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IT Asset Manager's Guide to Disposition

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As the person accountable for managing the life cycle of your organization's IT assets, you have several unique concerns regarding the disposition of those assets. You're interested in learning how you can minimize the overall cost of the IT asset disposition (ITAD) process, including recovering as much of your organization's investment in the equipment as possible.

If you work for a large organization, likely, you don't handle every asset yourself. You can't personally shepherd them through the disposition process. This task falls to staff at your company's various locations – IT, facilities, etc. How can you make sure that every disposition at every location is performed according to company standards?

And, since you're responsible for tracking and documenting each of your organization's IT assets, what's the most reliable way to ensure disposition data is integrated into your asset management system?

In this document, we'll take a closer look at some of your key concerns and offer best practices for addressing them. Then, we'll discuss how a holisticor corporate program approach to IT asset disposition takes into account the ITAD concerns of every relevant department in your organization—including those in IT asset management—and puts a structured program in place that will standardize the process throughout your entire enterprise.

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The principal concern as an IT asset manager is minimizing the total cost of ownership of your company's equipment. Even though it's not always budgeted this way, the costs for a piece of equipment don't end when you purchase it. You need to consider costs throughout its life cycle, including the cost of disposition. How can you minimize the disposition costs for IT assets?

1. **Plan Ahead.** Before you acquire IT assets, have a plan in place for their disposal. Preparing for disposition ahead of time will save you time and money down the road. Add disposition costs to your budget – right along with acquisition, installation, and maintenance.

2. **Choose the right partner.** Your IT asset disposition partner should be a good match with the needs of your organization. Make sure your vendor has sufficient processing locations to serve all of your sites and the logistical capability to offer the service levels your organization requires at all of its locations. Look for industry certifications to validate their capability and compliance: R2/RIOS, e-stewards, ISO 14001, 9001 and 45001 and NAID AAA. You also are usually best served by a vendor who can provide all of the disposition-related services you require in all locations.

3. **Provide as much information as possible in advance.** Work with your vendor to forecast disposition needs and prepare them for the types of equipment and materials you will be sending them. This will reduce costs and reduce the chance of unexpected requirements and costs.

4. **Consider the costs of packing the material yourself.** Weigh the cost of having your own resources handle the packing of retired assets (their wages, plus their time lost for doing other work), along with other factors, including whether you have the space to do it and access to packing materials. If you are hoping to remarket the assets, they need to be packed to prevent damage during shipping, or you will lose significant value. Packing this way is more time-consuming. Your ITAD partner should provide you with detailed instructions for packing or offer services to pack for you so that shipments meet federal transportation regulations and you protect your assets' value. It is very important to understand all the costs and the risks involved with packaging assets yourself. The money you save by packaging in-house can quickly be overturned if your assets are damaged in transit. This can be avoided by ensuring your packaging process is documented and that the right people are trained. On the other hand, the cost of having your team do the packing and not doing other projects may be significant

5. **Don't risk environmental non-compliance.** The fines and publicity associated with a violation will far exceed any so-called savings you might realize from low- or no-cost offerings of a non-certified vendor. Look for a vendor certified in environmental recycling, such as R2. Using a certified vendor ensures they are compliant with all state and federal regulations and adheres to all industry standards and best practices.

How to Minimize Cost in the ITAD Process

6. **Don't risk data breach…and manage the cost of data sanitization or destruction.** Carefully plan and document the process for handling and storing assets from the moment they are retired. Review if and how data is removed from devices by your team, and the quality and consistency of those processes. A NAID AAA certified vendor can help you assess the risks and costs of doing it yourself or having a vendor provide onsite or plant-based data sanitization (wiping) or physical destruction. The costs of a data breach of any type have skyrocketed. Work with your vendor to ensure you have in place the best plan for your company.

7. **Make sure you are covered.** If something does go wrong, you need to be sure your company is protected financially. Validate that your vendor has the right amount and types of coverage, including E&O, Environmental and especially Data Breach. Data Breach insurance is a separate policy or rider, specific to data breach costs. Ask for the Certificate of Insurance – don't just take someone's word for it.

8. **Tailor-fit the process.** Consider different processes, services levels, or packages for your company's different locations based on size, capability, types of material, resources available, and other factors. For example, a data center vs a small remote sales office vs a major office site. One size does not always fit all, especially when you consider cost. Your ITAD partner should be able to offer a variety of services – integrated into one enterprise-wide package – depending on the needs of your different locations.

Four Ways to Maximize Investment Recovery

Many unwanted technology assets still have remaining life and value. Remarketing those assets is an opportunity for your organization to recoup some of its initial investment, or you might cover some or all of your disposition costs. How can you make sure your equipment is in top condition and primed for resale?

1. **Handle with care.** Your equipment has survived its service to your organization intact. Don't let it get damaged before it hits the resale market. Avoid damage by following best practices for storing and packing your retired assets.

2. **Consider price trends.** Although the market for used technology is fluid and returns can fluctuate, price trends can be identified by asset type or class. Your ITAD partner can help you determine when your assets will go from a revenue generator to a cost creator. Plan your upcoming refresh cycles with your partner's input to ensure you maximize the return value of your equipment being decommissioned.

3. **Move fast.** Don't let your assets sit too long before remarketing. When new hardware releases occur, many companies move to refresh simultaneously, sending a lot of the same equipment onto the resale market. Remarketed asset values can change quickly. Avoid stockpiling assets in closets or storage rooms. Have them removed as often as possible.

4. **Keep it together.** Systems with missing components will net you lower returns. Don't let your techs randomly pull parts from your machines. Also make sure hard drives, power supplies, batteries, monitor stands, and all other detachable components are provided to your vendor along with the assets. If you need parts, set aside a specific number of assets just for that purpose.

5. **Sanitization, not destruction.** The difference in resale value between systems with hard drives and those without can be up to 30 percent. All the major standards organizations in the U.S. and Europe accept proper data erasure as equal to the physical destruction of drives. A certified partner can perform data sanitization in compliance with the latest industry standards. On the other hand, erasure does cost money, so 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.

How to Integrate Disposition Data into Asset Management Systems

Whether you are using spreadsheets or integrated systems for asset management, it is important to close out your records accurately. This data can have financial, data security, and software asset management implications.

▶ Choose a vendor that can reliably provide detailed audit reports by serial number and asset details, formatted to meet your system requirements, for the disposition of each asset.

▶ Get timely reports. Disposition reports should be available in 30 days or less after the pickup date.

▶ Clarify to your ITAD vendor what disposition information you need reported and how it should be organized. Do you need it organized by date, by type of material, by location, or all of the above? Does your environmental sustainability team need weights by material type?

▶ If you are concerned about keeping track of the assets leaving your facilities, onsite scanning of assets before packing is available from some ITAD vendors. With onsite scanning, you should get a report before the truck leaves. This option also provides stronger chain-of-custody tracking.

Benefits of a Holistic ITAD Approach

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—which means doing it according to your standards and requirements.

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.

A holistic IT asset disposition approach meets your needs as an IT asset manager because it:

▶ Minimizes the cost of asset disposition

▶ Maximizes the recovery of your IT investment

▶ Minimizes the risk of data breach or environmental violation

▶ Ensures that every disposition is handled the same way across your enterprise

▶ Integrates disposition data into your asset management system with a uniform set of reports and data on disposition and data destruction

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.

Information Security/Risk Management
▶ Compliance: HIPAA/HITECH, SOX, GLB, PCI, etc.
▶ Corporate Policies, Governance

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. Click to download self-assesment guide.

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