

The ITAD Iceberg:

How to Navigate Risks waiting Below the surface

IAITAM ACE, Las Vegas 2024
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Let's discuss how we can unlock value, mitigate risks and navigate the depths in your ITAD program

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Our Story:

After serving in the war effort w/Panasonic Toughbook's from 2001 to 2011

In 2011 PlanITROI became a Social Enterprise.

Definition of a Social Enterprise: "Make Money to do Good"

In 2024 PlanITROI became a wholly owned subsidiary of NEXTRA TECH

The ITAD industries first collective of independent ITAD companies

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PlanITROI
A NEXTRA TECH Company

TechTuesday
501c3 Registered

digitaldreams
PROJECT
501c3 Registered a subsidiary of TechTuesday

NEXTRA TECH
be what's next in technology life cycle

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I am a "People First" entrepreneur who is passionate about "Closing the Digital Divide with Affordable Technology" by disrupting the current IT Asset Disposition model. I enjoy teaching our client suppliers about the next user of their retired assets. And how their retired assets, refurbished and recertified, make a huge impact for students, families and small businesses caught in the digital divide through PlanITROI Secure Purpose Driven ITAD business model.

Since 2001, PlanITROI has been closing the digital divide with affordable technology from our clients retired IT assets. PlanITROI's 100% data secure approach helps organizations achieve critical Environmental Social Governance (ESG) & Corporate Social Responsibility (CSR) goals while recovering the highest possible value for their assets, paying for their ITAD programs.

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1. Low Asset Recoveries leads to Costly & Underperforming ITAD programs
> How are your Assets sold? Wholesale B2B Bulk or Premium Retail B2C/D2C?
2. Data Security Risks due to ITAD vendor unprofitability and/or increased labor costs
> 30%+ labor increase = increased risk of cutting corners to save money, how can you tell?
3. Are your retired PC's Windows Licenses being sold at your risk without your knowledge
> MAR = Legal Secondary Resale VS. Illegal Reloading without MAR license, how can you tell?
4. Over recycling of your Valued Assets VS. being resold to your organizations benefit
> ITAD's low/no service fees, low wholesale values leads to recycling valued assets, how can you tell?
5. Inaccurate, Inconsistent or Non-Existent Reporting and ESG measurements
> 1 ark of standardized reporting and global ESG measurements, who's to follow "UN vs. EPA vs. 3P"



WHY when demand is so high in 1st world countries?



Lower PC Wholesale Values in "3rd World Countries"

- 99% of USA ITAD's primary sale of your used IT is to 3rd World countries.
- Microsoft reported ~50,000,000 PC's are retired in the USA annually with less than 2,000,000 sold as Microsoft Authorized Refurbished in the USA ~4% Sold in USA as Second Hand Computing PC's.
- 3rd World countries lack funds for second hand used computing.
- 20 year highs in the US Dollar make used technology less attractive for resale overseas.
- Windows 11 demand for AI driven applications

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Wholesale Overseas Resale Creates Profitability Issues

Most ITAD's offer services 'at cost', as 'loss leader', or for 'free'.

Average ITAD Costs Per Laptop:

- Transportation Costs
- Data Erasure Costs
- Processing Costs
- Compliance Costs

Revenue Share or FMV Buyout from the sale of used equipment doesn't even cover the off-sets losses for most ITAD's.

\$20.00 Fee
-\$35.00 ITAD Cost
(\$15.00) Loss

How long can ITAD's last upside down?

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As a result of 99% of ITADs selling your assets to 3rd world countries with little to no Recovery it has affected their profitability and tightened Cash Flow

Why?

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Banks Tighten Asset-Based Lending (ABL) Loans

- ITAD's uses Resale Inventory to Secure Loans.
- There is a 'Credit Crunch' from rising interest rates.
- Most banks have tightened reigns on lending.
 - JPMorgan Chase
 - Bank of America
 - Wells Fargo
 - Citigroup
 - Etc...



