

Magic Quadrant for IT Asset Disposition, Worldwide

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Analyst(s): Rob Schafer

As a refresh of Gartner's December 2013 Magic Quadrant for ITAD, Worldwide, we assess the abilities of 13 significant vendors in the ITAD market to help CIOs and IT leaders select the right solutions for their specific regional and global ITAD requirements.

Market Definition/Description

This is the first update of the Magic Quadrant for IT Asset Disposition, Worldwide, which has been well received by the growing number of international clients who require an evaluation of the worldwide IT asset disposition (ITAD) market and its vendors.

The range of vendors reviewed here will interest a wide variety of organizations with diverse requirements, from geographically specific ITAD services to truly global solutions.

This Magic Quadrant represents a snapshot of the worldwide ITAD market at a particular point in time. Gartner advises readers not to compare the placement of vendors from prior years. The market is changing — vendor acquisitions, partnerships, solution development and alternative delivery are evidence of this change — and the criteria for selecting and ranking vendors continue to evolve. Our assessments take into account the vendors' current product offerings and overall strategies, as well as their future initiatives and product and services road maps. We also factor in how well vendors are driving market changes or adapting to changing market requirements. This Magic Quadrant will help CIOs and IT leaders that are developing their ITAD strategies to assess whether they have the right processes and services to support them.

Gartner advises organizations against simply selecting vendors that appear in the Leaders quadrant. All selections should be buyer-specific, and vendors from the Challengers, Niche Players or Visionaries quadrants may be a better match for your business goals and solution requirements.

Market Segmentation

Gartner divides ITAD services into three high-level categories:

- **Core disposition services**

- **Acquisition services** — The acquisition of used or secondary equipment from ITAD vendors and their partners.
- **Ancillary services** — Full-service ITAD vendors offer many ancillary services in addition to most of the core disposition and acquisition services.

We recommend that IT asset management (ITAM) and ITAD executives use the following categorization as a checklist for "make or buy" decisions about each category's associated tasks. For each ITAD task, they should evaluate whether it applies to their environment and, if it does, whether it is best handled internally or outsourced to a specialist ITAD service provider.

Core Disposition Services

The following activities are generally associated with the removal and disposal/disposition of IT assets, and are listed in typical chronological order. Most ITAD vendors offer to perform some or all of these activities with varying degrees of efficiency and at varying costs. ITAD managers must understand their specific requirements and prioritize them against these comprehensive ITAD services to optimize the negotiation of an effective ITAD contract that meets their financial, geographical, security and risk requirements.

All of the following activities must be performed to dispose of IT assets properly, but many (including deinstallation, collection and on-site packing) are often accomplished using internal resources. The three most important tasks to execute correctly, and to which ITAD executives should pay special attention, are data sanitization, transportation logistics and recycling. These three areas constitute the greatest risk in the ITAD process, so they should be handled by an experienced, well-vetted ITAD service vendor.

- **Deinstallation.** This task includes all activities associated with the physical removal of hardware and software from the existing site in preparation for packing and shipment; an example is software harvesting (for which see the Ancillary Services section, below). These activities can be labor-intensive and may require specific packaging to preserve the condition of the asset and any remaining remarketing value. Although most ITAD vendors offer deinstallation, our research indicates that these activities are typically handled by in-house personnel as part of their organization's standard ITAM process.
- **Collection and bin rental.** Weather-proof bins or lockable storage areas are often used to segregate and accumulate IT assets for disposal, and should be easily secured to prevent theft. In addition, it may be necessary to provide a staging area or storage room for asset packaging and shipment.
- **On-site packing.** If space is available at the customer's site, on-site packing offers greater security and protection for resalable assets than transporting unpackaged equipment to an alternative, off-site packing area. However, packing must be done properly to minimize the risk of in-transit damage and the consequent effect on the equipment's resale value; indeed, to minimize this risk, many organizations have the ITAD vendor do the on-site packing. It is at this stage that security ID tags or serial numbers should be assigned for chain-of-custody tracking and control.

- **Transportation logistics.** There can be significant security and cost advantages to having an ITAD vendor handle transportation logistics from the customer's site to the processing facility. However, ITAD managers must have a clear understanding of the vendor's precise transportation process and logistics. For example, is the vehicle sealed and tracked? Will the asset shipment go straight from the user's site to the vendor's, or will there be subsequent collections from other clients, or an overnight stop en route? Does the ITAD vendor use its own vetted employees and fleet of trucks, or multiple third-party carriers? If the latter, do these carriers specialize in IT-specific assets, and have their employees been through rigorous and routine background checks that extend beyond the initial hiring? Depending on the answers to such important chain-of-custody questions, different logistic risk profiles will emerge.

ITAM/ITAD executives must be aware that offloading transportation logistics to a third-party ITAD vendor does not necessarily absolve them of ultimate chain-of-custody responsibility. Specifically, even if title to the assets passes to the ITAD vendor at the customer's site (that is, at the beginning of the chain of custody), the customer can still be held "jointly and severally" liable for any security breaches or the consequences of improper recycling. In general, ITAD contracts should have clear risk-of-loss language and clearly state at what stage title passes to the ITAD vendor.

- **Theft protection (in-transit insurance).** Although retired equipment may often have only minimal scrap value, insurance coverage is still important to manage security and environmental compliance liabilities. However, it is unlikely that standard transportation insurance will cover any material business losses associated with disposal fines or data loss/exposure.
- **Data sanitization and hard-drive destruction/shredding.** Whether used equipment is deinstalled for redeployment within the enterprise, for external refurbishing and resale, or for ultimate disposal, component recovery and recycling, data sanitation or actual hard-drive destruction is a crucial activity to ensure compliance with both internal and external privacy and security requirements. The specialized software and appliances required for this process are often most efficiently and effectively used by an experienced ITAD vendor, which should provide certification that the data was sanitized to common industry standards — such as the U.S.'s National Institute of Standards and Technology (NIST) [Special Publication 800-88](#). To minimize chain-of-custody security risks (such as the risk of loss in transit from the customer's site to the ITAD vendor's facility), a growing number of ITAD managers (especially in the financial and healthcare sectors) require that some form of data sanitization be performed on-site, before the asset is removed from the customer's premises. Organizations not requiring on-site data sanitization should, at a minimum, use data encryption to minimize chain-of-custody security risks.
- **Remarketing/resale.** One of the primary functions of ITAD vendors, remarketing/resale is the main source of revenue for most organizations and many ITAD vendors. Indeed, it is the critical denominator in the core ITAD cost-benefit equation, and often determines whether the vendor writes the client a check or an invoice (this obviously also depends on the equation's numerator: the extent and cost of the ITAD services being rendered).

The organization's remarketing revenue will depend on many factors, among them the type, age and condition of the asset, the ITAD vendor's remarketing network, experience and contacts,

the percentage returned to the client (typically 60% to 70%), and the general market conditions. ITAD executives should be aware that this percentage reimbursed is just one of two important variables to the remarketing equation.

