INTRODUCTION

Some organizations don’t think IT Asset Disposition (ITAD) is a big deal. When deciding what to do with old, unused or outdated equipment, thought processes sometimes don’t go any further than “find an empty closet and throw it in,” or “let’s sell it on eBay to get some cash back for it.”

That attitude can be damaging to your business – and incredibly costly.
The Risks (and Fines) Are Real – and Growing

Case 1: NHS Surrey¹ and Brighton and Sussex University Hospitals NHS Trust. ² £200,000³ and £325,000⁴, respectively: That’s the amount of money these institutions were fined over failures to properly dispose of old IT equipment, including computers and hard drives.

Case 2: Coca Cola. In 2014, Coca Cola reported⁵ that 74,000 people, including current and former employees as well as other individuals, may have had their personal information compromised⁶ due to the theft of a number of laptops that contained sensitive information. Assuming an average remediation cost of $148 per record⁷, this incident could have cost the company close to $11 million.

Case 3: BlueCross BlueShield (BlueCross) of Tennessee. This organization found itself mired in a problem⁸ due to the theft of 57 hard drives from storage. These hard drives contained personal information from recorded phone calls and impacted up to 1 million members. In 2012, the organization settled⁹ this issue with the U.S. Department of Health and Human Services (HHS) Office for Civil Rights for failure to protect HIPAA-protected information. The company paid a $1.5 million fine.

All three of these expensive incidents could have been avoided with the implementation of, and adherence to, proper IT asset management and disposal processes. More importantly, the 1 million (or more) individuals impacted by these events wouldn’t have been subjected to the need to deal with credit monitoring and identity theft prevention services, and would have been saved from the stress associated with these incidents.

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Many people believe that proper ITAD is easy. As these stories indicate, this sort of thinking can have severe consequences for the company. A haphazard view of proper ITAD ended up costing each of these companies a great deal of money, along with an overwhelming amount of damage to brand reputation in the public eye.

Edge Computing: the New ITAD Nightmare

It’s hard enough to dispose of traditional data center assets properly. Now add to that the proliferation of edge devices, and this arena becomes the CIO’s new nightmare. In this case, the edge is an emerging term that refers to all the locations outside of the cloud and data center in which an organization’s data assets may reside.

Often, the edge revolves around advanced use cases such as IoT or autonomous systems; but remote workers using personal devices and branch offices that are far removed from the primary data center are also part of the equation.

The edge, as it pertains to e-waste, includes any remote site that has IT equipment, from smartphones to copiers/printers/fax machines to computers. Even USB drives and portable hard drives need to be considered. Any device that has attached physical storage may become a risk in terms of data privacy. As such, they need to be under the purview of a robust ITAD program.

Further, anything containing environmentally harmful materials should also be in-scope for an ITAD program.

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⁶ https://www.reuters.com/article/us-cocacola-theft-idUSBREA001T20140125
⁸ https://www.databreaches.net/bcbs-of-tn-issues-breach-notification-for-stolen-hard-drive/
Nearly every electronic product has components that need to be properly handled, to minimize the environmental impact of disposal.

The companies referenced earlier appear to have had significant gaps in their asset management programs. Such gaps can result in substantial fines, and new laws, such as Europe’s General Data Protection Regulations (GDPR), bring new attention to the need to ensure constant vigilance with regard to technology assets.

As the time nears for disposal of assets, all devices become a potential risk from a data privacy standpoint, but there is also an environmental concern. Improperly disposed equipment can have a severe environmental impact.

The law doesn’t discriminate between those who are ignorant of regulations and those who break them intentionally.

For example, in California, damages related to improper disposal of hazardous waste, including the types found in some electronics, are now triple what they were less than one year ago. There’s no doubt that other states will follow California’s lead on this, as environmental policy is now on boardroom agendas to address both corporate social and fiscal responsibility.

Ignorance or Malfeasance: The Law Doesn’t Differentiate

When it comes to ITAD failures, including those referenced earlier, it doesn’t matter if the companies acted in ignorance or with intent: the effects were the same. The impact on each company’s bottom line was serious, but so was the impact on the environment.

Dangerous e-waste harms the local environment’s soil and water. Additionally, some of this equipment may end up in an incinerator, impacting the air quality of the surrounding community.

The law doesn’t discriminate between those who are ignorant of regulations and those who break them intentionally. Even though it’s unlikely that the local employees in ITAD failures intend to break the law, those employers are held responsible for resulting impacts.

Don’t be the next case study on how not to handle end-of-life IT equipment!

Risk Management: An IT Asset Disposal Partner’s Critical Capabilities

What could NHS Surrey, Brighton and Sussex University Hospitals NHS Trust, Big Lots, Coca Cola and BlueCross BlueShield of Tennessee have done to avoid their fates?

