Extreme Makeover – ITAD Edition

Erie Insurance / Cascade Asset Management

1. Introduction and History
2. Evaluation and Solution
3. Research and Analysis
4. Outcomes and Improvements

IAITAM
SAN DIEGO CALIFORNIA
ACE 2019
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Introduction

- History of ITAM at the Erie.
  - **Lease to Buy in 2013**
  - **ITAM formalized in 2014**
    - Improve tools and data.
    - Improve supply chain.

- History of Cascade.
  - **Cascade started in 1999 with focus on IT Asset Disposition services to businesses and institutions**

Problem Statement

Improve ERIE's IT Asset Disposal Solution, by leveraging an ITAD vendor focused on Security and value return while ensuring the ERIE's core values and brand reputation are not compromised.

Goals and Principles

Goal #1

Reduce Resources

- No Ebay Store
- Not "Staff-Up" solution

Goal #2

Repeatable Process

- Not Ad-Hoc
- Clear Process and Deliverables

Goal #3

Security / Risk

- QA Audit Controls
- Reduce Risk

Principle #1

Vendor Relationship

- Mutually Beneficial Agreement
- Consolidate Relationships

Vendor Evaluation

- Vendors were selected for evaluation
  - **based on market research and relationship experience.**
  - **both current business vendors (consolidation of services) and new.**
  - **The incumbent was also evaluated.**

Do you have an existing vendor that provides similar services to another business unit?

Request for Proposal (RFP)

- The following High Level Criteria were used to evaluate the service offerings of the vendors:
  - **Quality**
  - **Compliance**
  - **Shipping, Handling, and Chain of Custody**
  - **Equipment Testing and Processing**
  - **Reporting, Planning and Evaluation**
  - **Pricing**

An RFP helps answer the questions “Can we work with this vendor?” & “Will we get the desired results from this vendor?”

Statement of Work (SOW)

- Why an SOW?
  - **A SOW clearly defines the activities, deliverables, and timelines that a vendor is required to provide to a client in alignment to contract expectations.**
  - **Its purpose is to enhance and protect accountability between the vendor and the customer.**

It is important to ensure your SOW properly references the governing Master Services Agreement (MSA), and that terms are consistent between the MSA and underlying SOW(s).

Key Elements of a SOW

- Description of Services and Objectives.
- Scope of Services (both in and out)
- Vendor Responsibilities
- Customer Responsibilities
- Key Assumptions
- Quality of Service Criteria
- Service Level Agreements
- Fees and Payment Schedule
- Service Locations and Contracts
- Approvals and Signatures
- Appendices