They must also understand how the "net proceeds" of the asset sale (against which this percentage is applied) are calculated. What costs and fees are deducted from the gross resale proceeds? We have seen many cases where 60% of fair net proceeds is actually higher than 70% of an unjustifiable low net — buyer beware!

Many ITAD vendors specialize in remarketing, and have been known to eschew older, low-value equipment that requires compliant recycling. Other ITAD vendors with a recycling heritage will tend to assess IT assets for their recycling value first, and remarketing/resale value second.

- **Recycling and component recovery.** This crucial "demanufacturing" function reclaims any serviceable components and recycles any raw materials from the asset, in compliance with local and national regulations. An important ITAD task that should minimize risks to brand equity, this and data security are the two core drivers of a formal ITAD process. Indeed, the growing visibility of corporate social responsibility — especially in large multinational organizations — is driving requirements for zero-landfill and zero-incineration solutions, and for data on recycling to appear in the annual report.

Acquisition Services

As a natural outgrowth of their asset disposition business, many ITAD vendors also offer customers the opportunity to acquire used equipment, often to replace disposed assets. As with the traditional disposition services described above, ITAD managers should understand and prioritize their specific requirements against the acquisition services offered by ITAD vendors.

- **Trade-in management.** Management of replacement assets as part of the standard asset life cycle
- **Service provisioning.** Services associated with warranties provided as a part of the acquisition and support services provided independently of the acquisition
- **System imaging.** System imaging services for server and PC assets

Ancillary Services

Some services are considered ancillary to the core ITAD business of asset disposition, and not all ITAD vendors offer them all. ITAD managers should consider each as an optional service that may or may not add material value within their specific environment.

- **Software harvesting.** Specialist software tools can help identify the software licensed with the asset that needs to be maintained and resold with it. These tools can also help identify software that can be removed, so that licenses can be redeployed elsewhere within the customer's organization. If required, the ITAD vendor may also help to ensure that any remaining data is backed up and returned to the end user prior to secure deletion of all data on all storage media.

A key prerequisite for the extraction of real value from software harvesting is typically a robust software asset management (SAM) discipline — one that, for example, can determine whether the licenses associated with the assets being removed are accurately identified and whether they can be reassigned. Gartner believes that any active software licenses should be harvested as a standard SAM process before final asset disposition by an ITAD vendor. However, as some software vendors require documentary proof that their software has been removed or destroyed, certification from the ITAD vendor can be important in preventing licensing disputes and increased exposure to audit risk.

- **Warranty look-up and provisioning.** Determination of remaining OEM warranty and/or provision of extended warranty coverage.
- **Lease return management.** Assistance for clients in relation to lease return logistics (such as proper deinstallation to ensure ongoing maintenance eligibility, packaging, condition assessments, shipping and data cleansing). This is an often-overlooked task that can result in significant additional costs at a lease's end of term. Thorough lease return preparation can minimize, or even eliminate, costly lessor chargeback fees (such as those for refurbishment of damaged assets, missing parts and additional data sanitization) that can easily add up to 7% to 10% of the asset's original purchase price (and are rarely budgeted for as part of the original lease analysis).
- **Donations of usable equipment.** Assistance for clients in preparing assets for charitable donations (packaging, value determination, shipping and data cleansing, for example). It is important not to underestimate the paperwork required for both donations and employee sales (see below), which can be significant and, if not executed properly, can expose the donor company to material liabilities. In addition, the operating system should be reinstalled by an authorized OEM (often the ITAD vendor), and the recipient must understand the limitations of both the received hardware and the installed software. As charitable donations can often have tax implications, ITAM and ITAD executives should ensure their legal and tax departments are involved as well.

Some ITAD vendors are beginning to offer full life cycle services to recipients of such charitable donations. Specifically, in addition to front-end preparation and delivery of the refurbished asset, the ITAD vendor can relieve the receiving charitable organization of the responsibility for its ultimate removal and disposal, making the entire transaction significantly more attractive and beneficial.

Nonetheless, security and compliance concerns are fueling a trend away from both charitable donations and sales to employees (see below). Organizations are finding that often unrealistic end-user quality and support expectations, combined with data sanitization and environmental recycling risks, mean that both donations and employee sales are not worth the effort.

- **Sales to employees.** Assistance for clients in preparing assets for sale to employees (help with packaging, value determination, data cleansing and so on). Gartner's research indicates that demand for this is fading with the growing trend for bring-your-own-device schemes in which assets begin and end their life cycle in the ownership of employees.

- **Redeployment.** Internal redeployment of client assets (for example, deinstallation, inventory, data cleansing, packaging, shipping, unpacking and installation).

Upcoming Challenges

The global ITAD industry and its service providers are facing major shifts in the nature of this business, its product mix, and the global compliance requirements of data security and environmental recycling. As the industry's traditional desktop and laptop business continues to slow dramatically (see "Forecast: PCs, Ultramobiles and Mobile Phones, Worldwide, 2011-2018, 3Q14 Update"), users and vendors are seeing a dramatic shift in disposition demand toward mobile devices. This shift represents both a threat and an opportunity, as new generations of mobile devices generate new data security and recycling challenges but also promise higher back-end residual value from their shorter life cycles.

Compounding the challenges of this "brave new world" of ITAD will be the Internet of Things and the rapidly growing number of smart devices (see "Hype Cycle for the Internet of Things, 2014"). Moreover, digital business — the creation of new business designs by blurring the digital and physical worlds — will also have an enormous impact on global ITAD. Digital business promises to usher in an unprecedented convergence of people, business and things that disrupts existing business models. With more than 7 billion people and businesses, and at least 35 billion devices, communicating, transacting and even negotiating with each other, a new world comes into being — the world of digital business.

With that exploding volume of digital devices and "things" will come the requirement to dispose of those "eThings" securely (that is, robust data sanitization of all data-bearing devices) and in an environmentally safe manner (compliant recycling).

While ostensibly outside the IT organization's purview and responsibility for disposition, we believe these developments will require a focused, disciplined approach to the two core areas of ITAD risk: data security and environmental recycling.

Magic Quadrant

Figure 1. Magic Quadrant for IT Asset Disposition, Worldwide



Source: Gartner (December 2014)

Vendor Strengths and Cautions

Apto Solutions

Based in Atlanta, Georgia, U.S., Apto Solutions was founded in 2001, is privately held and has over 140 direct ITAD employees. ITAD is Apto's only line of business, and Gartner estimates its 2013 revenue was in the range of \$40 million to \$50 million. Although Apto's ITAD business and facility infrastructure is centered firmly on North America, we believe it generates over 20% of its revenue outside that region — with roughly 10% coming from EMEA and another 10% from Asia/Pacific. To deliver on international (non-North American) projects, Apto uses a hybrid model of direct and indirect ITAD services, which generally involves sending a project team of (typically, one to five) Apto employees to customers' sites to manage a local support team and work with logistics and recycling partners.

Apto has four ITAD processing facilities, all located in the U.S. (164,000 square feet in total). All four are International Organization for Standardization (ISO) 9001-, ISO 14001-, and National Association for Information Destruction (NAID)-certified, and three out of four are R2-certified. Apto has indicated that it is also committed to having all four of its facilities e-Stewards-certified during 2015.

