

MARKET ANALYSIS

Data Security and Environmental Concerns Top the List of Issues in IT Asset Disposal

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IDC OPINION

Responding to the growing environmental and data security challenges facing the commercial sector, a new IT asset disposal (ITAD) industry is emerging, more robust, better organized and skilled, and with more financial resources than ever before. Through an international survey of commercial entities, IDC concludes:

- ☒ The ITAD industry's current offerings, though new, resonate well in the commercial sector, where companies are working hard to protect themselves against all sorts of risks, while also reducing their own environmental footprint. The challenge, however, is that the current ITAD offerings are relatively new and companies are currently analyzing them to find ways to incorporate them into their management systems at a reasonable cost. IDC believes that over the next two years, the ITAD sector will be in a much stronger position to articulate its offerings as companies will be forced by regulation to focus on their own IT asset retirement.
- ☒ From an adoption standpoint, more than one-third of all the companies surveyed use a third-party IT disposal service, with relatively little variation across countries. Canada is an exception, with a low level of adoption.
- ☒ Globally, security concerns are the primary motivations for companies using a third-party service, but there are substantial differences among the countries surveyed. In the United Kingdom, environmental-related regulation is the primary concern of organizations. In France, social responsibilities top the list of concerns. Data security proper is essentially the main concern of companies in the United States, Canada, and Germany.
- ☒ The responsibility for overseeing the ITAD function is largely the domain of the IT department in all countries surveyed, followed by facilities management. Strategic functions such as CEO, legal, and finance play a minor role, with the exception of France, where the CEO plays a moderate role, and Germany, where the CEO plays a significant role.
- ☒ The outlook for new adoption of ITAD services is different from country to country, with Germany representing the biggest growth opportunity.

IN THIS STUDY

Methodology

This document reports the findings of an international survey conducted by IDC on issues and topics related to IT asset disposal among commercial entities. The survey was conducted in January and February 2007, in a project sponsored by Dell.

A total of 1,007 respondents took part in the survey, representing organizations operating in Canada and the United States for the North American zone and Germany, France, and Britain for the European zone. The distribution of the respondents by country can be found in Table 1. Company size distribution based on the number of employees is in Table 2.

TABLE 1

Respondents by Country of Operation

	% of Respondents
Canada	9.9
France	19.9
Germany	20.2
United Kingdom	20.0
United States	30.1

n = 1,007

Source: IDC's *IT Asset Disposal Survey*, June 2007

TABLE 2

Respondents by Company Size

Number of Employees	% of Respondents
Less than 100	33.9
100–499	16.8
500–999	11.0
1,000–4,999	18.0
5,000–9,999	7.1
10,000 or more	13.2

n = 1,007

Source: IDC's *IT Asset Disposal Survey*, June 2007

SITUATION OVERVIEW

Introduction

The recycling of desktops, notebook PCs, consumer electronics, and all other electronic products and systems is increasingly handled by an emerging industry called IT asset disposal or ITAD. Although this industry appeared with the emergence of the overall electronics industry more than 30 years ago, it never managed to take shape and mature to become a viable industry. Until recently, the ITAD sector was dominated by a plethora of small companies that essentially acted as collectors of old unwanted computers that had no or limited value to recover.

With the maturing computer market with its current 1 billion PC installed base worldwide, surrounded by a vast ecosystem of electronic products, peripherals, and accessories, from printers and monitors to PDAs and cell phones, the issue of dealing with the retirement of these electronics has never been so important in the eyes of governments and consumers. The issue was further compounded recently by the ever-growing debate over global warming due to climate change and the equally important data security and privacy concerns. Retired computers in particular are central to these debates in that their impact on the environment can be negative, if they are not properly retired, and in that they can be sources of security breaches if the data they store is not properly removed prior to retirement.