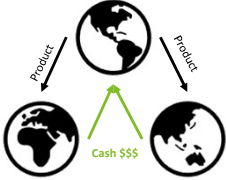
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ITAD Vendors Use Prepayments from Wholesale for Cash

- Wholesale Overseas buyers pre-pay for equipment.
- Wholesale buyers are paying higher interest rates on their loans, which means lower prices.
- Prepayments lock ITADs into a vicious cycle of reliance on international wholesale.
- Wholesale buyers need fill an entire container and its taking long to fill since there is less inventory to sell and costs of containers are at an all time high.



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The Costs & Risks of an Underperforming ITAD program due to your ITAD partner leading you down the wrong trail?

How would you know?

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Where your Recovery Goes Missing – More Recycling Why?

- Its easy for ITADs to Recycle your Valued Assets without you ever really knowing. They can say your equipment is not worth anything, so your reports say recycle, when its really sold Wholesale to keep them in business for another day.
- What can you do?
 - Check your valued assets resale vs. recycle value
 - Check your valued assets REAL RESALE Value by going on line and looking for your standard models being resold on all the Premium Retail markets.
 - If you find your NOT getting Premium Retail Returns for your valued assets than, hire an alternative ITAD Vendor that can demonstrate they have Premium Retail channel sales
 - 90% of all your Valued assets should be sold through these channels



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Look out for hidden and extra fees

- Surcharges not discussed in the contract.
- Higher discretionary charges usually captured for repair and online sales.
- Unnecessary fees to count or inventory non-critical assets.
- Project and administrative fees.
- Price escalation clauses.



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Look for Signs of Trouble = Are you not getting answers?

- Service levels, are they improving or getting worse?
- Waiting for revenue share checks?
- Waiting for pick-ups?
- Waiting for reports?



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Is your ITAD cutting corners for Survival – How would you know?

ESCRAPNEWS

T-Mobile sues Belmont Trading for over \$6 million

In exchange for its services, Belmont Trading would retain a portion of sales revenue. After the contract was amended multiple times, Belmont Trading received service fees and remarketing percentages for used devices sold through its Asset Management Program, and it received 25% of sales revenue for end-of-life material sold through its Beyond Economic Repair (BER) program, the complaint states.

T-Mobile USA claims Belmont Trading has failed to remit to T-Mobile nearly \$6.6 million. The parties' agreement terminated on May 6, 2022. The complaint asks the court to award T-Mobile that sum, plus interest and legal costs.

The details on Apple's lawsuit against GEEP Canada

Apple claims GEEP Canada employees hid Apple devices out of view of an e-scrap facility's cameras, mislabeled devices as "copper bearings" for outbound shipping, and then received kickbacks for illegally reselling them.

E-Scrap News has obtained Canadian court records providing additional details about Apple's \$31 million-plus lawsuit against GEEP Canada, as well as GEEP's legal action against three of its former employees.

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Are you at Risk?

Mostly due to cutting corners, being under staffed and desperate for cash has many ITADs selling their clients assets including recycling – where procedures followed on data destruction?

71% Inadvertent data breach/leak
(e.g., careless user causing accidental breach)

68% Negligent data breach
(e.g., user willfully ignoring policy, but not malicious)

61% Malicious data breach
(e.g., user willfully causing harm)

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Data Breaches on the Rise due to negligence & lack of Labor

- Data Destruction is the #1 leading risk associated with IT Asset Disposition.
- NAID AAA Certification provides an auditable means of ensuring your vendor is doing the right thing.
- Reports should share the device type and whether the device was sanitized or destroyed.

40% Used Devices Resold Contained Personally Identifiable Information

1 out of 7 World Population's Data Breached

"We know by the ongoing audits we conduct of NAID Certified service providers that when overwriting is properly done, it is a trustworthy and effect process. The problem lies with service providers who are not qualified."

