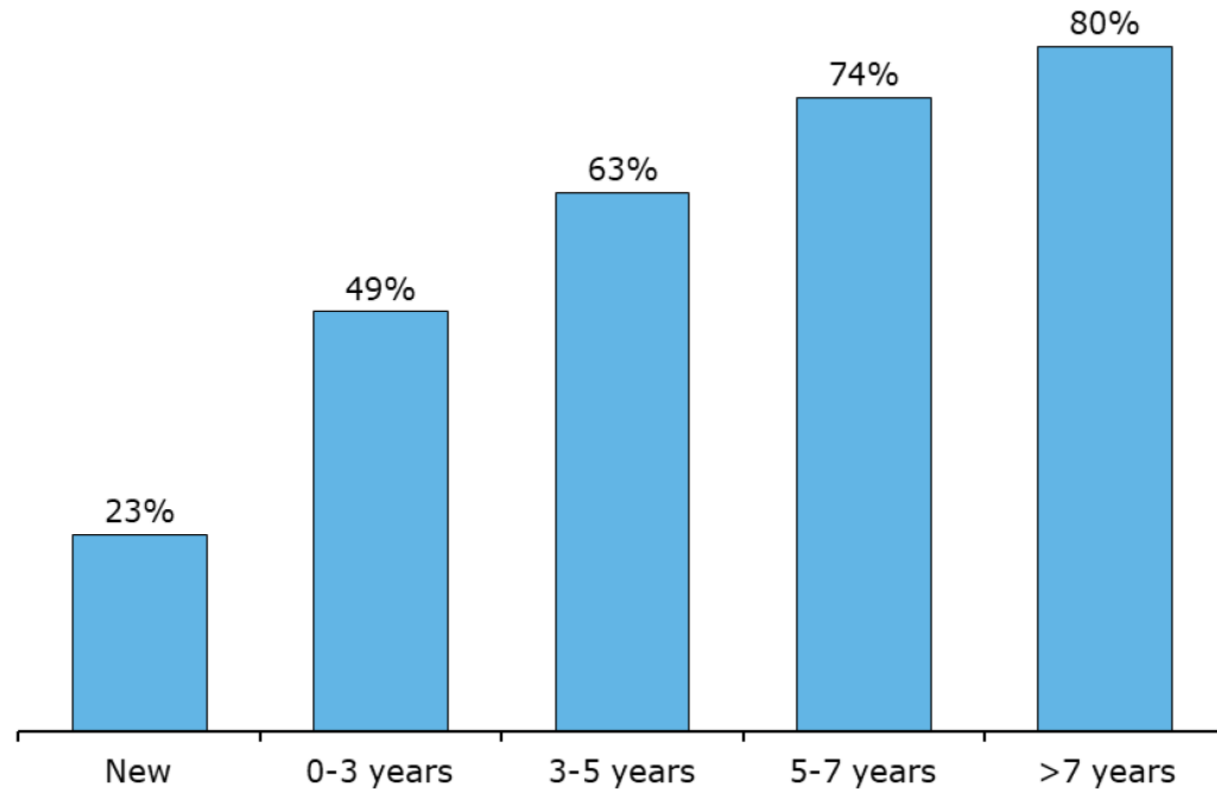


MORE DETAILED BETTER OFFERINGS

- 75% quicker response to needs as OEM
- Customized, more flexible SLA's
- 75% Support End-of-Service-Life
- Better availability of parts
- 68% Shorter resolution time

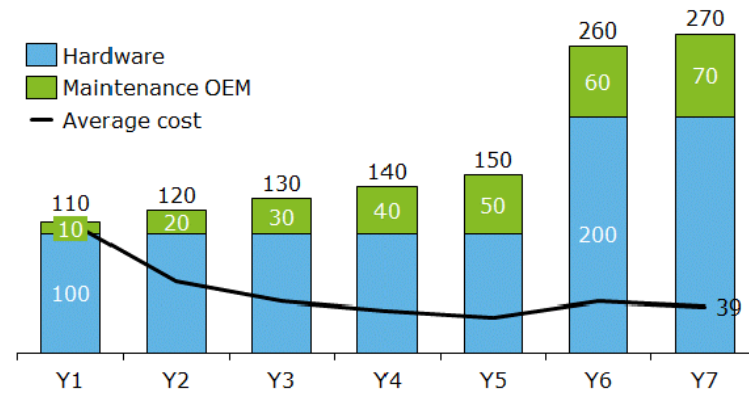
TPM PRICING NOT AIMED AT PUSHING TO REFRESH

Figure 17. Average discounts from TPMs versus OEMs' prices with respect to hardware age



WHAT IS THE IMPACT ON TOC?

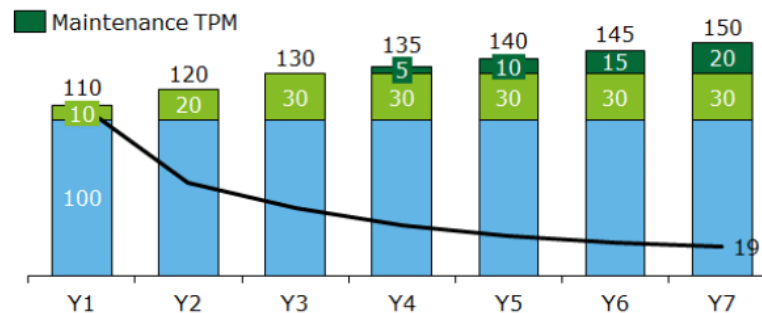
Figure 19. Total cost of ownership in the scenario "OEM only"



Source: Illustration Microeconomix

48. In the scenario "OEM then TPM", the client will pay 140 after the first 5 years. After 7 years, the client spent 150 in this scenario.