Responding to these challenges, a new ITAD sector is emerging, more robust, better organized and skilled, and with more financial resources than ever before. The industry also has more responsibilities driven by a growing body of complicated regulations worldwide centered on the concept of manufacturer responsibility. Using a multifaceted approach, the industry's value propositions include:

- ☒ Recovering the retired systems and elongating their lives through a remarketing effort, if economically and technologically possible
- ☒ Recovering useful parts for remarketing, if the system as a whole does not have recoverable value
- ☒ Recycling with zero impact on landfills by extracting all the materials for reuse in other industries: the environmental angle
- ☒ Ensuring, in all cases, that the data stored in computers cannot be accessed, hence protecting the company's intellectual assets and other pertinent information, including consumer data and corporate financial information, and complying with privacy rules: the data security angle

These value propositions resonate well in the commercial sector, where companies are working hard to protect themselves against all sorts of risks while reducing their own environmental footprint. The challenge, however, is that the current ITAD offerings are relatively new and companies are analyzing them to find ways to incorporate them into their management systems at a reasonable cost. IDC believes that over the next two years, the ITAD sector will be in a much stronger position to articulate its offerings as companies will be forced by regulation to focus on their own IT asset retirement.

This study provides an assessment of ITAD adoption in North America and Europe. To provide this assessment, IDC surveyed more than 1,000 organizations in the United States, Canada, Germany, France, and the United Kingdom to understand their thoughts, priorities, and concerns regarding the adoption of ITAD services.

State of ITAD Today: Summary of the Findings

The following are some of the key findings of the survey:

- ☒ ITAD services are increasingly used in companies around the world, although adoption is currently more predominant in larger organizations. IDC found that there is a virtually linear relationship between a company's number of employees (or its revenue) and its likelihood of using a third-party disposal service.
- ☒ About one-third of all the companies surveyed use a third-party IT disposal service, with relatively little variation across countries, with the exception of a low level of adoption in Canada.
- ☒ Security concerns are the primary motivation for companies using a third-party service. Data security concerns ranked the highest, followed by data security requirements, meaning regulation. Similarly, the EU's Waste Electrical and Electronic Equipment (WEEE) directive is considered by European companies to be an important factor.
- ☒ There are substantial differences among the countries surveyed. In the United Kingdom, environmental-related regulation is the primary concern of organizations. In France, social responsibilities top the list of concerns. Data security proper is essentially the main concern of companies in the United States, Canada, and Germany.
- ☒ The responsibility for the ITAD function is largely the domain of the IT department in all the countries surveyed, followed by facilities management. Strategic functions such as CEO, legal, and finance play a minor role, with the exception of France, where the CEO plays a moderate role, and Germany, where the CEO plays a significant role.
- ☒ The outlook for new adoption of ITAD services is different from country to country, with Germany representing the biggest growth opportunity and Canada trailing behind.

Global Key Findings

IT Disposal Services: User Profile

This section provides a general description of the organizations in North America and the largest European economies that use third-party ITAD vendors. We found that there are clear distinctions between the organizations that have a third-party ITAD provider and those that do not.

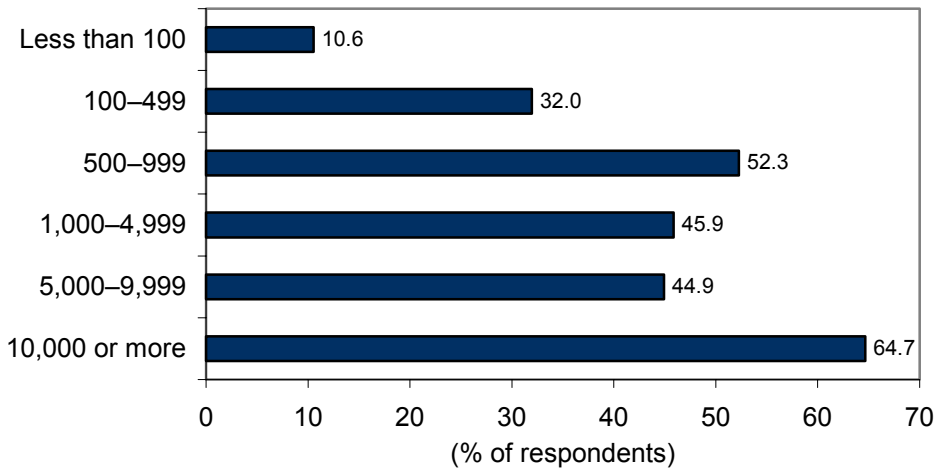
The results of this comprehensive survey essentially provide conclusions similar to those of previous surveys conducted by IDC over the past three years. Among the most significant outcomes of the survey is that the utilization of ITAD services is correlated to the size of the company.

