

WSX BM – European Waste Services Exchange A European digital exchange for industrial waste management



Key take-aways

The market for industrial waste management usually involves intermediaries, which act as middlemen with no legal responsibility on waste;

These market dynamics create inefficiencies due to high commissions and fragmentation of disposal services;

Computer Solutions is promoting the set-up of the first regulated exchange that trades waste services in the European market to promote efficiency, transparency and simplicity in the market.

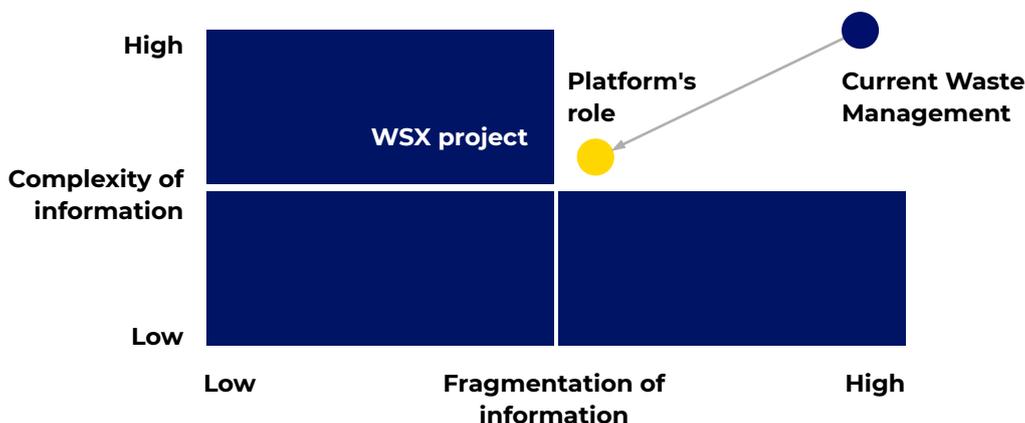
WSX BM (Waste Service Exchange) is a project promoted by Computer Solutions, an Italian ITC company specialized in administrative IT infrastructures for industrial waste management, which enjoys the consulting support of Protiviti in this initiative.

WSX BM's idea originates from the understanding of the current market for industrial waste management. In fact, industrial firms often produce high volumes of waste as a consequence of their operations and are then obliged to manage such waste according to strict European regulations. The cycle that follows usually involves intermediaries, which act as middlemen with no legal responsibility on waste, and direct materials to firms specialized in collection, disposal and recycling activities.

However, the consequence of this market dynamics is inefficiency due to two main reasons:

strong presence of subjects that pose pressure on prices with high commissions;

general fragmentation of disposal services, which causes difficulties in the identification of the best capabilities to manage a specific waste product.



WSX BM is the first attempt to set up a digital platform that tries to bring order, accessibility and transparency to this market at the European level. In fact, this platform should serve as a digital marketplace for the exchange of collection, disposal and recycling services of industrial waste. The aim is therefore to facilitate the matching of industrial companies, which constitute the demand side of the market, and firms specialized in waste management, which acts as service offerors.

WSX BM was selected by Climate-KIC, EU's main climate initiative, as a promising solution that could have a positive impact on sustainability and circular economy at European level. As a consequence of such recognition, WSX is currently working on a survey delivered to major European industrial players to refine the pillars of its business model and verify the extent of the interest in this new solution.

Three are the major benefits that will be brought to the market:

- Reduction of costs associated to waste management transactions through disintermediation;
- Higher market efficiency thanks to an easier identification of the specialized European players and supply chains suited for the specific purpose;
- Higher transparency and simplicity thanks to a system that could avoid the typical bottlenecks of tender offers required by current legislation.

Although some aspects of the business model are still being studied, this multisided marketplace will have a structure similar to that of an auction-based digital exchange for services. Therefore, a close dialogue with regulators and associations, among which CONSOB and the European Environment Agency, is crucial to probe the opinions of these actors in terms of a match with legal boundaries. As far as the relationship with the current state of regulation, this initiative is gathering positive impressions by the legislator and the public sector. In fact, its accomplishment would mean setting up a market that helps guaranteeing the required levels of compliance, ensuring automatic controls and certifications to operate in this delicate market. Therefore, this case represents an example of a positive regulatory attitude towards platform economy, as its value in creating efficiency and helping to prevent potentially fraudulent behaviors is recognized by public authorities.

However, the creation of the first regulated exchange that trades waste services comes with a high number of complications. Among them, liquidity in the digital market must be guaranteed from the first steps, to ensure an effective match between supply and demand of services. One of the strategies that are being deployed for this purpose is the creation of an initial critical mass of large industrial firms that are being surveyed and involved in the design phase of the platform. This strategy attempts to solve the traditional "chicken-and-egg" problem in platform design through a strong focus from the initial phases on the demand side of the market and, in particular, on the players that alone make up a significant portion of it.

From a more long-term perspective, this digital service exchange platform could become a relevant reference point also for smaller enterprises. If this will happen, WSX BM will have achieved the objecting of boosting circular economy, transparency and efficiency in the industrial waste European market.