A GUIDE TO MINIMIZING THE RISK OF IT ASSET DISPOSITION

Lifespan — WE DO **ITAD** RIGHT

Who is concerned about risk? They may not think about it terms of risk, but almost everyone at your organization is worried about the chinks in its armor. Where is your organization exposed to uncertain factors that can negatively affect its objectives and bottom line? The task of identifying these factors and accounting for them – minimizing the likelihood of their occurrence – is risk management. Modern best practices for businesses and other corporate enterprises call for the development of a risk management strategy that will **identify** the top risks faced by an organization as well as implement a plan for dealing with them.

If you're involved with identifying and planning for risk at your organization, one source you can't overlook is the process through which your organization disposes of its retired IT equipment. IT asset disposition (ITAD) involves removing pieces of surplus IT equipment from your company's facilities and sending them to be recycled or, if they still have value, resold. It can be triggered by an equipment refresh cycle, a data center decommission, or the shutdown of an office, for example.

IT ASSET DISPOSITION AND RISK

Your IT asset disposition process can be a hidden source of risk because it presents opportunities for:

- Data breach

- Non-compliance with industry regulations

- Environmental violation

Data security, in particular, is one area risk management policy makers are zeroing in on. The average cost of a data breach continues to skyrocket. When you factor in fines, legal fees, the cost of bad publicity and loss of customer confidence, and a possible drop in stock price, any given data breach incident can cost an organization in the thousands and often millions of dollars to resolve. Wherever a company risks leaking data into the outside world is a serious exposure. Most troubling of all, it only takes one drive to get through the disposition process with data still on it to trigger a serious data breach. The data stored on the drives of your retired IT assets must be destroyed before they leave the control of your organization.

Closely linked to data security is the risk of **non-compliance** with industry regulations. Depending on its industry, an organization is required to comply with any number from an alphabet soup of regulatory standards: HIPPA/HITECH, PCI, SOX, FACTA, GLB. Generally, these standards place a high value on data security and come down hard on organizations that let sensitive data leak. If your organization has regulatory obligations, does it have an airtight data sanitization procedure backed up by auditable records? If not, the organization is at risk of a negative audit (and possible fine) even without a breach.

An organization's **environmental** concerns stem both from the government regulations it must comply with as well as its own culture of environmental stewardship and sustainability. There is potential for risk here, too: the risk of having to pay fines and legal fees, the risk of company resources being diverted to avoidable remediation efforts, and the risk of negative publicity. To minimize the risk of any of these in IT asset disposition your company must recycle the assets it can't resell according to all local, state, and federal regulations and be able to produce evidence it has diverted every possible bit of material from landfills back into the supply chain. And if you sell the used assets, you must be sure that the buyer will properly dispose of any that don't work or can't be sold. You are still liable after the equipment leaves your dock.

GOVERNANCE, RISK MANAGEMENT, AND COMPLIANCE (GRC) AND IT ASSET DISPOSITION

Many organizations are planning for risk now as part of their corporate governance, risk management and compliance (GRC) strategies. Sound governance policy is an especially high priority now with increased government and public scrutiny.

For IT, risk management and planning involves ensuring a company's IT systems are aligned with its overall risk management and compliance strategies and integrated with its sound governance practices. This alignment with strategy and governance should apply to ITAD. In many companies, however, the complete end-of-life process is overlooked in the plans and policies.

The solution for ITAD risk

The best approach to avoiding risk from IT asset disposition is to implement a structured program that addresses data security, regulatory compliance, and environmental concerns on an enterprise-wide scale, ensuring the process is done right every time, at every location within an organization. This guide will discuss some of the best practices to follow for minimizing the risk involved with IT asset disposition and then how the programmatic approach to ITAD is the best way to put those practices in place.