Strengths

- Apto has particular expertise in complex, enterprise-class ITAD projects (such as data center refreshes and consolidations), and has good technical and remarketing expertise to process and sell complex data center systems, such as high-end storage systems, telecommunications equipment and enterprise servers.
- Customers' feedback continues to indicate that Apto has a robust and detailed automated global asset tracking and reporting system that is easily accessible via its online portal.
- Several large customers have indicated that one of Apto's core strengths is its facility for dealing with "high flow" items where low touch and accurate data are core prerequisites for success.

Cautions

- With just over 100 U.S.-based employees, Apto may find it challenging to scale quickly to its hybrid (direct-and-indirect) ITAD services approach for high-volume international delivery.
- While one of Apto's core strengths is its robust remarketing capabilities, as residual values continue to decline, high volume recycling will likely become a greater share of the ITAD process — an area that is not as strong for Apto.

Arrow Electronics

Arrow Electronics, based in Colorado, U.S., is a \$22-billion global electronic product and service company that has acquired a major presence in the global ITAD market. Its ITAD brand, Arrow Value Recovery, owns and operates 22 facilities worldwide (nine of which are R2-certified and three

e-Stewards-certified), totaling about 1.3 million square feet (roughly 75% of which is located in the U.S.). We believe its long-term intention is to develop an owned and operated presence in Asia/Pacific as well.

Strengths

- Arrow's substantial global presence, resources and infrastructure give significant credibility to its long-term strategy of becoming a major global ITAD service provider.
- Arrow's strategy of targeting consistent global "highest common denominator" standards for environmental compliance (for example, dual R2 and e-Stewards certifications for most of its global facilities and a robust system to track downstream material flow) has the potential to deliver a lower-risk global ITAD solution.
- While customer feedback indicates Arrow is still U.S.-centric, its ability to deliver consistent, integrated ITAD services globally is improving.

Cautions

- Arrow's physical presence in owned and operated facilities remains U.S.-centric, with most of its European ITAD services delivered through a combination of partners for secure logistics and a growing collection of 10 European facilities for the processing of all European assets. In Asia/Pacific, Arrow delivers almost exclusively through its partners (it has a single 100,000-square-foot facility in Asia/Pacific, in Singapore). In Latin America, Arrow recently opened its first owned and operated facility in Sao Paulo, Brazil.
- Customer feedback indicates that Arrow could improve its back-end integration, as consistent and accurate billing and reporting across geographies and previously acquired companies continues to be a challenge. Customers also indicate they could use some better tools to support more flexible customization.
- Some customers indicate that Arrow needs to improve its Latin American coverage, though its small (2,400-square-foot) facility recently opened in Sao Paulo, Brazil, is indicative of its commitment to the region.

Atlantix Global Systems

Based in Norcross, Georgia, U.S., Atlantix Global Systems is a well-established, fast-growing dealer in new and used equipment that, through a growing network of international partners, is becoming a fully-fledged global ITAD vendor. A wholly owned subsidiary of Presidio, a \$2.5-billion (Gartner estimate) privately held professional and managed services provider, Atlantix's 38-year-long heritage and core expertise is in extracting maximum residual value out of all types of IT assets: from PCs to enterprise-class data center assets such as servers, storage and networking kit. While just over half its 2014 retail and wholesale ITAD revenue of \$70 million to \$80 million (out of a total company revenue of about \$140 million — Gartner estimate) is derived from North America, following recent rapid international growth, the remainder is now evenly balanced between EMEA

and Asia/Pacific. Atlantix's U.S. operations are centered around its two Georgia facilities (a total of 145,000 square feet).

Strengths

- Users looking to maximize the residual market value of their used IT hardware assets should evaluate Atlantix's robust global remarketing process and infrastructure.
- Customer feedback indicates that Atlantix is typically quite responsive and flexible, and delivers its services with consistent integrity.
- As a wholly owned subsidiary of \$2.5-billion Presidio, Atlantix has the credibility and viability associated with access to the deep resources of a major player in the professional and managed services space.

Cautions

- While Atlantix Global is strong in its core competence of refurbishing and remarketing IT assets on a global scale, users disposing of a preponderance of older assets (that is, more than five years for non-telecom kit) should also consider other ITAD vendors whose core expertise lies in equipment recycling.
- With both of its owned and operated facilities located in Georgia, Atlantix is highly dependent on its global partner network to deliver non-remarketing ITAD services.
- While some customer feedback indicates that the existing Atlantix customer interface needs improvement, in 1Q15 Atlantix intends to launch a comprehensive, fully integrated customer portal that is designed to improve the efficiency and transparency of the end-to-end ITAD process.

CloudBlue

Following its acquisition during September 2013, CloudBlue is now a wholly owned subsidiary of Ingram Micro, a \$43-billion wholesale technology distributor and supply chain services and logistics provider. Since the acquisition, Ingram Micro and CloudBlue have focused on both integrating the two companies and a relatively rapid international expansion. The intent from the beginning has been to convert a subset of Ingram Micro's more than 130 global facilities into e-Steward-certified ITAD facilities.

CloudBlue is actively converting space within more than 10 of Ingram Micro's global facilities (in Canada, Mexico, Brazil, Europe and Asia/Pacific), and has its eye on several more in the Middle East and Africa. This will be in addition to CloudBlue's strong U.S. ITAD facility footprint of about 400,000 square feet spread over 11 facilities, all of which are e-Stewards-certified. Prior to the Ingram Micro acquisition, CloudBlue's highly U.S.-centric portfolio was both its greatest strength and the primary challenge to its global expansion.

One year in, we believe that Ingram Micro (CloudBlue) has the beginnings of a credible physical facility presence in Europe and Asia/Pacific that complements its existing robust presence in North America.

Strengths

- Ingram Micro's significant resources and strong global presence — both physical and its customer base — have facilitated CloudBlue's rapid global expansion
- CloudBlue has a good U.S. track record of rapid facility expansion through a disciplined conversion process, and early returns are relatively positive about its ability to expand that process internationally into Ingram Micro's many global sites.
- CloudBlue has begun leveraging Ingram Micro's global IT distribution network, to improve the resale value of refurbished IT assets over that available through traditional wholesale channels.

Cautions

- Ingram Micro's aggressive move into global ITAD is putting some near-term pressure on CloudBlue's management and resources.
- As CloudBlue rapidly expands into many of Ingram Micro's global sites, using its proven facility conversion process, there may be some interim service-level challenges as the local Ingram Micro staff learns CloudBlue's systems and processes.
- Some customers indicate that CloudBlue could make its "green reporting" more directly available on its Web portal (for example, the quantified environmental impact/benefit of disposing of assets through CloudBlue).

dataserv

Based in London, U.K., dataserv is an EMEA-centric ITAD service provider with 2013 ITAD revenue of \$40 million to \$50 million. Its 270,000 square feet of owned and operated ITAD processing capacity is spread over 14 facilities worldwide: 10 in Europe; one each in South Africa, Dubai and India; and two in the U.S. (both in New Jersey; a third is targeted for 2H15). Consistent with this EMEA-centric physical presence, dataserv uses no partners in EMEA and it derives over 80% of its ITAD revenue from its EMEA operations. The company delivers ITAD services through a single partner in Asia/Pacific and multiple partners in Latin America, Canada and Mexico.

