



# More Accountability - Less Risk

## ITAM Drives ITAD Value

It is common to think of IT asset disposition (ITAD) as a straightforward exercise in reverse logistics, data eradication, surplus resale, and the legal disposal of electronic scrap. Such is the prevailing state of the art, and we could rest easy if data breaches were rare, if IT budgets were fat, and if those legal disposal practices measured up to our organizations' green aspirations and standards for social responsibility. But the needs of most modern businesses have evolved beyond the capabilities of the average asset disposal program. Companies are demanding more accountability and less risk, better financial outcomes, and demonstrably more sustainable results. If conventional asset disposal solutions fall short, fortunately the nexus between asset management and asset disposal creates numerous opportunities to provide the enterprise better accountability, and both greater value and sustainability.

### Secure logistics starts with accurate inventories.

Over half of all data breaches occur through loss or theft after a data bearing asset has been "taken off the wire." Responding to a Ponemon Institute survey on off-network data breaches, 30% of security professionals reported that they would never be able to identify such a loss (see <http://www.redemtech.com/ponemon-study.aspx>), which is not only a lapse in asset management, but a failure to meet legal

obligations as well for privacy-regulated companies. Losses happen most often while assets are staged and waiting for final disposition; relatively few occur in transit. A truly accountable process must start with a physically secure staging area and an accurate inventory of those items which are to be recovered. Whenever assets are to be moved, or recovered for final disposition, reconciliation should be performed between the original inventory list and the items physically present at the time of pickup. Organizations should define rules for handling the exceptions--either too many assets or too few. Every discrepancy should be considered important, and management approval should be necessary before proceeding if variances cannot be resolved.

### Use the data to drive added value and increase accountability.

Detailed reporting from an asset disposition program is a common deliverable, but ready access to the raw data behind the reporting, in a form that can be analyzed, validated, imported into an asset repository--and acted upon throughout the lifecycle--delivers real value in the form of business intelligence. When integrated with a rigorous asset management program, asset recovery data can be used to release software licenses for further use, discontinue maintenance, fine tune total-cost-of-ownership models, true up asset repository inventory records, and for a host of other profitable and virtuous purposes. Automated data feeds can maintain metrics that measure the quality and reliability of critical processes like data eradication, SLA performance, and inventory utilization. Good governance and continuous improvement are impossible without ready access to good data.

### Cut overhead--integrate.

Administrative overhead adds considerable expense to asset disposition processes, and manual manipulation of data always introduces errors. Once formal policies have been defined, business rules should be established that can drive as much automation as possible. Reducing manual choke points in ITAD procedures will reduce costs, improve the reliability of the desired outcomes, and increase the speed of the process. Although many businesses use similar systems, it is safe to assume that every enterprise implementation will be unique, and will therefore require some degree of custom data



integration. One of the first conversations an ITAD program manager should have with their ITAD vendor is “have your IT people get in touch with my IT people.”

**Lower TCO drives sustainability and vice versa.**

Of course, electronics can never be absolutely sustainable. Steel, aluminum, copper, petroleum, and a host of other materials that go into manufacturing IT hardware are not renewable resources. But organizations can become significantly more sustainable according to the choices they make around planning, buying, managing, and retiring their IT assets. Greater sustainability almost always correlates with lower total cost of ownership (TCO) -- a useful validation for the sustainability of specific activities, and the high-tech version of the old fashioned notion of frugality. So looking for behaviors that reduce TCO will likely improve sustainability and vice versa. While companies have become quite adept at reducing the expense of procuring hardware, many will find significant incremental value by driving a bottom-up effort from their ITAD programs to improve reuse and utilization, and reduce costs.

**Reuse reduces cost.**

The larger the organization, the more likely that at any given time a material number of assets will be idled through employee turnover, project churn, acquisitions and divestitures, etc. A best practice is to maintain a list of models which are

qualified to be reused, and to identify a “model stock” quantity to maintain available in a redeployment inventory that is visible and available to the organization. When a qualified model is idled, it should be recovered for refurbishing as quickly as possible. Refurbishing should include thorough testing, data sanitization, re-imaging, cosmetic restoration, and repackaging. The greatest challenge to an effective redeployment program is not a technical one at all, but the attitude of end users who are often reluctant to accept the issue of a used piece of equipment; therefore, refurbishment standards must be managed to provide virtually a new out-of-the-box experience. Refurbished equipment made available for reuse must be visible for ordering organization-wide, and policy should require that used, when available, always be chosen over ordering new. When quantities greater than the model stock amounts accumulate for a given model, the surplus should be resold immediately to recover residual value. Make sure the redeployment inventory is turning. Never let quantities build to the point they are surplus to foreseeable needs.

**Process maturity reduces cost and risk.**

Every well intentioned disposition program will falter without formal policies and good governance. Strategic objectives and success criteria must be defined under the sponsorship of senior management. It is important to measure results and hold individuals accountable for achievement of

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goals, and fine tuning of policies and procedures is always necessary. As progress is made, recalibrate and set new goals. Regardless of the starting baseline, continuous, incremental improvement is the best strategy for moving an IT organization toward using mature ITAD best practices. The touchstones of process maturity are well developed business requirements, operational procedures that efficiently deliver against those requirements, organizational conformance with defined procedures, and finally, disciplined oversight.

**It’s only worth what someone will pay.**

Other myths and truisms about value recovery include “we can beat the market,” and “the real value is in parts.” Companies that are understandably concerned about the recovery of residual value should consider the sum of their surplus as a portfolio. The secondary market for used IT equipment is huge and global. While some value differences exist from country to country, for the most part “secondary kit” is a global commodity, and prices are consistent and well known around the world, so differential value is not a matter of where an item is sold, but how it is prepared for sale. Though it may seem obvious, the newer the asset, the better its condition, and the faster the sale, the higher the value. Inoperative assets, those missing parts or cosmetically flawed, are often economical to refurbish, but that determination must be made based on reliable appraisal data in advance of the work being done. One important caveat: very stringent licensing requirements pertain to selling a PC with an installed operating system, and most companies do not qualify. That Microsoft sticker on the underside of the computer is not enough! Rather than risk licensing violations, organizations seeking to maximize the value of their equipment should work with a Microsoft Authorized Refurbisher who is able to install a legal OS before resale.

**Insist on Recycling...and Mean It!**

For assets lacking residual market value, accountably recycling devices back to component materials of sufficient purity for use in new manufacturing processes is the only sustainable alternative, but unfortunately an exception to the rule of prevailing current practice. As much as 90% of most devices by weight is relatively non-toxic, and can be separated for local sale, including steel, aluminum, and most plastics. Toxic bearing materials, such as circuit cards, must be managed by specialized refiners to isolate toxins such as lead, mercury, cadmium, and lithium into alloys that can be safely reutilized. Because the logistics component of the recycling process uses far more energy than the material separation portion, minimizing the distance scrap electronics must travel before their reincarnation into water pistols and beer cans is a best practice for sustainability. Your recycler should provide reporting that connects the dots along the downstream supply chain between your eWaste and consumer goods. Failing that, and regardless of “certificates of destruction” to the contrary, assume that your eWaste is being exported to a developing country for some combination of manual disassembly, crude refining, and dumping. Such exports are perfectly legal from the United States, financially advantageous for the “recycler,” and for a growing number of responsible companies and concerned IT professionals — unacceptable.

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