RISK AVOIDANCE STRATEGY #1:
CHOOSE A CERTIFIED VENDOR FOR DATA DESTRUCTION

Because unsecured data can be such a significant source of risk, you need complete assurance sensitive data has been fully removed from your company's surplus IT equipment. There are two ways to handle data destruction:

- Physical destruction of data-bearing drives or media

- Data sanitization: using certified software to overwrite hard drive data beyond a recoverable state

Both approaches meet data security standards, but there are cost-benefit differences. For some risk-conscious organizations, the only way to ensure absolute data security is to physically destroy the drives from every piece of retired IT equipment. However, on the resale market, intact systems always sell for more than systems lacking components – including hard drives. In fact, IT assets without hard drives can lose up to 30 percent of their remarket value. Companies who also have the goal to reduce costs and maximize the value of their IT assets should consider their options for data sanitization. All the major standards organizations in the U.S. and Europe accept properly executed data erasure as meeting the standards.

Data sanitization: Do it yourself or outsource?
Data sanitization can be done internally or by partnering with a data sanitization provider (good ITAD vendors provide data erasure services). A vendor partnership may be preferable because it saves your organization the cost of taking your IT staff away from other projects. Perhaps more importantly, when a vendor does data sanitization right, it can ensure it's always done according to the latest and best practices and in compliance with your industry's regulations. A partner-vendor should also have documented quality checks in place – something your staff may not have the resources to do.

How to choose a data sanitization partner
If you choose to partner with an ITAD vendor for data sanitization, how can you be sure your vendor's team members know their stuff?

- ✔ Have you observed your vendor's data erasure process?
- ✔ Have you visited its facilities?
- ✔ Do you know which data erasure tools it uses?
- ✔ Do you have reports that show every serial number and whether the erasure was successful or not?
- ✔ Have its employees received proper training and background checks?

That's a lot to look into and it can consume a significant amount of time and effort to do so. Partnering with a vendor that has been certified by a third-party industry organization ensures that work has been done for you. In the realm of data destruction, one of the most reliable certifications to look for is from the National Association for Information Destruction (NAID). NAID provides the only third-party certification that focuses exclusively on information security, and it performs both a scheduled and a surprise audit each year on the organizations it certifies.

NAID AAA certification is viewed as an industry-leading certification for data sanitization. If you use a NAID-certified IT asset disposition vendor, you can be sure that it meets the highest standards for data security and its entire disposition process has been documented.

Don't let it out: onsite data wiping

NAID certifies its members for either or both plant-based and onsite data sanitization. For many organizations, onsite data sanitization is the least risky option. This ensures sensitive data will never be exposed to the unpredictability of the outside world.

Some ITAD providers can accommodate the need for onsite data sanitization with a mobile wiping system. A vendor certified by NAID for onsite data sanitization can bring a trained staff to your facility and perform data sanitization to the same level as can be accomplished offsite. Similarly, an ITAD provider should be able to physically destroy drives onsite, in situations where that's a more appropriate method.

If onsite data destruction isn't a requirement, be sure to protect your organization from risk with tight chain-of-custody tracking. If your data-bearing assets must leave your facilities, it's essential to know where they are at all times, up until the disposition process has been completed.

Data security tip: Laptops, desktops, and servers are not the only IT devices that store sensitive data in their hard drives. Don't forget copiers, network printers, and smartphones and tablets in your data security policy.

RISK AVOIDANCE STRATEGY #2:
CHOOSE A CERTIFIED ELECTRONICS RECYCLER

Data sanitization is a reliable way to ensure absolute data security, but there are cases when hard drives can't be wiped. If a drive is damaged and won't boot, data sanitization software won't be able to complete the erasure. Sanitization may also not always be the most cost-effective choice. Erasing data from equipment that won't have resale value can be a waste.

One method – erasure or destruction – does not fit all the possible disposition scenarios, even within the same organization.

When drives are destroyed, the material needs to be disposed of in full compliance with all state and federal environmental regulations. **Even if you have turned over equipment to a vendor to be recycled, if the equipment has been disposed of improperly and it can be traced back to your organization, your organization could be liable.**

A certified vendor is the answer here, too. There are a two leading certifications to look for.