— Robert Johnson, NAID CEO

"If there ever was a part of life where the saying "what you don't know can't hurt you" is dead wrong, it would be with information technology asset management (ITAM)."

— Dr. Barbara Rembiesa, Founder & President IAITAM

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The Sideload Story: MAR vs. Illegal Licensing

You are probably looking in the wrong place - the Windows Key is now embedded in the BIOS chip

- Active license keys will automatically activate a new installation of Windows
- The only way to "Stop" this value leakage and licensing risk is to deactivate the key with Microsoft

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What's in your licensing wallet?

Deactivate Your Windows License Keys for Refurbished Devices - Do this today!

How much were you charged for Windows installation for software that you already paid for?

How many active Windows license keys do you still have open?

Is your ITAD company working with you to help you manage those keys to ensure that you are not at risk of EULA violations with Microsoft?



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Is your ITAD Partner a Certified MAR?

The Risks of Unlawful Microsoft Windows Digital License Reuse

Even after performing a data wipe, there is a risk that your organization's digital Windows license could be illegally reused on a resold second-hand computer. Without the assistance of a Microsoft Authorized Refurbisher (MAR) to replace your digital Windows image with a new legally authorized MAR image, your computing resources could end up in someone else's possession, along with your organization's digital Windows licenses.

Microsoft audits are designed to detect license reuse, and once your license is out of your ITAD's hands, you will no longer have control over its usage. It is crucial to take proactive measures to protect your organization's licenses and maintain compliance.

FINES PER COMPUTER OF ILLEGALLY USING WINDOWS SOFTWARE Pay full retail for a new license per PC \$199!!!



Microsoft AUTHORIZED Refurbisher

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Low or Zero Fee Contracts lead to going out of Business

Most ITAD's offer services 'at cost', as 'loss leader', or for 'free'.

Average ITAD Costs Per Laptop:

- Transportation Costs
- Data Erasure Costs
- Processing Costs
- Compliance Costs
- **NO FEES for MAR Licenses (Trouble)**

Revenue Share or FMV Buyout from the sale of used equipment doesn't even cover the off-sets losses for most ITAD's.

\$00.00 Fee

-\$35.00 ITAD Cost

(\$35.00) Loss

How long can ITAD's last

GOING OUT OF BUSINESS

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Hundreds Left without forewarning and with no options

recycling

Arrow says it has elected to initiate actions to close its information technology asset disposition (ITAD) business, which includes personal computer and mobility asset disposition, in the United States and in most other countries in which the business operates. Past results for this business segment have been included as part of the global components business. The company says it began the process of making its employees aware of the decision beginning July 15. Arrow also has proposed closing this business in Sweden, Belgium and the United Kingdom and says it will start the consultative process with employees' representatives.

Don't think this will not happen again, when companies are losing money, they cut as much as they can before just going out of business or closing a division down. Some this will happen slowly others will just stop doing business without warning!

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How do you Validate Profitability?

- Request **Audited** financials that demonstrate the complete income statement and balance sheet directly from your ITAD's accountants.
- Are they profitable? If not then DO NOT do business with them!
- **Profitability indicates stability and long-term viability!**


Audited Financial Report	vs	Unaudited Financial Report
Certified Public Accountant	Process	Internally by Companies
Income	Contains	Income
Cash flow		Cash flow
Balance sheet		Balance sheet
Yes	Accuracy	Uncertain
Yes	Assurance	No
consumes time and money	Time and money	Cost effective
Maximum transparency	Transparency	No

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What are the Signs your ITAD Vendor is in Financial Trouble

- Your average **costs** for ITAD per asset are **below \$35** per Laptop
- Your average **Sale Price** per Laptop is **below \$120** per Laptop
- Your average **Recovery** per Laptop is **below \$50** per Laptop
- Your average Recovery per Laptop has **declined beyond 2019**
- Your assets of value (Laptops, Desktops, Servers, Smart Phones, Tablets, Networking, Storage) **NOT being sold, and being Recycled**
- Your Vendor NOT having Audited or Reviewed financials by outside accounting firm
- Your Vendor Showing **Losses before 2019, during Covid after Covid**
- **Certifications** are not evidence of financial stability



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At risk with your Primary & Secondary ITAD Vendor?