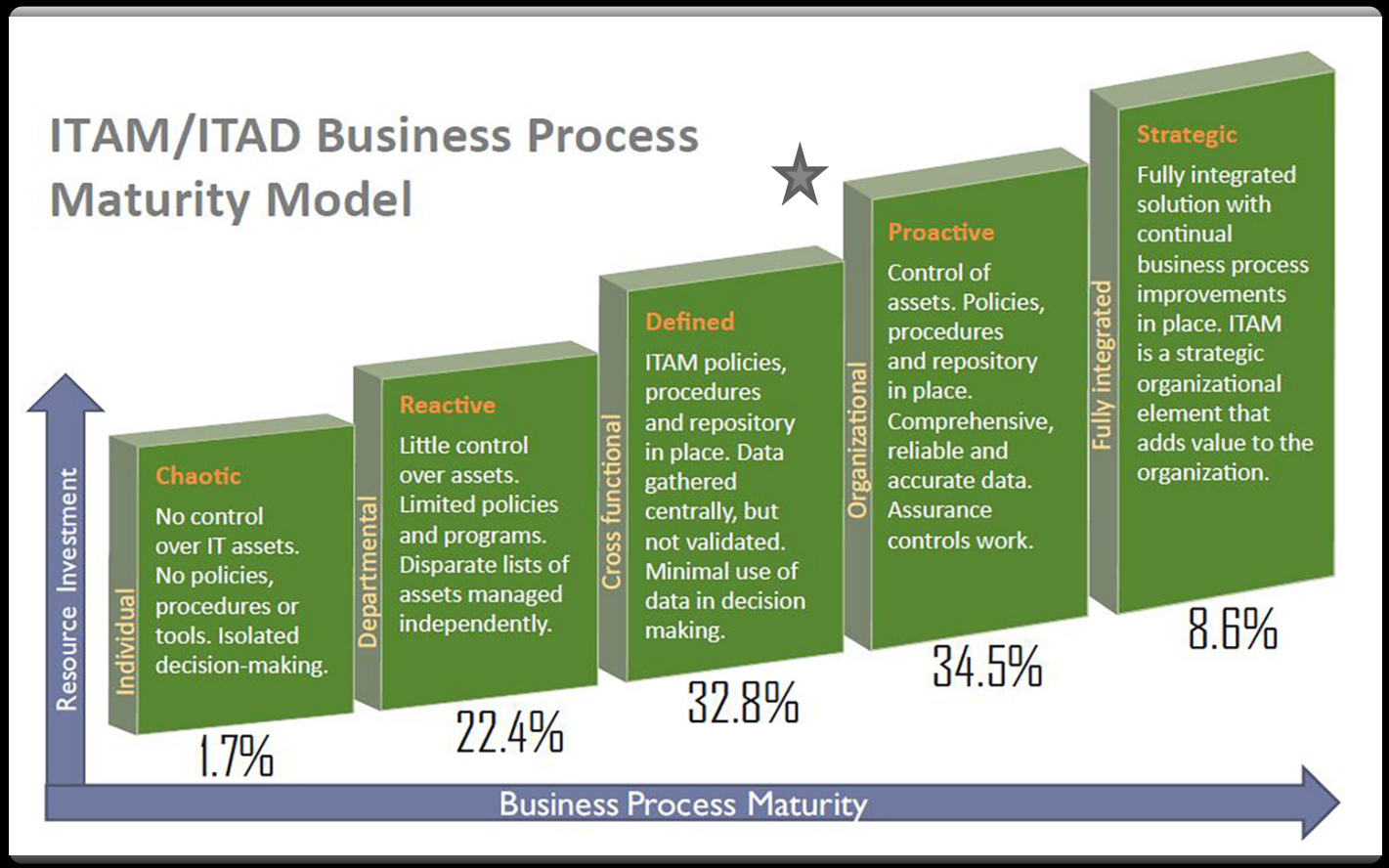
ITAD Solution Elements

- Schedule event via email including an “Equipment Worksheet”.
- FMV estimate and logistic details communicated.
- Onsite inventory verification and shipment to vendor.
- Invoice for Shipping and Processing.
- Equipment Evaluation, Processing and Remarketing.
- Asset Disposition and Financial Settlement reporting.

The relationship you establish should facilitate improvements and lessons learned via open communication and flexibility.

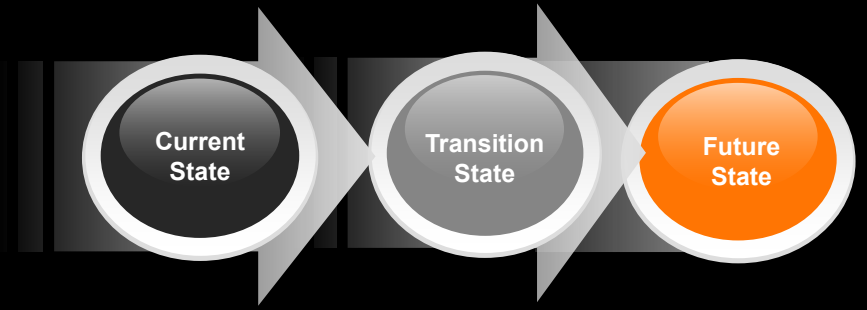
Aligning ITAD Solutions to ITAD Programs

Program Maturity: Cascade benchmarking survey 2018



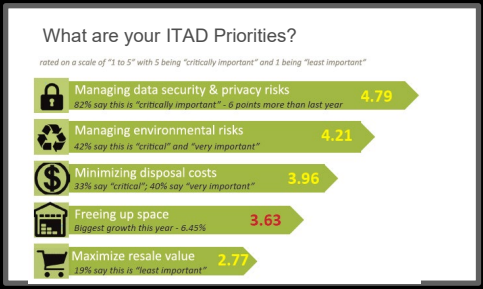
Aligning ITAD Solutions to ITAD Programs

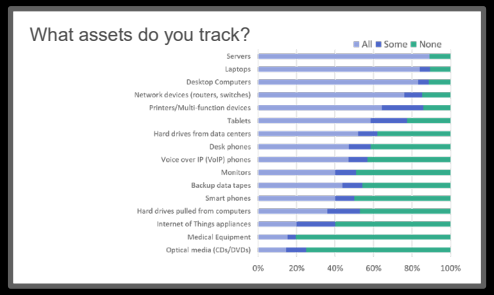
- Understand current state
- Define desired future state