R2/RIOS
R2/RIOS is the EPA-sponsored industry benchmark for proper electronics recycling and reuse. It combines the broader Recycling Industry Operating Standards (RIOS) with the electronics recycling industry-specific Responsible Recycling (R2) practices.

e-Stewards
The e-Stewards Certification program, created by the Basel Action Network (BAN), formally recognizes electronic recyclers that adhere to environmentally and socially responsible practices when recovering hazardous electronic materials. e-Stewards is a leading international standard that assures an electronics recycler's clients of full compliance with global and national regulations and industry best practices. Look for either e-Stewards or R2/RIOS certified vendors – or ask for both. There are just a few that have both. These rigorous third-party audited certifications ensure environmental, health and safety compliance, and industry best practices.
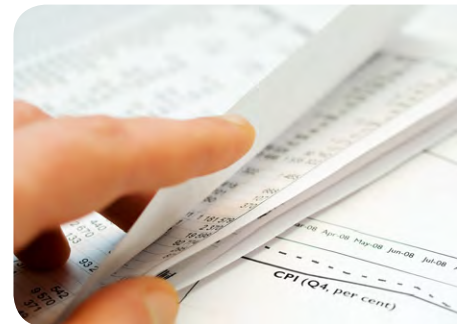
RISK AVOIDANCE STRATEGY #3:
GET DETAILED REPORTS FOR EVERY DISPOSITION

The steps to any regulatory compliance are:

1. Understand the implications of each regulation for asset disposition.

2. Develop processes and document them.

3. Make sure everyone who literally touches the disposition process understands the process and requirements.

4. Be prepared to prove you have followed the process if challenged in an audit.

Documentation is necessary. All the effort your team puts into compliance will be wasted if you can't show you've done the work. For IT asset disposition, that means being able to document the disposition and data erasure/destruction status of each piece of equipment, generally by serial number, with all the details required by your industry regulations.

A strong ITAD vendor can work with you to ensure your entire disposition process meets industry best practices and regulatory standards. If your ITAD vendor doesn't provide detailed disposition reports for each piece of equipment, it's not giving you the tools you need to ensure complete regulatory compliance and is therefore exposing your organization to risk.

RISK AVOIDANCE STRATEGY #4:
MAKE SURE YOUR VENDOR HAS THE RIGHT INSURANCE

Uncertainty plays a role in even the tightest ITAD procedure. If something does go wrong, you need to be sure your company is protected financially. This is a key strategy for minimizing risk. Validate that your vendor has the right amount and types of coverage, including:

- E&O (Errors and Omissions)

- Environmental

- Data Breach

Data breach insurance is a separate policy or rider specific to data breach costs.

In addition to reducing financial risks, evidence of insurance also tells you that the vendor is committed to doing asset disposition right, that it has the financial stability to buy the insurance, and that it is willing to stand by its processes and organization.

Risk management tip: Don't just take your ITAD vendor's word for it that they're covered with data breach and other important insurance policies. Ask to see their certificates of insurance.

THE BENEFITS OF A HOLISTIC ITAD APPROACH

Your company needs an ITAD plan that will fit into its governance, risk management, and data security policies. The challenge of IT asset disposition is ensuring that every disposition, at every location, is done according to your corporate standards, and that the needs of every department with a stake in IT asset disposition are being met while minimizing the resources and hassle required to get it done. That challenge increases with the size of your enterprise.

A holistic approach to ITAD responds to that challenge by implementing an enterprise-wide program with specific roles and procedures for every link in the chain, recognizing the differences among the various departments and locations in your organization and tailoring the process to fit their needs and capabilities. This approach makes it as easy as possible for team members to do ITAD right, every time, for every location, with the documentation to back it up, which will give you better peace of mind the data security, compliance, and environmental risks associated with ITAD are being managed.