Using the number of employees as a metric for size, IDC found that there is a virtually linear relationship between a company's number of employees and its likelihood of using a third-party disposal service. Among the companies that have the highest number of employees, the adoption of third-party disposal services is much higher, with a take-up rate of 65% among the organizations with 10,000 or more workers. In contrast, adoption is much lower in smaller entities, estimated at 11% at the lowest end, among organizations with less than 100 employees (see Figure 1).

There is a virtually linear relationship between a company's number of employees and its likelihood of using a third-party disposal service.

FIGURE 1

Use of Third-Party Disposal Services by Number of Employees



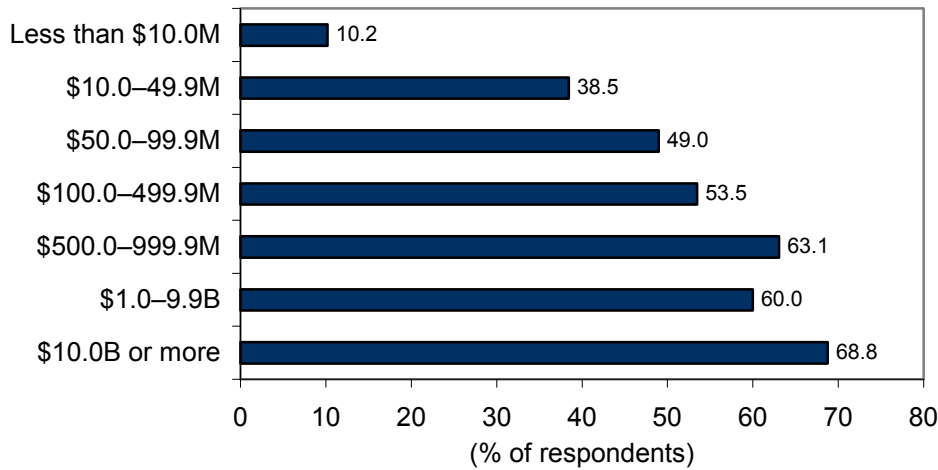
n = 350

Source: IDC's *IT Asset Disposal Survey*, June 2007

Using revenue as a company size metric, we are able to make the same conclusions. Company size based on revenue appears to be closely associated with probability of using a third-party service provider, with the \$10 million mark appearing to represent an inflection point in the curve, as shown in Figure 2.

FIGURE 2

Use of Third-Party Disposal Services by Company Revenue



n = 350

Source: IDC's *IT Asset Disposal Survey*, June 2007

Intuitively, this outcome is not surprising. Organizations that utilize third-party providers tend to also have a more comprehensive ITAD and data security policy in place. These organizations are generally operating in more strict and more defined regulated environments, where risk is more quantified and potentially more devastating than in smaller organizations. There is an overabundance of regulated areas, with their own sets of complexity, nationally and internationally, including financial data security compliance, protection of general corporate data, and the reduction of the company's environmental footprint — a more recent trend being witnessed in Europe and in North America.

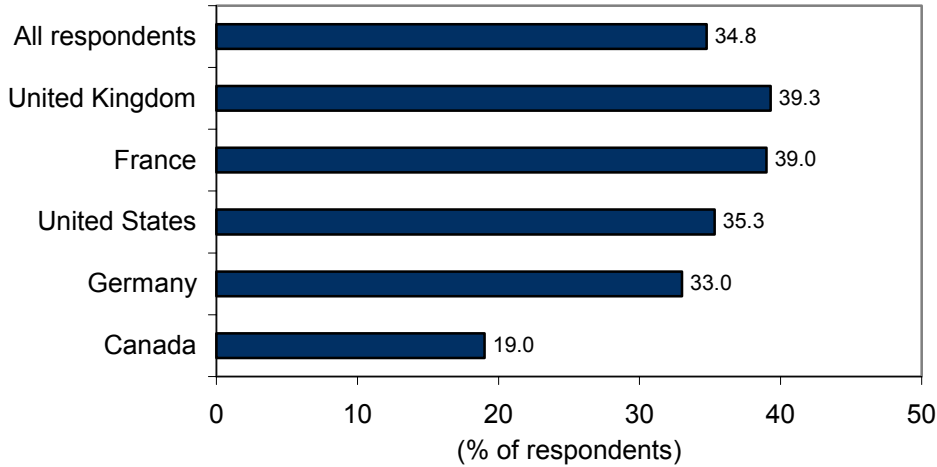
By using third-party ITAD providers, these organizations bring added intelligent processes, controls, and security features in their hardware disposal practices and are therefore earmarking specific budgets for these functions.