RISK



VS.


REWARD




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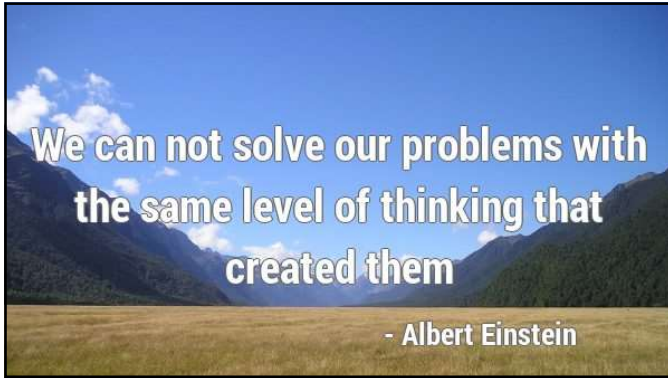
What path should I choose? You can choose to have a 2nd or 3rd ITAD Vendor!

They all look the same, don't they?





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Premium Value-Add Recovery Starts with being MAR Authorized

If your ITAD Vendor is NOT a MAR and is NOT adding Windows OS legally to your valuable Laptops you are missing out on significant recovery. The upside difference averages \$100 per 6-year-old laptop.

Without being a MAR you CANNOT sell your PC's legally with an OS and you miss out selling through the Premium Retailers!

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Global MAR's as of 2024

Country	MAR
USA	201 TRADING LLC
USA	2nd GEAR (INSIGHT INVESTMENTS LLC)
USA	ALAIR TECHNOLOGY GROUP
USA	APL INC (NEW LEASING, INC.)
USA	ARM - INTERNATIONAL BUSINESS MACHINES CORPORATION
USA	JOY SYSTEMS, INC.
USA	MICOMP (SH LEE CORP)
USA	Nadcraft, Inc.
USA	NORRIS TECHNOLOGIES, LLC
USA	PCs for People
USA	PLANITROI INC.
USA	SAGE SUSTAINABLE ELECTRONICS
USA	STS Electronic Recycling Inc.


PlanITROI the ONLY MAR that is...

- > Very first 2008
- > 2 Major OEMs
- > Gartner Market Guide
- > Key Supplier since early 2000: 3rd party Refurbished and OEM Recertified to largest VARs & Retailers
- > Largest volume installer of MAR Windows Globally (FYI: 20,000 annual minimum)
- > ESG "Social Impact Mapping" on over 600,000+ Low-Income users

PC OEM's cannot be a MAR!
Next Largest MAR to PlanITROI installed less than 50,000 MAR COA's per year



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Is your ITAD Partner MAR-certified?

