



# Making the Right Choice

## Considerations for IT Asset Disposition

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# Introduction

**All hardware eventually becomes unsuitable for regular use in your organization. From laptops and printers to servers and networking devices, one day they will all need to be retired. What do you do when this happens? Donate? Resell? Recycle? And how do you do it a way that minimises risk while maximising return?**

The most appropriate option will depend on the type and condition of the asset, as well as the size and goals of your organization. However, in all cases, it is essential that the disposition is conducted in a way that is secure, legally compliant and environmentally responsible. This includes ensuring all data is destroyed or sanitized and that you can provide evidence of a secure chain of custody.

You may decide to handle this process in-house, but in many cases, it makes sense to employ a dedicated IT Asset Disposition (ITAD) provider. This is an option that organizations are increasingly opting for, with the ITAD market growing 10% annually and expected to reach over \$20bn by 2022.

Key drivers of this growth include the enormous volumes of data and e-waste now being generated, the increasingly complex regulatory landscape, the significant financial and reputational risk of data breaches and improper e-waste disposal, and a desire to maximize the residual value of decommissioned assets. A top provider offering a comprehensive service will be able to handle everything from logistics and data destruction to refurbishment and recycling.

In this white paper, we'll help you make the right choice by going through the key factors to consider when selecting an ITAD provider, including data security, environmental responsibility and value recovery.

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# Data Security

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Organizations are generating more data than ever before and using a wider range of devices to create, store and manage it. The United States produces more e-waste annually than any other country in the world, disposing of over 9.4 million tons per year. At the same time, the world is on course to produce a trillion gigabytes of data annually by 2025. This brings with it significant data security risks.

According to research by the Ponemon Institute, the average total cost of a data breach in 2017 was \$3.62 million – or \$141 per lost or stolen record. Beyond the financial cost, there is the damage to brand reputation, customer confidence, and employee morale. These costs are only set to rise, with legislation, including the Sarbanes-Oxley Act, HIPAA and FACTA in the USA and the General Data Protection Regulation (GDPR) in the European Union, bringing even stricter rules and heftier fines for breaches.



**9.4m tons**

e-waste generated annually  
in USA



**\$3.62m**

average cost of data  
breach



**1tn GB**

data produced annually by  
2025

Needless to say, data security is a critical concern for any organization. With some of the biggest challenges coming at the end of an IT asset's life, it is a vital consideration in selecting an ITAD provider.

Depending on the sensitivity of the data held on the asset, you may need a greater level of security when it comes to logistics and the data destruction method used. For instance, highly sensitive data may require vetting the logistics company, dedicated vehicles for transportation and on-site shredding – the most secure form of data destruction, but also the most expensive. A good ITAD provider should offer comprehensive service and be able to advise on the best course of action for every asset.

There needs to be a high level of trust between an organisation and the provider they are trusting to destroy their data. A certified and experienced ITAD provider is essential when it comes to data security. A study conducted in 2017 found that 40% of resold devices still contained personally identifiable information, showing that many irresponsible providers are putting their clients at risk. When this happens, the consequences can be severe. A case in point: Affinity Health Plan, a managed care provider, was fined \$1.2m after their photocopier was resold still containing confidential medical information of over 300,000 individuals on its hard drive.

Make sure the ITAD provider has the certifications and experience to prove they can deliver. Membership of the National Association for Information Destruction (NAID) is a key affiliation to look for.



## ABOUT NAID

The National Association for Information Destruction (NAID) first formed as a non-profit in 1994. Aiming to promote the information destruction industry and the safe and secure destruction of information, NAID established a strong code of ethics that requires all member companies to deal fairly and honestly with their customers.

# Environmental Responsibility

Electronic devices often contain highly toxic compounds, such as lead, mercury and cadmium. Disposing of this e-waste in landfill can be damaging to the environment, detrimental to your brand reputation and mean you lose out on any residual value your devices might have. Many US states have already banned it, and others are working to pass new laws soon. Despite this, the UN estimates that only 20% of the 44.7m metric tonnes of e-waste produced globally in 2016 was properly documented and recycled.

Consequently, it's critical to find an ITAD provider that has a zero-landfill policy, disposes of assets in a manner that meets local, state and federal requirements, and is certified by credible NGOs such as e-Stewards and R2.

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Other important certifications include the ISO 9001, ISO 14001, OHSAS 18001 and ISO 27001. Membership of professional bodies such as the NAID, CAER and the EPA WasteWise programs are also a sign of a top provider. If you are operating in the EU, disposal methods should comply with the EU's directives on Waste Electrical and Electronic Equipment (WEEE).

If the ITAD provider does not handle disposal in an environmentally compliant manner, you could still be liable and face fines and penalties. In 2014, the telecommunications giant AT&T was fined \$52m for illegally dumping e-waste in landfills - one of the biggest to ever be given out in the USA.

## ABOUT THE E-STEWARDS STANDARD



The e-Stewards Standard 3.0 is the cleanest and most globally responsible standard for e-waste recycling. It has strict requirements for recyclers wanting to obtain the certification, including ensuring all data is completely destroyed or sanitized, toxic materials are properly tracked and accounted for, and no toxic e-waste is exported to or through any countries that do not allow it. e-Stewards recyclers must pass an independent audit every year to retain their certification.

## ABOUT THE R2 CERTIFICATION



The R2 certification has a similar objective to the e-Stewards Standard - to create standards for the control and processing of e-waste and hold recyclers accountable for their practices. The primary differences between the two certifications are related to the degree of interpretation permitted, which is higher in R2, and the scope of exporting criteria, which is stricter in e-Stewards.