In contrast, smaller entities are both less aware of ITAD issues and less prone to invest in such services given their size. While this trend is understandable, the longer-term outlook calls for a higher penetration of ITAD services using third-party vendors in the small and midmarket in the medium term. As ITAD vendors develop and market their offerings to the SMB sector and as risks are understood in that segment, small and medium-sized organizations are likely to follow the steps of their larger counterparts.

To the question of international ITAD adoption, it is worth noting that with the exception of Canada, roughly one-third of all surveyed companies use a third-party IT disposal service, with relatively little variation across countries. The countries surveyed are Canada, France, Germany, the United Kingdom, and the United States. While Canada stands out with the lowest penetration rate of 19%, most other countries have a similar adoption profile, as shown in Figure 3.

FIGURE 3

Use of Third-Party Disposal Services by Country



n = 350

Source: IDC's *IT Asset Disposal Survey*, June 2007

In Summary

- ☒ Small companies with less than 100 employees are far less likely to use IT disposal services than medium-sized and large companies, with 100–999 employees and 1,000+ employees, respectively.
- ☒ Only 10% of companies with revenue under \$10 million intend to use a third-party service, while 69% of companies with revenue of \$10 billion or more are likely to use one.
- ☒ Roughly one-third of all surveyed companies use a third-party IT disposal service, with relatively little variation across countries.
- ☒ Canada stands out with the lowest penetration rate (19%).

Reasons for Using IT Disposal Services

In this section, we review the primary factors that lead organizations to hire a third-party ITAD vendor. Not surprisingly, we found that security concerns are the primary motivation for companies electing to use a third-party ITAD vendor. When asked to rate a variety of motivators, respondents rated data security the highest at 4.07 on a scale from 1 to 5, with 5 being very important. This finding is indicative of what concerns companies the most. While other factors received relatively high marks, data security is the top priority for companies given the potential risks that could result from breaches and loss of data.

When asked to rank a variety of motivators, respondents rated data security the highest.

With major security breaches publicized in the media, companies are not taking any chances and are increasingly incorporating security procedures when dealing with the retirement of PCs, servers, storage systems, and other IT devices. Companies are using third-party providers not only for their data security expertise, but also for their ability to provide a certificate of compliance to protect the company against business, legal, and environmental risks. In most cases, data security means the use of data cleansing techniques that adhere to the most severe requirements often used by the U.S. Defense Department. These data cleansing techniques are often difficult and costly to perform by the in-house IT staff; therefore, the use of a service provider makes sense.

In addition to data security, the concept of data security requirements scored high at 3.93 out of 5. While the two concepts are linked, the first concerns the actual securing of the corporate data to avoid breaches and losses, and the second concerns compliance with existing rules and regulation, whether in Europe or in North America. Indeed, a variety of rules apply to companies, whether it is the Sarbanes-Oxley Act, HIPAA, Gramm-Leach-Bliley Act, Fair Credit Reporting Act, USA PATRIOT Act, or Fair and Accurate Credit Transactions Act in the United States; Canada's Data Privacy law; the EU's Data Directive; or others dealing with the protection of personal data. As such, companies need to ensure that the data stored in the systems is fully secured or destroyed using the latest techniques.

While protecting the company's data is the top priority, the environment is equally a major concern, rated 3.91 on a scale of 1 to 5. With rising concerns over climate change, companies have been focusing increased attention more recently on reducing their environmental footprint, and large organizations are taking the lead. It is therefore expected that the environment is rated among the top concerns for companies using a third-party ITAD provider. As in the case of data security, leading ITAD providers showed their ability to help retire systems in a manner that minimizes the impact on the environment. Many have a zero-landfill policy, whereby nothing is dumped into a landfill and everything is processed according to sound environmental recycling standards, an approach that resonates very well with the companies that have pledged to reduce their carbon emissions and decrease their contribution to pollution.

The processes used by leading ITAD providers and their partners are sound recycling techniques that comply with the zero-landfill policy. Since such recycling standards cannot be duplicated by end-user organizations given that it is not their core business, it is normal that the use of such a partner goes a long way in guaranteeing the proper disposal of systems with respect to the environment.