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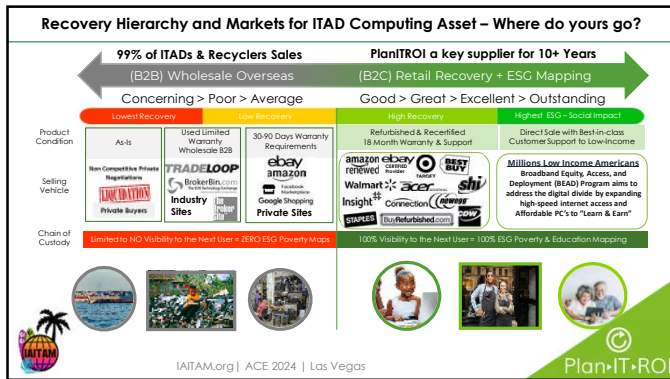
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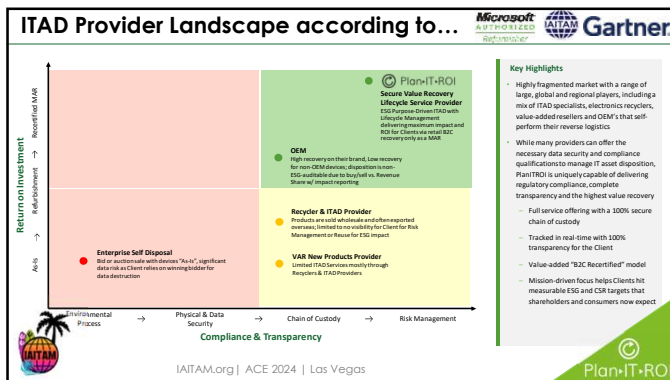
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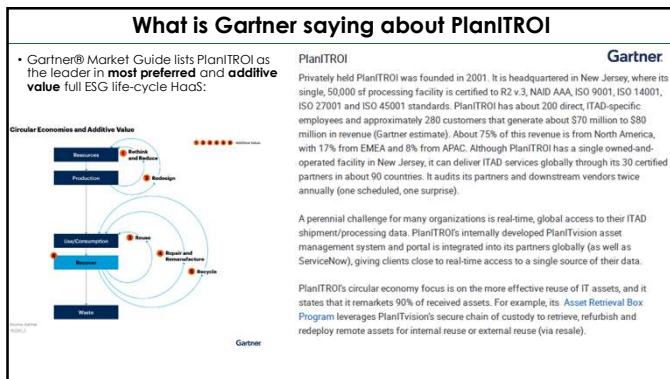
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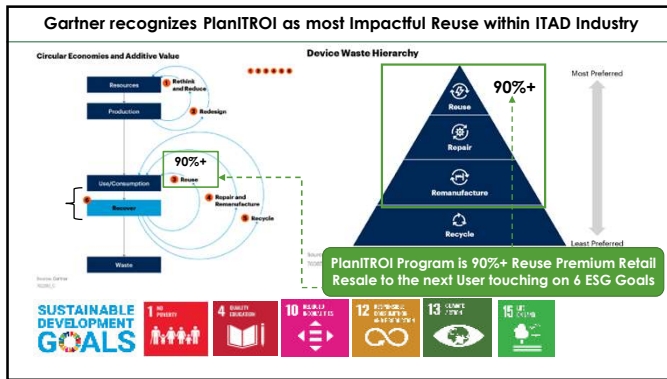
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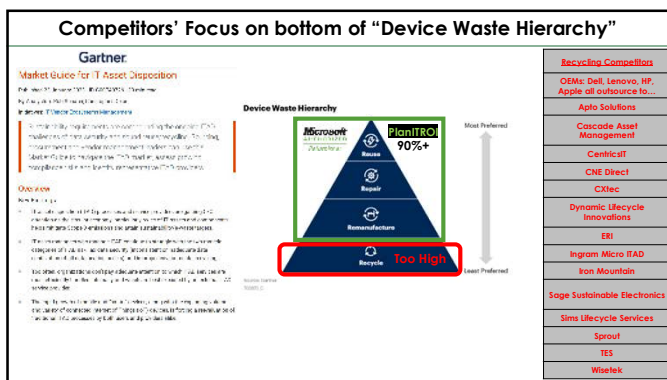
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Conclusion: How to Avoid Major Risks Waiting below the surface

Choosing a ITAD Partner with Premium Retail B2C/D2C in their DNA will provide:

Highest Recoveries

 leading to

High Performing

 ITAD program ensuring your PC assets are with MAR Microsoft OS sold legally as affordable technology to consumers & business.

Lower



Data Security Risks

 due to your ITAD partner being profitable with 100% transparency to all resale values, costs and reporting by serial number with CoDD ServiceNow verification.

Real

UN & EPA ESG measurements

 that can be used in your reporting to your executives.




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Thank you

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