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# 100 ways to make profit with DHC

## Findings from study on business models

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# What is the DHC business model?

- Customer value proposition
- Production logic
- Profit formula
- Competitive advantage



# Customer value proposition

- Heating (and cooling) with an attractive price  
(Operational support, environmental values, resource recycling)
- Homogeneous product with limited customer segmentation
  - Little use of offering several tariff options
  - Limited value chain integration
    - » Producers and customers



# Production logic

- Use of energy sources with low opportunity cost
- Scale and scope advantages
  - High efficiency compared to stand alone production
  - Several jointly produced commodities
  - Flexibility regarding fuels



# Profit formula

- Main product
  - Cost efficiency and risk management
- Bi-products
  - Power and power production
  - Bio-combine and bio-combine production
  - Cooling
  - Waste and heat recovery
  - Knowledge services (operation, energy efficiency, indoor climate solutions)



# Competitive Advantage

- Existing customers
  - Exit barriers resulting in stable cash flows
  - High resource efficiency
- New customers
  - High resource efficiency



## Understanding DHC business logic

- Delicate business arrangement harnessing local conditions for high efficiency
- Infrastructural business characterized by its long term relationships to place, fixed assets, customers, owners
- Limited by its focus on (local) energy sources with low opportunity cost
- The above stresses legitimacy based on involvement and commitment from major stakeholders (owners, customers and suppliers)
- Untapped upsides in *local responsibility* and *co-production*
- Making money based on legitimacy, demands high level capabilities and often considerable organizational change