In line with their environmental concerns, European companies using ITAD service providers rated the EU's Waste Electrical and Electronic Equipment directive at 3.91 on a five-point scale. Obviously, this concerns companies operating in the European zone; however, the WEEE directive is also getting a great deal of attention outside of Europe as a potential model to follow in the areas of electronic products' collection, recovery, and recycling targets.

However, as a major initiative, EU member countries have met difficulty in transposing the directive into national law, as organizations and companies in Europe

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have been facing organizational and financing issues related to implementation. The United Kingdom and Italy are the latest nations to announce transposition or implementation as national law beginning July 1, 2007.

While the WEEE directive focuses on manufacturers' responsibility in terms of creating a collection and treatment system of electronic waste, organizations in general have to abide by the terms that regulate ewaste disposal and are looking at ITAD service providers to provide them with tools and means that comply with the directive. Even more importantly, this directive gives the manufacturers and OEMs greater responsibility, putting them at a competitive advantage in the general ITAD sector compared with other nonmanufacturer service providers.

Equally important is cost containment, which also received a score of 3.89. While cost is an across-the-board concern, it is likely to be of bigger concern to smaller entities that grapple with budget and cash-flow issues, compared with the larger ones.

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TABLE 3**Motivation for Using IT Disposal Service: All Respondents**

	Mean Score
Data security	4.07
Security requirements	3.93
Environment	3.92
WEEE	3.91
Disposal requirements	3.89
Contain costs	3.86
Space	3.81
Social responsibilities	3.80
Legislation	3.80
Freight ease	3.73
Waste management company no longer takes IT equipment	3.35
Revenue source	3.19

n = 350

Note: Motivation scores are based on a scale from 1 to 5, with 1 being not at all important and 5 being very important.

Source: IDC's *IT Asset Disposal Survey*, June 2007

Regional Take

From a regional perspective, there are some critical differences in the rating of motivations among the two main regions surveyed. North American (U.S. and Canada) companies are more likely to cite data security as their primary motivation for using third-party IT disposal services, while European companies rate requirements or mandates as a driver for their decision-making processes. This finding also makes sense in that the two regions face different regulatory environments: In North America, it is a much more voluntary approach amid limited regulation but growing security concerns in corporate boardrooms; in Europe, a more regulated data security environment requires companies to incorporate these regulatory mandates into their internal systems. While the aims and goals are ultimately the same — securing data and avoiding losses and breaches — each region uses different approaches to reach those goals. In North America, a proactive and voluntary but increasingly necessary approach to security is taking hold under the pressure from consumers, shareholders, and government, while in Europe, the approach is a top-down one in which regulation plays a critical role in establishing mandates. See Table 4 for details.

TABLE 4

Motivation for Using IT Disposal Service: Europe Versus North America
(Mean Score)

	Europe	North America
Data security	3.95	4.27
Security requirements	3.88	3.98
Environment	3.89	3.95
WEEE	3.91	NA
Disposal requirements	3.93	3.80
Contain costs	3.89	3.77
Space	3.77	3.86
Social responsibilities	3.81	3.76
Legislation	3.91	3.58
Freight ease	3.77	3.64
Waste management company no longer takes IT equipment	3.48	3.09
Revenue source	3.31	2.94

n = 350

Note: Motivation scores are based on a scale from 1 to 5, with 1 being not at all important and 5 being very important.

Source: IDC's *IT Asset Disposal Survey*, June 2007

Vertical Market Take

The data collected regarding the main motives for using a third-party service provider differs from one vertical market to another. What is most striking is that data security is undoubtedly the primary motivation for financial services, healthcare, and retail organizations choosing IT disposal services. These sectors clearly deal with much more sensitive data, from financial to health-related data affecting their customers, employees, and partners, than other organizations. While most of these sectors face varying degrees of regulation depending on the country of location, they tend to also be more proactive in seeking higher standards of security above and beyond what is mandated by law in an effort to avoid costly breaches.

More precisely, we found that 60% or more of the companies operating in data-sensitive sectors, namely financial services, healthcare, and retail organizations —

organizations that have been under pressure to tightly secure their data — cite data security as their primary reason for choosing an IT disposal service.