All of dataserv's global facilities are ISO 9001-, ISO 14001-, ISO 27001- and Occupational Health and Safety Assessment Series (OHSAS) 18001-certified; its New Jersey facilities are both R2- and e-Stewards-certified; and its India facility is R2-certified.

Strengths

- Dataserv has a significant "wholesale" ITAD business, delivering back-end ITAD services for several OEMs, which accounts for roughly 40% of its revenue. We believe this to be a good

indication of process quality, because OEMs are typically among the most demanding of ITAD users.

- Dataserv's homegrown, Oracle-based asset tracking and reporting systems — for IT assets, demanufactured materials and online trading — continue to get positive reviews for ease of use and effectiveness.
- EMEA customers indicate that dataserv is well-balanced in both main aspects of ITAD: delivering good refurbishing and remarketing value, and strong back-end recycling capabilities.

Cautions

- With less than 20% of its ITAD revenue coming from outside its core EMEA market, to grow its U.S. business dataserv will have to rely heavily on its two U.S. partners to augment its relatively limited owned and operated U.S. capacity (30,000 square feet in New Jersey); dataserv has indicated that it plans to grow its New Jersey operations to 70,000 square feet by 2015.
- While dataserv's strategy of pursuing slower organic growth (rather than faster growth through acquisition) can be frustrating for both existing and prospective customers, its current direction points to reasonably strong long-term prospects.
- Some customers feel that as dataserv expands its offerings globally, it needs to ensure that its processes are, and remain, standardized worldwide.

Dell

Founded in 1984 and based in Texas, U.S., Dell is a global technology company with fiscal 2013 revenue of \$57 billion that sells and supports computers and related products and services. Dell's ITAD service business is a relatively small part of its global business (less than \$100 million in annual revenue by Gartner's estimate), and is delivered exclusively through a global network of Dell Environmental Partners. The majority of Dell's ITAD revenue is generated in North and South America, but it has a robust partner capability in all major geographies except the Middle East.

Gartner believes that Dell's ITAD processes, standards and audits are at least as robust as those required by the two leading certification bodies: e-Stewards and R2 Solutions.

Strengths

- Dell has a robust and globally consistent network of well-vetted and regularly audited ITAD partners that consistently deliver a high-quality portfolio of ITAD services. Vendors and users confirm that Dell's ITAD standards and audit program are a superset of those of most ITAD certification bodies.
- When asked why they do not deal directly with a local Dell partner that delivers ITAD services, users consistently say they value the efficient simplicity of Dell's centralized management of global ITAD services.
- Customer feedback indicates that Dell's management of its partner network and interactions with customers are very efficient, with relatively high marks for direct customer service.

Cautions

- Since Dell was taken private in October 2013, our research indicates that Dell's management team has understood the central importance to its global brand of maintaining a robust ITAD back-end to its global hardware business, and that it remains committed to doing so.
- Because Dell Asset Recovery Services is a "captive" services organization, its primary targets for ITAD services are existing Dell customers in all regions, and its underlying objective remains facilitating the deployment of new Dell solutions, products and services.
- Customer feedback indicates that Dell Asset Recovery Services needs a robust, customer-facing front-end Web portal to enable customers to have the same detailed, accurate, close-to-real-time online tracking, reporting and billing information as is available internally to Dell's project managers.

GEEP

Global Electric Electronic Processing (GEEP) is a wholly owned subsidiary of the privately held Giampaolo Group of Companies, which includes Triple M Metal — one of North America's largest metal-recycling companies. ITAD service provider GEEP is predominantly focused on the Americas, and Gartner estimates that North America accounted for fully 90% of its \$90 million to \$100 million ITAD revenue for fiscal year 2014 (January year-end).

This concentration on the Americas is also reflected in the geographic distribution of its owned and operated facilities: GEEP has about 1 million square feet in North America; about three-quarters of this is in its six Canadian facilities, with the rest spread over its three U.S. facilities in Texas, North Carolina and Michigan; plus a 27,000-square-foot facility in Costa Rica and a small Brazilian facility of 5,000 square feet.

All of these 11 facilities (except the one in Brazil) have the standard ISO 9001 and 14001 certifications; the three U.S. facilities, the Costa Rican facility, and the largest Canadian one (500,000 square feet in Barrie, Ontario), are R2-certified.

Strengths

- GEEP's parental heritage and core strengths lie in the recycling side of ITAD, Triple M Metal being among the largest North American processors and recyclers of ferrous and nonferrous metals.
- GEEP can handle the entire range of IT and telecommunications equipment, from workstations to data center and networking equipment.
- Feedback from North American customers indicates that GEEP is responsive, relatively easy to deal with, and accommodating of customized ITAD requests.

Cautions

- Although GEEP has a very strong physical presence in North America, and especially in its home territory of Canada, it has yet to gain much traction elsewhere — deriving only about 10% of its revenue outside of North America.
- Feedback from multinational customers indicates a desire for GEEP to gain a more robust global presence, especially in EMEA and Asia/Pacific.
- Some customers indicate that GEEP should invest in a more robust remarketing capability.

HP

HP Asset Recovery Services is the global ITAD services unit within HP's financing arm, HP Financial Services (HPFS). It offers integrated, prepackaged services, covering a broad range of ITAD requirements, to both small and large organizations. HP has an extensive network of global ITAD service partners, because its direct ITAD processing services are limited in the U.S. to a 250,000-square-foot facility in Andover, Massachusetts, and in Europe to an 84,000-square-foot facility in the U.K. and a 90,000-square-foot facility in Germany.

HP Asset Recovery Services is a full ITAD service organization that supports customers in all world regions. Like its parent, HPFS, HP Asset Recovery Services' underlying objective is to facilitate deployment of new HP solutions, products and services, though it also does some business for non-HP equipment that is unrelated to any sales of new HP equipment (in data center liquidations, for example).

HP's ITAD services are part of a comprehensive, end-to-end portfolio of services spanning hardware, software and finance, regardless of equipment type or age.

Strengths

- HP's worldwide presence is viewed as a significant benefit by many multinationals, with a significant global commitment to HP products and services. HP disposes of all types of IT equipment, including non-HP assets, typically in infrastructure replacement scenarios.
- As with most major OEMs, HP's ITAD services can be used in conjunction with new equipment acquisitions; in fact, proper disposal of replaced equipment is a requirement under the European Union's Waste Electrical and Electronic Equipment (WEEE) directive.
- Customer feedback indicates that high standards of environmental recycling and its consistent execution are the core strengths of HP Asset Recovery Services.