# Tracking

**Each stage of the disposition process introduces new risks and vulnerabilities. To mitigate against them, it is essential that you can track assets throughout. It will allow you to verify that a secure chain of custody has been maintained, all data has been properly wiped, and assets have been disposed of per regulations and best practices.**

Having this level of insight into the process will provide any evidence you may require for reporting to internal stakeholders or regulatory bodies – and ultimately, indemnifying you against risk. If a stray laptop turns up in a problematic place years later, being able to demonstrate that your organisation followed all procedures to the letter would be crucial to liability assessments.

Ensuring a secure chain of custody starts inside your organisation, by having policies in place that prevent fraud and make it clear to employees what they can and can't do with retired assets. When your ITAD provider takes over, it means that they have the necessary physical security - such as secured facilities, access controls and vehicle GPS – as well as smart tracking that keeps extensive details on all assets and documents where they are in the chain at all times. Whether you are responsible for IT Asset Management, Data Center Management, Information Security or Sustainability, you should always be able to have full visibility into the ITAD process.

A good ITAD provider will protect you from the complexity and arduous attention to detail required for a secure and verifiable chain of custody and make the whole process easier for you to manage.

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**A secure chain  
of custody starts  
inside your  
organization**”

# Full Coverage

**Every additional ITAD provider you bring on board is a further resource burden on your organization. What's more, there is no single disposition approach that will be optimal for all assets. Having one provider for all countries you operate in, that can handle different brands and asset types, and specialises in both asset recovery and disposal minimises the resources you have to commit while maximising returns.**

## GEOGRAPHICAL

No ITAD provider will offer directly owned and managed services in every country around the world, but you should ensure they have established partnerships in those countries where direct service is not yet available. Given that most top ITAD providers will have the same partnerships, the real differentiator for ITAD providers is how they manage these third-party relationships to provide your organization with a seamless experience, appropriate regional and local connections, and in-depth reporting.

Having a single provider for a global program will result in:

- Assurances that local offices are following protocols
- Reduced costs as a result of standardizing and streamlining processes
- Volume pricing for remarketing assets in bulk
- Bargaining power and favourable terms

## BRANDS AND ASSET TYPES

It's likely that your IT assets come from multiple vendors. One option is to return the assets to the OEM at the end

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of their lifecycle. While this can often prove to be a great solution, bear in mind that they will typically outsource the work to an ITAD provider. Therefore, it's important to make sure they can provide you with all necessary information and have a strict selection procedure for providers.

It's also important to choose a provider that can grow with your business. They should offer a wide array of ITAD and Lifecycle Support services - including asset inventory, lease management, redeployment - that you can quickly and easily bring in as and when you need them.

# Value Recovery

**Reuse is the first place to start with any IT asset. It's an option that is environmentally sound and a prudent business practice. In fact, remarketing and value recovery services make up the largest proportion of the total ITAD market.**

After highlighting the importance of data security and the dangers of data falling into the wrong hands in the earlier section, remarketing may seem like a risky option for some assets. But in fact, modern data sanitisation techniques are very powerful. When performed correctly, organizations can recover value even from storage hardware.

To gain maximum residual value for your assets, look for an ITAD provider that can effectively test assets and then if appropriate, both refurbish them - ideally upgrading them to meet specific end-users requirements - and remarket them through multiple channels.

It may be that in a particular instance, remarketing in one country can offer greater returns than another - but is it worth the transportation costs and regulatory barriers? An experienced global ITAD provider will have the capability to perform a cost-benefit analysis and make an informed recommendation on cases like this.

Using a provider that is a Microsoft Authorized Refurbisher can also be advantageous as it unlocks additional opportunities for remarketing PCs and laptops with genuine Microsoft software.

All ITAD providers should operate according to the Reuse Hierarchy. This means the first priority will always be to get assets on to the secondary market, whether for profit or not for profit. Only after all methods of reuse have been exhausted is recycling considered.

However, given the pace of technological change and the occasional need for more destructive methods of

## REUSE HEIRARCHY



### WHOLE SYSTEM REUSE



### WHOLE SYSTEM REFURBISHMENT AND REUSE



### COMPONENT REUSE



### RAW MATERIALS REUSE

data removal, remarketing will not be a viable option for all assets. For instances where it is viable, the returns can be significant. With the inherent worth of IT assets being in the parts, choosing a provider that is familiar with all asset types is key to recovering maximum value.

# Conclusion

**For organizations to prosper in today's data-driven and device-filled world they must pay careful attention to their ITAD practices. Data security, environmental responsibility and regulatory compliance are paramount, and can only be achieved with a secure chain of custody into which you have full visibility. After ensuring that, look for a global provider that will minimise the resources you have to commit to your ITAD program while maximising the returns you can get from your retired assets.**

Balancing the needs of different stakeholders within your organisation can be challenging: your security team may prioritize security, your procurement team may prioritize cost, while your project management team may prioritise practicality. However, when evaluating ITAD providers, always ask yourself:

- Can the ITAD provider offer a level of security appropriate for the sensitivity of my data?
- Does the ITAD provider have a zero-landfill policy and a commitment to responsible practices?
- Can the ITAD provider offer coverage for the locations, brands and asset types I need?
- Am I able to track assets through the disposition process and verify a secure chain of custody?
- Does the ITAD provider have the track record and certifications to prove they can carry deliver in a manner that is effective, follows best practices and is compliant with regulations?
- Do I feel confident the ITAD provider can get maximum residual value from my assets?

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## ABOUT APTO SOLUTIONS

For more than 17 years, Apto has worked with the world's largest IT Manufacturers, Service Providers, Financial Institutions and Technology companies. Apto understands how important proper, robust, and auditable, data disposal is. We have the processes in place to offer a chain-of-custody that is fully auditable. We are both e-Stewards and R2 certified and make sure your end of life assets are properly processed.