We found that banks are more than twice as likely as the less data-sensitive sectors encompassing professional services, education, and retail organizations to use third-party IT disposal services. Even though these sectors are characterized as less data sensitive than the financial sector, for example, IDC believes they do hold substantial amount of data that must be secured.

Home business and consumer organizations (18%) ranked the lowest in third-party disposal penetration. In comparison, 39% of surveyed healthcare and government organizations use third-party services.

In Summary

- ☒ IT disposal users rate data security, the environment, the WEEE directive, disposal requirements, and containment of costs as the primary reasons for using a third-party disposal service.
- ☒ Factors such as discontinuance of trash pickup or the desire for an additional revenue source are rated least important.
- ☒ North American companies are more likely to cite data security as their primary motivation for using third-party IT disposal services, while European companies rate requirements or mandates as the main driver for their decision-making processes.
- ☒ More than half of financial services, healthcare, and retail organizations cite data security as their primary reason for choosing an IT disposal service.
- ☒ Banks (63%) are more than twice as likely to use third-party disposal services as professional services (22%), education (25%), and retail organizations (26%). Home business and consumer organizations (18%) ranked the lowest in third-party disposal penetration. In comparison, 39% of surveyed healthcare and government organizations use third-party services.

Decision Centers

In measuring the state of ITAD penetration among North American and European companies, IDC also sought to understand who within these companies makes the most critical decisions in issues related to selecting a partner and implementing ITAD policies.

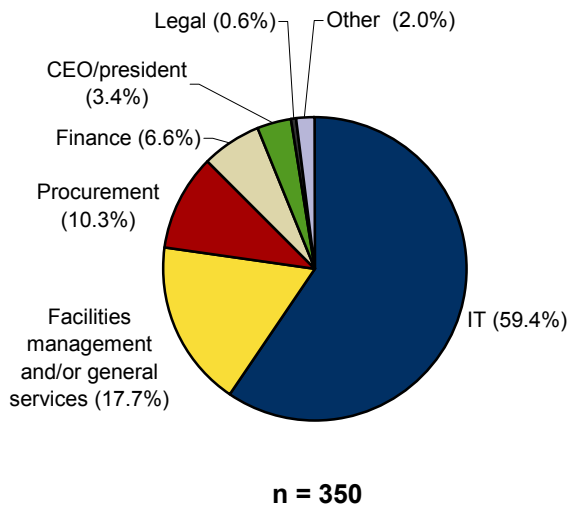
In general terms, responsibility for selecting an ITAD service provider is more the domain of operational functions, such as IT, facilities management/general services, and procurement, rather than the more strategic functions, such as finance, the CEO/president's office, or legal. While this finding is expected, it highlights a certain weakness in the ITAD function within the organization in that it is less of a priority at the very top of the corporate ladder. Those with the highest interest in ensuring that ITAD is a priority given the security and environmental concerns, from the CEO to the

legal department, rely on operational function to handle such activity, a problem companies must proactively address.

Our research finds that the IT department is the most important decision center when it comes to selecting the ITAD provider. Among the companies that currently use an ITAD provider, 59% relied on their IT department during the selection process. This near-60% share far outranks other departments, but the nearest one is facilities management and/or general services at 18%, then procurement at 10%, followed by the more strategic functions of finance at 7%, the CEO/president at 3%, and the legal department at just 1% (see Figure 4).

FIGURE 4

Primary Responsibility for Selecting ITAD Provider



Source: IDC's *IT Asset Disposal Survey*, June 2007

Regional Take

In terms of regional differences, reliance on IT for ITAD service provider selection is highest in Germany, reported by a strong 73% of the companies currently using an outside partner, followed by the United States with 66%, Canada with 42%, and the United Kingdom with 46%.

In these last two countries, facilities management/general services plays a larger role than in the other countries analyzed. One-third of the companies in Canada and the United Kingdom that use ITAD service providers rely on facilities management and/or general services, while procurement ranks second (16%) for IT disposal users in the United States.

A Critical Observation: Selecting a Provider Versus Providing Input

While the above analysis focuses on general selection of an ITAD provider, of a particular interest is the issue of who the primary provider of input into the selection of the ITAD partner is. Here again we found that IT is by far the most influential input provider since it was reported by a strong 77% of all the organizations surveyed.