Cautions

- As a large OEM of a wide range of IT infrastructure and services, HP's ITAD services are focused on large global and enterprise accounts and aimed primarily at its own equipment. Although HPFS's ITAD services span both HP and non-HP assets, it generally does so when the disposed assets are replaced by HP hardware.

- Customer feedback indicates the need for more globally consistent transportation logistics processes, which currently vary according to HP's local third-party transportation company.

IBM

For demanufacturing, disposal and scrapping, IBM's Global Asset Recovery Services (GARS) unit follows what is effectively an outsourced model, using its global logistics partner to manage day-to-day execution of most of its demanufacturing and disposition suppliers (much of its remanufacturing and refurbishment is done in IBM's own global facilities). While IBM's employee presence varies by site, it maintains a complete set of matrixed controls at each location to ensure its ITAD processes are applied consistently.

IBM GARS's ability to demanufacture and remanufacture IT assets in all geographic areas can yield both financial and environmental benefits — for example, in 2013 more than 99% of the IT equipment processed by GARS was reused or recycled.

Although GARS does deliver ITAD services for non-IBM equipment, its fundamental charter is to support the overall interests and objectives of IBM. Consequently, GARS typically does not target non-IBM equipment unless there are indications of follow-on sales of IBM equipment.

Strengths

- For organizations with a significant existing commitment to IBM equipment or financial services, the company's pervasive global presence and strong global services capabilities make it a logical candidate to supply ITAD services. IBM regularly audits the many global facilities of its principal ITAD partner, Geodis (as well as those of its other global ITAD partners) for compliance with IBM's ITAD processes and standards.
- The core value proposition underlying IBM Global Financing and the GARS offerings is end-to-end management of the asset life cycle. Typically, the stronger the relationship with IBM, the greater the synergy and customer value will be.
- Feedback from some members of IBM Global Financing's substantial lease-financing customer base indicates efficient coordination between IBM Global Financing's Web-based financing asset management tracking tools and the GARS ITAD services.

Cautions

- Because IBM is a large OEM of a wide range of IT infrastructure and services, its ITAD services are aimed primarily at its own equipment — often as lease returns to IBM Global Financing.
- Although IBM Global Financing's GARS business does dispose of non-IBM assets, this is generally when these assets are being replaced with IBM hardware (a significant exception is its legacy PC disposition business focused on Lenovo systems).

ITRenew

ITRenew was founded in the year 2000 and has since grown rapidly in terms of revenue (Gartner estimates \$40 million to \$50 million in 2013), customers (over 250 globally), employees (about 160) and geographic distribution. For a relatively small, fast-growing ITAD vendor based in California, U.S., its 17 owned and operated facilities are well-distributed throughout the world.

ITRenew uses only ITAD processing facilities that it owns and operates itself in North America, EMEA, Japan and Malaysia. Although a significant majority (Gartner estimates about 80%) of ITRenew's revenue still comes from the U.S., its fastest growth currently comes from outside North America.

ITRenew has developed its own robust, proprietary data sanitization software, Teraware, for hard-disk drive (HDD) and solid-state drive (SSD) storage systems. Teraware has received good reviews from some of the most demanding global users and storage OEMs.

Strengths

- ITRenew's Teraware proprietary data sanitization software is identified by several large customers and storage OEMs as a competitive differentiator, especially for data-center-class enterprise storage assets.
- Customer feedback indicates that ITRenew's core competencies include its internal remarketing expertise and global resale network of system integrators, manufacturers and value-added resellers; these enable it to handle high asset volumes while still offering attractive prices, with enterprise data center assets a specialty.
- Customers indicate that even as a relatively small company, ITRenew is quite agile and responsive to individual customers' requirements.

Cautions

- Although enabling the company to be agile and responsive, ITRenew's relatively small size also poses key resource triage challenges — especially given its business strategy of pursuing global growth through facilities that it owns and operates.
- ITRenew's continued rapid revenue growth (projected to be more than 30% in 2014) and geographical expansion will pose a significant challenge to its management team's efforts to maintain the quality and consistency of its global ITAD service delivery.
- While ITRenew has an impressive global physical footprint of owned and operated processing facilities, several of these — in Mexico; Buenos Aires, Argentina; Ukraine; Moscow, Russia; and Malaysia — have, as yet, no certifications (such as, ISO or R2).

RDC

RDC is the wholly owned ITAD services subsidiary of U.K.-based Computacenter (with 2013 revenue of £3.1 billion). Although RDC's 2013 revenue of £50 million to £60 million makes it a relatively small part of Computacenter, it is a major ITAD player in the European market — where it

delivers full ITAD services directly from its large, 350,000-square-foot Tekhnicon facility in the U.K. RDC is highly EMEA-centric, with about 85% of its 2013 ITAD revenue coming from its EMEA operations, and the remaining 15% split between North America and Asia/Pacific (Gartner estimates).

Apart from its massive U.K. facility, RDC has made the strategic decision to deliver ITAD services internationally through its partner network. Not unlike Dell's business model, RDC believes this collaborative strategy to global expansion avoids the costs, risks and complexity associated with a globally owned and operated facility footprint, and enables it to standardize its partners' ITAD processes, competencies and capabilities.

Strengths

- Computacenter's £3.1 billion in revenue gives RDC strong credibility and long-term viability, as well as infrastructure and asset management service synergy with its core ITAD offerings.
- Customer feedback indicates RDC has a particularly strong remarketing capability, because of its extensive global resale network for both direct (RDC-to-customer) sales and indirect sales (through brokers and dealers).
- Several RDC customers have told us that RDC is consistently responsive, flexible and often proactive in identifying and solving customer ITAD challenges.

Cautions

- As strong as RDC is in Europe, it still lacks robust global revenue in the two significant regions of North America and Asia/Pacific.
- While RDC's partner-only strategy outside its home region of Europe can certainly be successful, it depends on a thorough vetting and auditing process and constant vigilance and monitoring. That said, RDC's processes have been certified to the BS 11000 Collaborative Business Relationships standard.
- Although some customer feedback indicates RDC's online portal could be more intuitive, RDC's MyData portal covers online collections, tracking and reporting, and is integrated with RDC's ERP system for real-time updates throughout the ITAD process.

Sims Recycling Solutions

Founded in the U.K. in 2002, as a wholly owned subsidiary of Australia-based Sims Metal Management (A\$7.1 billion in revenue for fiscal 2014), Sims Recycling Solutions' headquarters is in Illinois, U.S. It is among the world's largest electronics recycler, with facilities in more than 36 global locations amounting to about 3.4 million square feet. Sims entered the ITAD business in 2005, and currently has annual global ITAD revenue of approximately A\$704 million — split between North America (40%), EMEA (55%) and Asia/Pacific (5%), Gartner estimates. Its North America footprint has contracted rather significantly, because it has jettisoned about 600,000 square feet in three of its U.S. and all three of its Canadian facilities. That said, its U.S. facility footprint remains robust,

with over 1 million square feet spread over its eight remaining facilities — all of which are both R2- and e-Stewards-certified.

