

Disposing Of Computer Equipment Can Be Risky

BY PAUL BAUM

TODAY'S BUSINESS LANDSCAPE is dramatically different than just 2 years ago. Gone are the days when disposal of computer equipment required nothing more than a simple walk to the dumpster to "drop off" old, worn-out equipment.

In today's Gramm-Leach-Bliley, Health Insurance Portability and Accountability Act, and Sarbanes-Oxley world, proper disposal of computer assets presents a variety of new challenges and risks to businesses. The "risks" associated with end-of-life (EOL) computer disposal include new government compliance regulations, data security concerns, environmental dangers, escalating disposal costs and administrative issues.

However, the news is not all bad. Handled properly, retired computer assets represent opportunities to produce significant income while helping to reduce your business's total cost of technology ownership.

COMPLIANCE

During the past few years, there has been a marked increase in government regulations dictating how enterprises should conduct business and safeguard the personal data they collect. Such government regulations were enacted to protect customers' personal financial data—including name, address, Social Security number, account numbers or nonpublic personal data, patient medical records and other personal health care information—and to maintain an adequate internal control structure and procedures for financial reporting.

Government regulations have awakened businesses to the need for erasing all data from computer assets before disposal, including the need for documenting the process of drive erasure. Disposing of computer assets without ensuring proper file deletion presents huge business risks, as well as the danger of non-compliance with federal laws. Loss of sensitive data though ineptitude or theft could lead to

multimillion-dollar awards to plaintiffs.

When considering data erasure, there are at least 4 levels to choose from. Equally important, special equipment and software are needed, as well as skilled technical people. Without these 3 elements, data often can be easily taken off supposedly erased media.

For hard drives and other media with no value, media destruction will prevent data theft.

Again, there are several options including drilling, shredding and melting of media. The crucial step for ensuring erasure is to match the level of data security need to the corresponding level of erasure technology.

COSTS

The main focus for many businesses is to limit the costs for managing IT asset retirement. When computer assets are replaced, the retired units entail soft costs for removal, redeployment, storage and tracking. Those costs include disconnecting the computer from the network and printers, packaging, transportation, backing up and sanitizing the hard drives, testing the equipment, remarketing, reporting and processing payments. We find that such costs amount to about \$200 per desktop, laptop or notebook. If the PC has no value, there's a disposal cost of \$30 to add to the sum. A typical outsourcing fee amounts to about \$60, but if the PC has value, this fee can be offset by the residual value. It depends on the age, condition and configuration of the PC.

With a professional IT asset management vendor, the process may include a first consultation, audit, contract, removal of PCs from client premises (including packaging and shipping, grading and testing), cleaning, data erasure or media de-

struction, remarketing or disposal—or donation, reallocation or redeployment—through recycling. Then there's provision of documentation and payment (for IT assets that have residual value greater than EOL costs) either after audit or within 90 days for those who choose a consignment arrangement. A professional IT asset EOL management consultancy can indemnify the client for data security and to meet all environmental regulations.

More visible are the costs for shipping, recycling and remarketing. Remarketing assets with positive value can pay for many of those costs. Before processing begins, a reputable vendor will project valuations upfront to show if remarketing efforts will pay for recovery and disposal costs.

ADMINISTRATION

When it is well-executed, equipment lifecycle management strategically manages hardware from acquisition through disposal and evaluates a company's business plans and computing requirements throughout the entire planning period in coordination with procurement decisions. Companies that systematically manage the lifecycle of their IT assets can reduce cost per asset by as much as 30% the first year, and between 5% and 10% annually over the next 5 years.

An effective IT asset lifecycle means ensuring that the procurement process focuses on more than the initial purchase price and includes deployment, transfer of data and proprietary images, hard-drive cleansing, and disposal of the replaced PC. Various methods for disposing of retired IT assets include remarketing, redeployment and recycling. In addition companies often donate equipment to charity or give it to employ-

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COMPUTER DISPOSAL

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ees. It is important to remember data security, licensing, warranty, tax and help-desk impact before choosing these programs.

ENVIRONMENT

Each computer contains small amounts of dangerous elements. Uncontrolled disposal of computers could lead to contamination of our environment. An IT asset recovery firm can provide safe computer disposal services and provide the proper environmental and data security documentation. Failure to comply with federal, state and local disposal guidelines can subject a company to fines and even criminal prosecution. Companies may pay the price in terms of additional cost, regulatory fines, bad publicity and even litigation when PCs turn up in landfills or third-world countries, or when confidential or sensitive data is recovered from computers that were not properly cleansed.

Another challenge is the broad range of legislation that will increasingly have an impact on the industry. Not only are the regulations diverse and changing, but inconsistent interpretation of regulations adds to the confusion for an already complex topic.

If you are considering help with an IT asset recovery firm, be certain that the vendor of choice is experienced in asset valuation and that it offers an asset remarketing formula that provides price protection plus a revenue split for when equipment is to be remarketed. This strategy will help to minimize EOL disposal costs. The disposal of valueless assets must be done by a vendor with current state and local permits that guarantees in writing that no recycling materials will go overseas and that computer assets recycled will be done in an environmentally correct manner, in accordance with all local, state and federal regulations. ■

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