One interesting remark, however, is that the finance function comes in second in terms of providing input instead of facilities/procurement, as shown above. This is likely because finance sets up the procedures to be used by the ITAD provider that must be integrated into the company's financial data collection, reporting, and auditing systems.

In Summary

- ☒ IT is the key decision maker when it comes to IT disposal services.
- ☒ Regardless of company size, IT departments hold the dominant share of decision-making responsibility for selecting a disposal service provider.
- ☒ Reliance on IT for IT disposal service selection is highest in Germany (73%) and the United States (66%) and lowest in Canada (42%) and the United Kingdom (46%), where facilities management/general services plays a larger role.
- ☒ Facilities management and/or general services is second in the United Kingdom (33%) and Canada (32%), while procurement ranks second (16%) for IT disposal purchasers in the United States.

Profile of Nonusers of IT Disposal Services

This section seeks to profile the organizations that do not have an ITAD service provider and rely on their own methods for disposal.

As in previous surveys conducted by IDC, this latest survey research shows that donation is the most common disposal method for organizations that do not currently use a third-party IT asset disposal service. Regionally, this practice of donating old assets is considerably more common in North America, with 40% of the organizations operating there with no formal ITAD practice.

The practice of donating to charity or a not-for-profit organization is generally evenly distributed across all company size segments, exceeding the 33% response rate in all cases, including 35% for companies with more than 5,000 employees.

While donation is a noble practice in that it elongates the life of a system and provides IT equipment to organizations or individuals who otherwise could not afford it, IDC recognizes that the risks involved in such practice are enormous and potentially detrimental to the donor. Among the most important risks is the fact that while the asset is transferred to a new owner, the responsibility and liability in case of a legal issue are not transferable. The original owner of the donated assets is not legally immune in the case of data security breaches or in environmental compliance and remains fully liable. As such, IDC recommends the organizations interested in donating their hardware should consider the use of a qualified third-party ITAD

partner, which would provide the proper monitoring and auditing tools to follow the trail of the donated systems. Such involvement would guarantee that a data cleansing process has been properly performed and that ultimately the system will undergo proper environmental disposal once it is no longer used.

The second most commonly used method of disposal is the use of municipal or private waste sites. These sites are used by 26% of all respondents who do not use ITAD service providers; European countries are more likely to dispose IT assets in municipal or private waste facilities (30%) than their North American counterparts (21%). This practice is also a function of company size. We found that it is more common practice in smaller organizations with lower volumes of IT (28% of organizations with less than 500 employees) compared with just 14% of the organizations with more than 5,000 employees. Larger companies deal on a wider scale of IT asset retirement than is practical for use of municipal or private waste facilities. In contrast, it is easier for small companies to adopt such a practice.

The third most commonly used method of disposal, reported by 16% of the respondents that do not use an ITAD provider, is the practice of storing for future disposal. This practice is more prevalent among the largest companies. Some 23% of the 5,000+ employee organizations selected this practice for two critical reasons. The first is these organizations' prudent and cautious approach to IT asset disposal as the regulatory climate evolves, which is more the case in Europe (19%) than in North America (12%); the second is what is believed to be a pending shift in the general sentiments related to asset disposition. A significant number of companies are likely storing their systems as they prepare or plan to adopt more logical policies that would include greater compliance and the involvement of a professional third-party provider. As internal factors such as creating processes and external influencers such as the regulatory environments evolve, many companies elect to store their systems to assess their options. IDC expects the storing of hardware to diminish as these issues are worked out.

An interesting response is the return to producer, a rule mandated by the EU. The number of European companies citing this method is alarmingly low, with just 5% reporting returning their retired systems to the original manufacturer. This figure indicates that the manufacturer responsibility trend mandated by European regulation is not being met at present as EU member countries continue to deal with implementation issues at the national level. Yet the figure can also be explained by the important role third-party distributors and the channels play in supplying hardware to end users. As such, the OEMs may not be directly responsible for the recovery of the asset when it is ready to retire. Yet, IDC expects that as the WEEE directive is transposed into national law, this method is likely to grow in scope and utilization. See Table 5 for more detail.