Strengths

- Sims' core strength is its global scale and reach as a single-source global supplier of recycling services using its owned and operated processing capacity of almost 3.5 million square feet split between EMEA (more than 60%), North America (more than 30%) and Asia/Pacific (more than 5%).
- Sims is well-known for its strong and globally consistent environmental recycling processes and standards, and counts many other ITAD vendors as wholesale customers.
- Customer feedback indicates that Sims has made significant progress in integrating its internal business segments (asset recovery, recycling, life cycle services, and others) to deliver a coordinated global services model.

Cautions

- Sims' global operations and revenue are highly focused on its core heritage and strength — its recycling business — with other customer-facing (versus OEM-facing) ITAD services representing less than half its current revenue. However, Sims continues to invest heavily in ITAD services that continue to grow as a percentage of its overall revenue.
- Some customers report that when dealing with Sims' partners (particularly outside the U.S.) the service quality can be inconsistent (Sims indicates that its new service delivery model should improve global service quality).
- While Sims' remarketing/asset recovery organization and capabilities continue to improve, a significant portion of its assets are still remarketed through wholesale brokers; that said, Sims sees its diversified remarketing strategy across global markets as one of its competitive differentiators.

Tes-Amm

Tes-Amm, a wholly owned subsidiary of Tes-Envirocorp (majority owned by Navis Capital Partners since May 2013), was established in Singapore in 2005 and has since grown rapidly to become Asia/Pacific's leading supplier of e-waste recycling services. Gartner estimates that Tes-Amm's annual revenue exceeds \$100 million. Its customer base is mainly composed of IT OEMs and service companies, contract equipment manufacturers, waste management organizations, leasing companies, public sector and government organizations, and multinational corporations.

Tes-Amm has an extensive network of 21 owned and operated ITAD processing facilities throughout Asia/Pacific, two in Latin America, plus single facilities in the U.K. and the United Arab Emirates. Almost all these facilities are ISO 9001-, ISO 14001- and OHSAS 18001-certified, and it has nine R2-certified facilities in Asia/Pacific (Shanghai in China, India, Japan, Malaysia, New Zealand, Singapore, and three in Australia). Although Tes-Amm has certified partners that supply

ITAD services in other regions, we expect it to continue to grow its global footprint of owned and operated facilities.

Strengths

- Tes-Amm has a dominant position in the recycling side of ITAD services in Asia/Pacific, and it is respected as a strong, environmentally responsible supplier.
- Tes-Amm's consistent certification across its network of Asia/Pacific facilities is a good indication of its ability to deliver consistently compliant IT recycling services throughout this region.
- Tes-Amm is the "go-to" wholesale Asia/Pacific ITAD vendor for a number of large OEMs, which is a leading indicator of good and consistent ITAD service delivery.

Cautions

- Although Tes-Amm is well-known and respected for its robust recycling capabilities and expertise, customer feedback indicates that its asset remarketing capability is not as robust.
- Although Tes-Amm does have many direct corporate end-user ITAD customers, executives looking for retail ITAD services (that is, direct to customer) should understand that Tes-Amm's historic focus has been more on the wholesale side of ITAD recycling; much of its asset processing business comes from (for example) IT manufacturers, service companies and equipment lessors.

Vendors Added and Dropped

We review and adjust our inclusion criteria for Magic Quadrants and MarketScopes as markets change. As a result of these adjustments, the mix of vendors in any Magic Quadrant or MarketScope may change over time. A vendor's appearance in a Magic Quadrant or MarketScope one year and not the next does not necessarily indicate that we have changed our opinion of that vendor. It may be a reflection of a change in the market and, therefore, changed evaluation criteria, or of a change of focus by that vendor.

Added

- Atlantix Global Systems
- CloudBlue

Dropped

- No vendors were dropped

Inclusion and Exclusion Criteria

Although a wide range of providers offer ITAD services, many focus on only parts of the end-to-end ITAD process. This Magic Quadrant's objective is to identify the small number that offers a good mix of global presence and consistent, high-quality ITAD services. Vendors considered for evaluation in this Magic Quadrant also act as advisors and provide implementation services that encompass most or all aspects of an ITAD solution, as outlined above. Further, providers were evaluated for inclusion in this Magic Quadrant using a combination of the following quantitative and qualitative criteria.

To be included in this Magic Quadrant, each vendor had to have:

- Demonstrated ITAD product and service revenue from clients in at least three of the four major regions: North America, South America, EMEA and Asia/Pacific
- A minimum of \$30 million in current revenue from direct sales of ITAD product and services
- A minimum of 20% of ITAD revenue generated from international business — that is, from outside the vendor's home country
- Offerings in each major category of disposition, acquisition and ancillary services
- A robust ability to dispose of multiple asset classes, such as PCs, servers, storage devices, mobile devices, and networking and telecommunications assets
- Industry certifications in environmental recycling and data security

In addition to considering the above quantitative criteria in our inclusion/exclusion process, we evaluated certain qualitative criteria. These included Gartner analysts' many interactions with enterprises,¹ which reveal interest in specific ITAD vendors, and individual ITAD vendors' current and potential market impact, as measured by the frequency of their appearance on shortlists.

Evaluation Criteria

Gartner's Magic Quadrant research process involves primary research with direct ITAD users — both those that use Gartner's client inquiry service and those identified as reference customers by ITAD vendors — and assessment of each vendor's representation of its organization. The analysis involves weighting both sources of information, with a heavy emphasis on client feedback. Gartner considers client feedback to be one of the most important measures of a vendor's success; as a result, many of the individual categories have extensive user feedback factored into the scoring. In addition to many ad hoc, vendor-specific discussions during the normal course of Gartner's client inquiry interactions, we reviewed the results of a detailed questionnaire during one-on-one interviews with a minimum of three reference customers per vendor; insights from this formed an integral part of the research for this Magic Quadrant.¹

Gartner evaluates ITAD vendors on their Ability to Execute and Completeness of Vision. When the two sets of associated criteria are combined, the result is a view of how well each vendor performs a spectrum of ITAD services in comparison with its peers, and how well it is positioned for the

future. This evaluation is a snapshot in time. The competitive nature of the ITAD market over time affects the relative positions of evaluated companies.

In addition to considering the vendors' positions in this Magic Quadrant, it is important to perform your own due diligence and check vendors' references. Gartner recommends that you also ensure your business culture is synergistic, or at least compatible, with an ITAD vendor's culture. Among the most important prerequisites for a successful long-term partnership with an ITAD vendor is that the vendor has the ability to work with your business culture and with your people to effect the process change essential for an ITAD program.

Ability to Execute

These criteria focus on vendors' operational viability, financial health, breadth and depth of product coverage, service functionality and customer base, and customers' overall satisfaction with the services offered, their quality and responsiveness.

Product/Service: The core ITAD products and services offered by the vendor that compete in the specific ITAD market. This includes current product and service capabilities, quality, feature sets and skills — whether offered natively or through OEM agreements and partnerships — as defined in the Market Definition/Description section and detailed in the subcriteria.