By implementing and following a programmatic approach to ITAD, your organization will also be able to better manage costs and maximize returns, with an enterprise-wide pricing and service structure from your ITAD vendor.

Dedicated ITAD Professional

Disposition Process Assessment

GAP Analysis

Next Gen ITAD Implementation

LifeSpan's Next Gen ITAD Program

Sign up for a FREE 360 degree ITAD assessment and see what a next generation disposition process looks like for your company.

Click to apply for LifeSpan's exclusive Next Gen ITAD Program

ITAD PROGRAM AND YOUR ORGANIZATION'S DEPARTMENTS

Other departments and team members in your organization will find their concerns addressed by a holistic ITAD solution as well. Here are some of those stakeholders and the concerns they might have about IT asset disposition.

IT ASSET MANAGEMENT
- Minimize the cost of ITAD
- Software and operating system license compliance
- Maximize investment recovery
- Integrate disposition data into asset management system

FACILITIES MANAGEMENT
- Space for secure storage.
- Availability of knowledge and materials to pack resale items for safe shipment.
- Time/resources to do packing, audits.

IT OPERATIONS/INFRASTRUCTURE
- Refresh and end-of-life decision-making to ensure maximum value and return on investment (ROI) for capital budget.
- Resource availability for hard drive data destruction.
- Quality assurance process; ability to audit.

SUPPLY CHAIN MANAGEMENT
- Ensure vendors meet corporate requirements.
- Minimal costs.

FINANCE
- Inventory accuracy by asset, status on books.
- Software and operating system license compliance.
- Minimal cost.
- Maximum investment recovery.

ENVIRONMENTAL/SUSTAINABILITY/GREEN TEAM
- Compliance with all environmental regulations and corporate sustainability goals.
- Report details for corporate environmental/sustainability reporting.

Identify stakeholder needs with LifeSpan's self-assessment guide

Do you have some of these ITAD stakeholders in your organization? LifeSpan's guide, "How to Perform an IT Asset Disposition Plan Self-Assessment," can help you identify the goals, concerns, and priorities of your organization's stakeholders and provides a roadmap for starting the process of aligning their objectives into a comprehensive ITAD program. **Download your IT Self-Assessment guide at info.lifespantechnology.com/itad-self-assessment-guide**

LIFESPAN TAKES THE ENTERPRISE APPROACH

LifeSpan believes that a holistic approach is the most effective strategy for IT asset disposition. LifeSpan specializes in creating goal-focused IT asset management and disposition programs that minimize risk and maximize ROI.

The Next Gen ITAD Program is an opportunity for you to team up with a LifeSpan ITAD expert and create a disposition plan that accomplishes your organization's goals. LifeSpan will work with you as your partner, from assessment to implementation and measurement.

The program includes:

- **A dedicated ITAD professional.** With years of experience in disposition process development and implementation, your ITAD professional will help you complete an assessment of your current ITAD process. They can also provide information on industry best practices, regulations and the options available to your company.

- **A 360 Degree Disposition Process Assessment.** The first step towards a next generation ITAD plan is a deep dive into your current process.

- **A GAP analysis.** If your current process is not meeting your goals, your ITAD professional will help identify gaps in data security, financial impact, process efficiency, and environmental compliance.

- **A Next Generation ITAD Plan.** Your ITAD professional will arm you with everything you need to launch your new disposition process successfully, including an implementation plan and a method for measuring results.

The NextGen ITAD Program

Our focus is on your success and satisfaction. With our NextGen ITAD Program, we help you build a program that is tailored to your organization. To learn more about LifeSpan's NextGen ITAD Program, visit:
info.lifespantechnology.com/next-gen-itad-program

To speak with one of LifeSpan's disposition professionals call: 888-720-0900

Schedule A Call

Access professional insight on best practices, standards and technology related to asset disposition.

Click To Schedule

WE DO ITAD RIGHT

Specializing in IT asset disposition, data destruction, remarketing, and recycling.