TABLE 5

Current Means of IT Asset Disposal for Organizations with No Third-Party Provider by Company Size and Region (% of Respondents)

	All Respondents	Number of Employees			Region	
		<500	500–4,999	5,000+	Europe	North America
Donate to charity/nonprofit	34	35	33	35	30	40
Dispose through municipal or private waste	26	28	27	14	30	21
Store for future disposal	16	15	16	23	19	12
Resell systems to employees or at auction	16	17	15	15	15	18
Return to producer under WEEE legislation	3	2	5	2	5	–
Other	4	4	3	11	2	8

n = 655

Source: IDC's *IT Asset Disposal Survey*, June 2007

Reasons for Not Hiring an ITAD Provider

A major misconception among the organizations that are not using a third-party service is cost consideration. Overall, 31% of the respondents reported cost as their number 1 reason when asked to select three reasons. This is obviously a concern, but also an opportunity for ITAD service providers to articulate a better value proposition around cost containment versus risk and cost considerations.

A major misconception among the organizations that are not using a third-party service is cost consideration.

Following cost as a perceived issue, the misconception around data security risks associated with the disposal services is reported by 25% of the respondents who do not employ a third-party ITAD service. While it is normal for companies to remain cautious about who handles their data, IDC believes that there are well-established processes that guarantee maximum data security from services offered by reputable ITAD providers.

The third most important factor preventing the use of an ITAD partner is the desire to donate or resell systems, reported by 20% of the respondents who do not employ a third-party ITAD service. This finding indicates that some view ITAD vendors as not involved in the donation sector and that the organizations retiring those assets feel they are better equipped to handle the donation function.

In Summary

- ☒ The most common method of disposal among organizations that do not currently use IT disposal services is donation, a practice considerably more common in North America (40%) but evenly distributed across all company size segments.
- ☒ European organizations are more likely to dispose using municipal or private waste facilities (30%). The practice of storing for future disposal is also somewhat more prevalent in Europe (19%) and among companies with more than 5,000 employees (23%).
- ☒ Companies that don't currently use IT disposal services cite cost (31%), data security (25%), and preference to donate/resell systems (20%) as the top 3 reasons for not using third-party services. When asked to identify their number 2 reason, the issue of not knowing how to choose a qualified provider emerged as a significant factor (15%).

FUTURE OUTLOOK

The IT asset disposal sector is undoubtedly going through a major transformation, evolving from an obscure activity dominated by lack of transparency to a mature industry with established processes and proper metrics.

Driven by expanded regulations, fear of security breaches, and concern over the environment, companies are increasingly likely to adopt sound ITAD practice that will have to rely on the use of third-party professionals with proven expertise, skills, and capabilities.

IDC's latest survey already provides some indications on what to expect regarding the hiring of a partner to help establish the proper ITAD procedures and handle asset disposal with respect to overall compliance.

The survey results show that large organizations are more likely to consider IT disposal services in the future. Still, there is a great deal of hesitation; the organizations with more than 500 employees rated their likelihood to hire a partner at 2.8 on a 1 to 5 scale, with 5 representing very likely. Because this rate is relatively low, IDC considers it a major concern. Still, the good news is that companies with more than 500 employees are twice as likely as those with fewer than 500 employees to consider IT disposal services. Investing in further educating these companies on the values of ITAD would go a long way in ensuring their smooth transformation.

Given the amount of legislative activity and regulation, it is not a surprise that European companies with no current ITAD service are somewhat more likely (33%) than North American companies (29%) to adopt ITAD services over the next two years. This finding is a possible reflection of WEEE requirements.

ESSENTIAL GUIDANCE

The following represent a few recommendations for organizations considering the use of ITAD services:

- ☒ The use of ITAD services is the best option to protect organizations against risks:
 - ☐ The right ITAD partner should have more resources than your organization to shield it against environmental risk by guaranteeing the proper disposal or recycling in accordance with environmental protection standards.
 - ☐ The right ITAD partner should have better know-how and technological capacity to substantially reduce data losses when a computer is retired.

Your potential provider should demonstrate its ability to provide the above services.

- ☒ When selecting an ITAD partner, issues of logistics, tracking, and auditing must be addressed.
- ☒ If you are not planning to hire an ITAD provider, be aware that the alternative disposal methods remain a major risk and that liability does not disappear when the PC is donated.

LEARN MORE

Related Research

- ☒ *Revival of an Old Industry: The Emergence of the PC and IT Asset Disposal Sector* (IDC #TB20070215, February 2007)
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