Overall Viability (Business Unit, Financial, Strategy, Organization): This includes an assessment of the vendor's overall financial health, the financial and practical success of its ITAD business unit (where applicable), and the likelihood that the individual ITAD business unit will continue investing in and offering its ITAD products and services, and will advance the state of the art within the organization's portfolio of ITAD products and services.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal/RFP management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness and Track Record: The vendor's ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customers' needs evolve and ITAD market dynamics change. This criterion also considers the ITAD vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the ITAD vendor's message to influence the ITAD market, promote its brand and business, increase awareness of its products and services, and establish a positive identification with its product/brand and organization in the minds of buyers. This mind share can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable ITAD customers to gain operational value from the products and services evaluated. This includes the ways in which customers receive technical or account support. It can also include ancillary services (see above), customer support programs (and the quality thereof), availability of vendor user groups, SLAs and so on.

Operations: The vendor's ability to meet its goals and commitments. Factors include the quality of its organizational structure, including: ITAD-specific skills, experiences, programs, systems and other vehicles that enable the vendor to operate effectively and efficiently on a consistent basis.

Table 1. Ability to Execute Evaluation Criteria

Evaluation Criteria	Weighting
Product or Service	High
Overall Viability	High
Sales Execution/Pricing	Medium
Market Responsiveness/Record	Medium
Marketing Execution	Low
Customer Experience	High
Operations	High

Source: Gartner (December 2014)

Completeness of Vision

These criteria focus on vendors' vision for asset disposition services, degree of certification, global reach, and the extent and pace of service innovation and product development.

Market Understanding: The vendor's ability to understand its customers' requirements and to translate that understanding into products and services. Vendors with the highest degree of vision listen to and understand their customers' current requirements and future needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through a website, advertising, customer programs and positioning statements.

Sales Strategy: The vendor's strategy for selling ITAD products and associated services that uses an appropriate network of direct and indirect sales, marketing, service and communication affiliates and partners that extend the scope and depth of its market reach, skills, expertise, technologies, services and customer base.

Offering (Product) Strategy: The vendor's approach to developing and delivering new ITAD products and services that emphasizes differentiation, functionality, methodology and feature sets as they map to customers' current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: The vendor's direct, related, complementary and synergistic layout of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet specific customer needs both within its "home" geography and globally, either directly or through partners, channels and subsidiaries, as appropriate for that geography and market. As stipulated in the inclusion and exclusion criteria, vendors must have the ability to deliver robust, consistent ITAD services in at least three of the four major geographies and derive a minimum of 20% of their ITAD revenue from outside their home country. In general, in-country facilities owned and operated directly by the vendor are weighted more heavily than delivery of ITAD services through third-party partnerships.

Table 2. Completeness of Vision Evaluation Criteria

Evaluation Criteria	Weighting
Market Understanding	Medium
Marketing Strategy	Low
Sales Strategy	Medium
Offering (Product) Strategy	Low
Business Model	High
Vertical/Industry Strategy	Low
Innovation	Medium
Geographic Strategy	High

Source: Gartner (December 2014)

Quadrant Descriptions

Leaders

Leaders execute well against a robust vision, and are well-positioned for the future. They have the highest scores for Ability to Execute and Completeness of Vision. They typically have a broader geographical coverage, both within their own home geography and globally, than other vendors. Significant weight is given to coverage using direct owned and operated facilities, as opposed to indirect coverage through partners. While the control and consistency of processes is typically greater for owned and operated facilities, this does not mean that delivering ITAD services through

partners is necessarily more risky — for example, although Dell owns no ITAD processing facilities itself, we believe its global partner vetting and auditing processes are among the most robust and thorough in the industry.

Leaders are also characterized by comprehensive sales organizations, financial stability, a clear and consistent commitment to the ITAD market, comprehensive customer support, broader service portfolios and a larger market presence.

Challengers

Challengers exhibit strong operational capabilities for ITAD, have good service offerings and execute quite well overall. However, they often have less of a global presence and are less differentiated, or do not yet have enough resources or commitment to the global ITAD market to be recognized as leading innovators and agents for change.

Visionaries

Visionaries have a solid vision for ITAD service offerings and service quality, and a clear development plan. However, they are still not fully market-tested with a significant base of enterprise ITAD customers. Visionaries are still working out their market positioning and messaging, and how to expand their market opportunities.

Niche Players

Niche Players are often strong in one or more specific elements of ITAD execution, such as equipment remarketing, data sanitization and environmentally sound handling of e-waste. However, they usually lack a comprehensive vision, resources or a strong geographic presence.

ITAD managers should consider Niche Players when there is a strong match between these vendors' offerings and their organization's particular ITAD requirements.

Context

Gartner advises ITAM and ITAD executives against simply selecting vendors that appear in the Leaders quadrant without proper consideration of their organizations' specific requirements. All selections should be buyer-specific, and vendors from the Challengers, Niche Players or Visionaries quadrants may be better matches for your business goals and solution requirements.

Before evaluating the market and its vendors, ITAM and ITAD executives should perform their own detailed due diligence by evaluating and identifying their ITAD priorities and business and geographical requirements. Only then should they examine the ITAD service offerings of specific vendors and compare them with their requirements to draw up a shortlist of vendors.

This is especially important when evaluating a solution for *global* ITAD services. ITAM and ITAD executives should consider the two main options when contracting for global ITAD services, and determine which is more appropriate for their company's culture and organization:

- **Sole-source supplier for all geographies.** This approach transfers ultimate responsibility for global ITAD coordination and process standards to a single vendor. Note that no vendors deliver global ITAD services without using at least some partners. Rather, the extent to which they use partners is an important matter. Current choices range from Sims, which delivers much of its robust back-end recycling services through the 4 million square feet of processing facilities that it owns and operates, to Dell, which neither owns nor operates ITAD processing facilities but has a robust process for vetting and regularly auditing partners that enables it to deliver a broad spectrum of ITAD services.
- **Best-of-breed supplier by major geography (North America, South America, EMEA, Asia/Pacific).** This approach acknowledges that most ITAD suppliers have a "home" advantage and are strongest in their native geography, often outsourcing ITAD support and services to other specialists in other geographies. For a client organization that is already highly segmented by geography this may prove the most efficient approach, with global ITAD managed as the enterprise is organized — by major geography. This is not to say that adopting a best-of-breed approach by major geography will necessarily result in three to five different ITAD suppliers, one per geography. Depending on the requirements, the same ITAD vendor may be chosen in multiple geographies. Our research indicates that a three- to five-geography RFP will typically yield one to three winning vendors, with one or two ITAD providers winning in multiple geographies. Although a potential drawback to this approach is the need to manage multiple vendors in different regions, it can nevertheless be a good choice for multinationals that are already organized by major geography. We believe the best-of-breed approach should at least be considered, with the understanding that requirements may ultimately necessitate a sole-source supplier for all regions.

Market Overview

The global ITAD market continues to consolidate into a few very large global providers that increasingly compete with hundreds of credible midsize independent regional providers. There is also a very large number of small (often local) providers, some of whose standards and credibility are open to question.