First, they should have solicited outside help. An ITAD partner can help organizations, from the smallest business to the largest multinational organization, navigate the implementation of a robust ITAD program that not only ensures regulatory compliance, but may even put money back into the budget by buying some of the assets you wish to dispose of.

Of course, there’s no “one size fits all” when it comes to choosing an ITAD partner. Selecting a provider depends on the needs of your organization, and isn’t a decision you should undertake without a thorough vetting of your options. Here are some capabilities a provider should have, when it comes to limiting organizational risk:

- **Scale.** Can the partner service your company’s needs in terms of volume and geography? The overall scale of a partner organization plays a factor in its ability to reduce the risk to your business. If you have dispersed operations across several states or located in rural areas, look for a partner that can service such areas. Larger providers also understand the widely divergent laws and regulations for various states and countries, helping to ensure that you stay on the right side of the law in every case.

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• **Auditability.** Some larger ITAD providers may leverage a partner network. Ensure that the vendor can provide evidence of proper disposition of e–waste; this will be important if your company’s program is audited by authorities. Auditability includes chain–of–custody traceability, which in turn requires receipts for disposal of e–waste.

• **Data Destruction.** Verify that the partner can support all the types of media your organization handles, and that proper processes are in place. Asking questions is critical: Will the provider leverage industrial scale degaussing for magnetic media? Can the destruction take place onsite to meet compliance needs? Does the provider physically destroy media, including physical hard drives and solid–state disks?

### Keep Your Company Out of the Negative Headlines

One of the primary responsibilities of a CIO and their staff is to reduce the risk to an organization. Keeping out of the news for activities such as “publicly disposing hard drives containing thousands of sensitive customer records” falls into the category of reducing risk for any organization.

It all starts with your employees. Education and training remain the most effective actions to avoid the pitfalls of e–waste. It’s often the case that employees disposing of equipment and e–waste material have very little understanding of the risk to the company’s bottom line and reputation when disposal processes are handled incorrectly. A complete ITAD solution includes an education program that helps employees identify and properly dispose of e–waste.

### Ensure Adherence to Regulations and Best Practices

While no one likes audits, it’s helpful to look at existing standards as a way to ensure your ITAD program meets the broadest range for e–waste, and ITAD in general. The National Institute of Standards and Technology (NIST) provides guidelines for media sanitization, including e–waste.

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**RECYCLING INDUSTRY OPERATING STANDARD (RIOS)**

The industry has responded to the challenge of identifying ITAD partners that meet the varied standards, not just across the U.S. but across the entire world, with the Recycling Industry Operating Standard (RIOS). RIOS–certified partners offer a baseline set of capabilities, including:

• Independent auditing of programs
• ISO 9001, ISO 14001, and OHSAS 18001 compliance
• Compliant with local laws
• The ability to recycle equipment for resale
• Compatibility with R2 certification

### R2/RIOS

R2 is an industry standard that helps organizations build confidence in the ability of a recycler to meet the various requirements of local laws. It also certifies that an organization meets environmental impact goals.

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R2 certification includes a total of 11 provisions. They range from ensuring electronic systems are in place, to confirming compliance with health and safety regulations, to ensuring vendors comply with R2 provisions.

### HIPAA, PCI, SOX, GDPR, AND FACTA REQUIREMENTS

Regulatory compliance is an ever–growing risk and burden for CIOs. Teams need look no further than the recent implementation of the GDPR for evidence. The fines for compliance failure are sky high: GDPR violations can cost an organization 4% of global revenues or €20 million, whichever is higher. These fines are *per violation.*

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11 https://nvlpubs.nist.gov/nistpubs/specialpublications/nist.sp.800-88r1.pdf
incineration, and zero export of non-functioning assets or e-waste. These ethical vendors understand that doing “what’s required” when it comes to the environment isn’t good enough.

For instance, find out if the vendor offers “demanufacturing.” This refers to the dismantling of electronic equipment for scrap metals reclamation and component recovery. This is important, because recovery of these hazardous components:

- Reduces the toxicity of the waste
- Ensures proper disposal or recycling for residual (i.e., non-hazardous) waste
- Helps your company play its part in being a good steward of our environmental resources

ITAD Partners Help You Develop and Maintain Sound Policies

If you have in-house experts, you can develop your own ITAD solution. The process may go smoothly. The problem is that most organizations don’t have those kinds of people on staff, and the laws around this topic are constantly changing.

We only have one Earth. You should look for a partner that sees ITAD as more than just a business objective.

There’s a lot that goes into creating an end-to-end ITAD strategy. The plan has to meet both your organization’s needs and regulatory imperatives. That takes knowledge of not only laws at the local and state level, but national standards.

To get started with your own initiatives, consult with an ITAD partner. They’ll work with you to establish a policy framework that stands up to the most exacting regulatory and environmental laws. They’ll also provide a foundation for your risk mitigation goals and ensure that you remain in compliance with all applicable regulatory bodies, even as the rules and regulations continue to change.