Figure 20. Total cost of ownership in the scenario "OEM then TPM"



Source: Illustration Microeconomix

OEM BEHAVIOUR IN THE MARKET?

- Discourage customers to switch to TPMs
- Impose import restrictions outside EU
- Impose restriction to reduce resell or scrapping programs
- Bundle Firmware with own Maintenance contracts
- Limited access to diagnostics tools
- Maintenance Reinstatement Fee penalties
- Disclose limited information on products they sold.

OUR CALL?

- Protect ownership
- Stimulate European jobs
- Safeguard freedom of choice of provider
- Contract transparency
- Fair practices
- Environment above Sales

EU DEVELOPMENTS

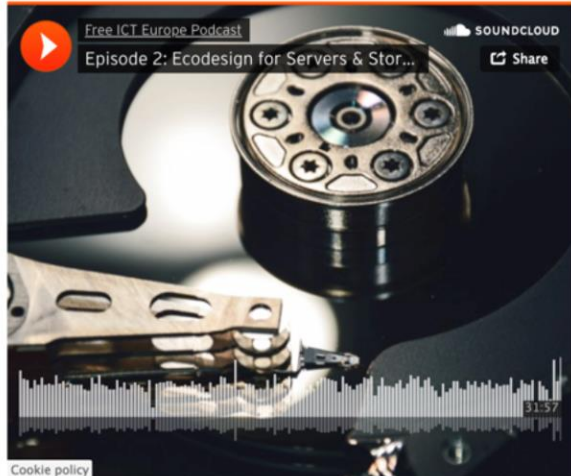
- Parliament Resolutions for a longer product life
- EU Circular Roadmap
- WEEE Directive; turn WEEE into REEE
- JCT 10 & Ecodesign Directives
- Free Flow of Data Directive
- Repairability Rating System
- Green Public Procurement policies

ECODESIGN

- Reduce energy and resource consumption
- Agreements on Circular economy and Sustainability
- Both Consumer product & Enterprise
- More focus on life-cycle extension, reparability, durability, recyclability
- Removing the worst-performing products from the market

SIA ROUNDTABLE, MADRID, OCTOBER 2019

DATACENTER, PODCAST
PODCAST: ECODESIGN SERVERS & STORAGE INCLUDES ALSO REPAIR, RESALE AND FIRMWARE
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Free ICT Europe Podcast SOUNDLOUD
Episode 2: Ecodesign for Servers & Stor... Share

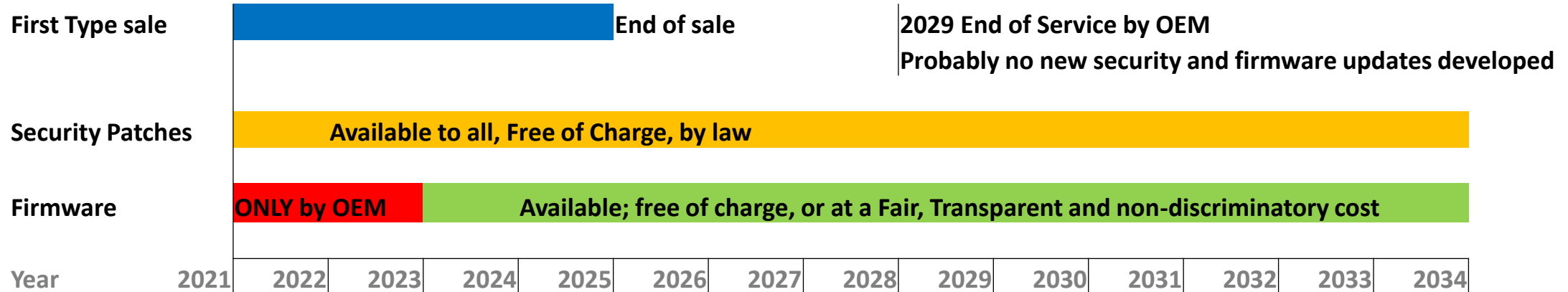
Cookie policy

Ecodesign provides EU-wide rules for improving the environmental performance of products, both business as consumer. This directive sets requirements for new equipment. Beyond energy consumption restrictions, it will also contain elements to stimulate independent repair, resale and other Circular elements.

EU policy officer Davide Poverini informs you about:

ECODESIGN SERVERS & STORAGE PARADIGM SHIFT?

2021: Product Model Launch



When a machine is bought in 2021, only the OEM can provide firmware

When a machine is bought in 2024, firmware is available though the law leaves room to ask a fee

Firmware and security patches should be kept available until 8 years after the last sale.

ECODESIGN SERVERS & STORAGE STATUS?



Position Paper Free ICT Europe Foundation

**Firmware requirements under
Ecodesign ENTR Lot 9 Servers and
Storage products**

LET'S WORK ON OUR LEGACY



THANK YOU

■ www.freeict.eu

Let's talk