Consolidation is evident, especially in the Leaders quadrant:

- Arrow Electronics appears as a result of its ongoing acquisition strategy, the most recent of which was Las Vegas, U.S.-based U.S. Micro in January 2014.
- In September 2013, Ingram Micro, the \$44 billion technology distributor and supply chain service provider, "jump-started" its ITAD presence with the acquisition of U.S.-based ITAD vendor CloudBlue, which operates as a wholly owned Ingram Micro subsidiary.

Remarket or Recycle

We are seeing ITAD vendors increasingly split into those that focus on the refurbishing and remarketing of IT assets (such as Atlantix Global Systems, Apto Solutions and ITRenew), and those

whose heritage and core strength is the physical recycling of IT assets and their component parts (such as GEEP, Sims Recycling Solutions and Tes-Amm). The former typically derive a significant portion of their revenue from remarketing, and focus their sales efforts on customers disposing of younger and generally higher-value IT assets. The latter (those with a recycling heritage and focus) tend to view IT assets for their recycling potential first, and as potential remarketing revenue second.

ITAD: A Mature Sector of Growing Importance

This Magic Quadrant examines global ITAD service providers that Gartner believes have the size, capabilities, certifications and track record to justify consideration for clients' shortlists — assuming they meet clients' individual requirements. Clients' perceptions of how these vendors can best serve their needs may vary considerably by region and country. In our selection we have tried to satisfy the needs of both multinational clients looking for a single global provider and clients looking for a more regional provider. The characteristic common to all vendors in this Magic Quadrant is, however, the ability to meet the demanding requirements of the two critical categories of ITAD risk: data security and environmentally sound recycling.

ITAD service providers have become an important link in the overall life cycle management of IT equipment. The number and complexity of legislative mandates (often country- or region-specific) for the secure and environmentally friendly disposal of IT equipment continue to grow rapidly, and the consequences of noncompliance are quickly attracting board-level attention (see "Hype Cycle for Data and Collaboration Security, 2014" and "Hype Cycle for Green IT, 2014").

Acronym Key and Glossary Terms

ITAD	IT asset disposition
ITAM	IT asset management
SAM	software asset management

Gartner Recommended Reading

Some documents may not be available as part of your current Gartner subscription.

"Ingram Micro Heats Up Global ITAD With CloudBlue Acquisition"

"Hype Cycle for Green IT, 2014"

"IT Asset Disposition Market Dynamics: The Global Secondary PC Market Challenge"

"How Markets and Vendors Are Evaluated in Gartner Magic Quadrants"

Evidence

¹ From October 2012 through September 2014, Gartner had over 150 ITAD-related discussions with representatives of end-user organizations.

Gartner analysts use a consistent and rigorous research method to create Magic Quadrants (for a full explanation, see "How Markets and Vendors Are Evaluated in Gartner Magic Quadrants").

For this Magic Quadrant, we evaluated information from a wide range of sources, among them:

- Detailed questionnaires completed by all 13 vendors evaluated in this Magic Quadrant
- Interviews with ITAD vendors
- 74 detailed questionnaires completed by reference customers
- One-on-one interviews with 44 of those reference customers
- Interviews with vendors' customers and competitors
- Over 150 discussions about ITAD market issues and ITAD vendors with users of Gartner's client inquiry service
- Many ITAD certification and standards bodies
- Basic research on vendors' details sourced from Hoover's, S&P Capital IQ and OneSource
- Research by an extended team of Gartner analysts who also collaborated on, and vetted, findings
- Gartner's market research, such as:
 - "Forecast Analysis: Devices, Worldwide, 3Q14 Update"
 - "Hype Cycle for Data and Collaboration Security, 2014"
 - "Hype Cycle for Green IT, 2014"

In addition, all the vendors were given the opportunity to review a draft of their section of the Magic Quadrant for factual accuracy.

Evaluation Criteria Definitions

Ability to Execute

Product/Service: Core goods and services offered by the vendor for the defined market. This includes current product/service capabilities, quality, feature sets, skills and so on, whether offered natively or through OEM agreements/partnerships as defined in the market definition and detailed in the subcriteria.

Overall Viability: Viability includes an assessment of the overall organization's financial health, the financial and practical success of the business unit, and the likelihood that the individual business unit will continue investing in the product, will continue offering the product and will advance the state of the art within the organization's portfolio of products.

Sales Execution/Pricing: The vendor's capabilities in all presales activities and the structure that supports them. This includes deal management, pricing and negotiation, presales support, and the overall effectiveness of the sales channel.

Market Responsiveness/Record: Ability to respond, change direction, be flexible and achieve competitive success as opportunities develop, competitors act, customer needs evolve and market dynamics change. This criterion also considers the vendor's history of responsiveness.

Marketing Execution: The clarity, quality, creativity and efficacy of programs designed to deliver the organization's message to influence the market, promote the brand and business, increase awareness of the products, and establish a positive identification with the product/brand and organization in the minds of buyers. This "mind share" can be driven by a combination of publicity, promotional initiatives, thought leadership, word of mouth and sales activities.

Customer Experience: Relationships, products and services/programs that enable clients to be successful with the products evaluated. Specifically, this includes the ways customers receive technical support or account support. This can also include ancillary tools, customer support programs (and the quality thereof), availability of user groups, service-level agreements and so on.

Operations: The ability of the organization to meet its goals and commitments. Factors include the quality of the organizational structure, including skills, experiences, programs, systems and other vehicles that enable the organization to operate effectively and efficiently on an ongoing basis.

Completeness of Vision

Market Understanding: Ability of the vendor to understand buyers' wants and needs and to translate those into products and services. Vendors that show the highest degree of vision listen to and understand buyers' wants and needs, and can shape or enhance those with their added vision.

Marketing Strategy: A clear, differentiated set of messages consistently communicated throughout the organization and externalized through the website, advertising, customer programs and positioning statements.

Sales Strategy: The strategy for selling products that uses the appropriate network of direct and indirect sales, marketing, service, and communication affiliates that extend the scope and depth of market reach, skills, expertise, technologies, services and the customer base.

Offering (Product) Strategy: The vendor's approach to product development and delivery that emphasizes differentiation, functionality, methodology and feature sets as they map to current and future requirements.

Business Model: The soundness and logic of the vendor's underlying business proposition.

Vertical/Industry Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of individual market segments, including vertical markets.

Innovation: Direct, related, complementary and synergistic layouts of resources, expertise or capital for investment, consolidation, defensive or pre-emptive purposes.

Geographic Strategy: The vendor's strategy to direct resources, skills and offerings to meet the specific needs of geographies outside the "home" or native geography, either directly or through partners, channels and subsidiaries as appropriate for that geography and market.

GARTNER HEADQUARTERS**Corporate Headquarters**

56 Top Gallant Road
Stamford, CT 06902-7700
USA
+1 203 964 0096

Regional Headquarters

AUSTRALIA
BRAZIL
JAPAN
UNITED KINGDOM

For a complete list of worldwide locations,
visit <http://www.gartner.com/technology/about.jsp>

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