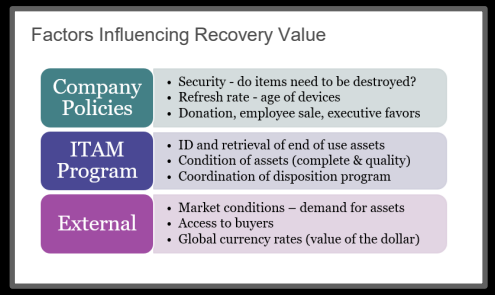


- Map your course:

Onsite services > Inventory tracking > Data sanitization > Refurbishment for resale, donation or deployment and/or Disassembly for compliant and environmentally responsible recycling







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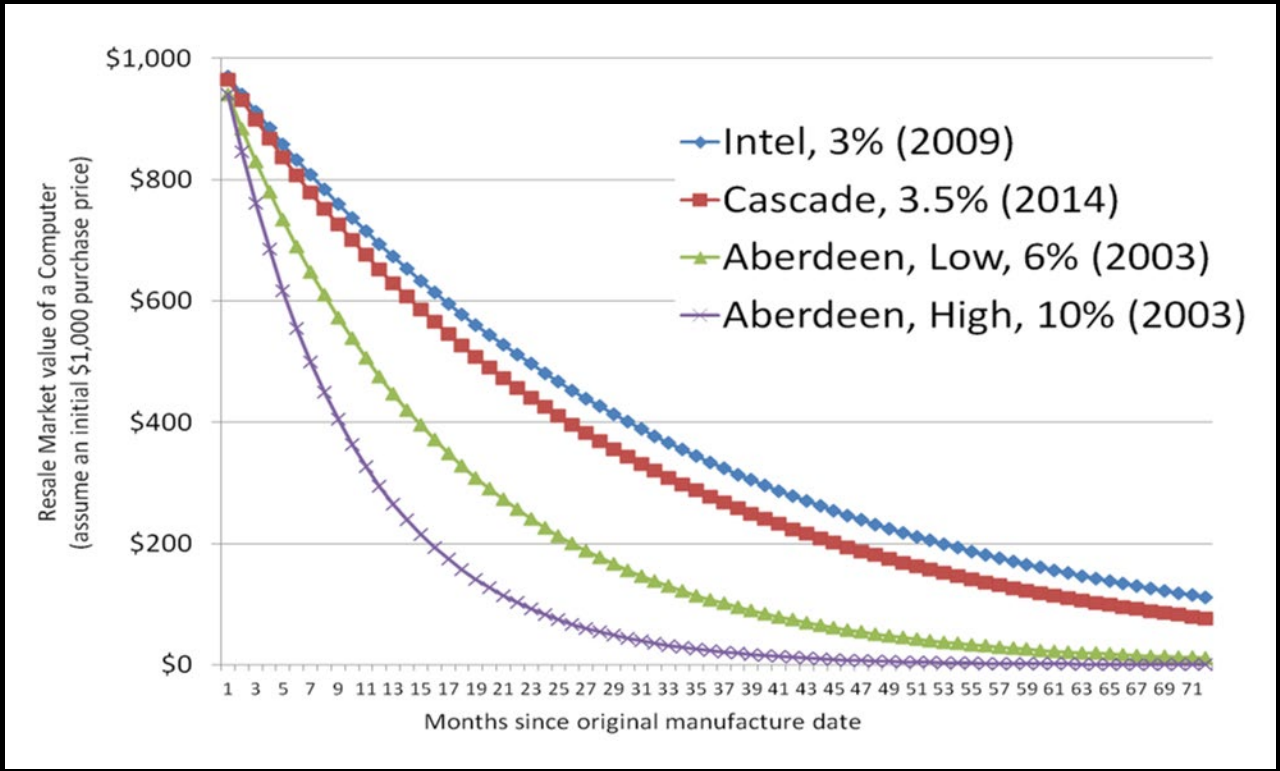
Remarketing Model

- Revenue share model = Cash after sale
- Mutual interest to maximize returns
- Transparent, collaborative processes for pricing and value recovery support informed decisions to optimize reuse potential
- Opportunities to increase returns over time as program matures
- Procurement and Finance friendly options for invoicing and rebates

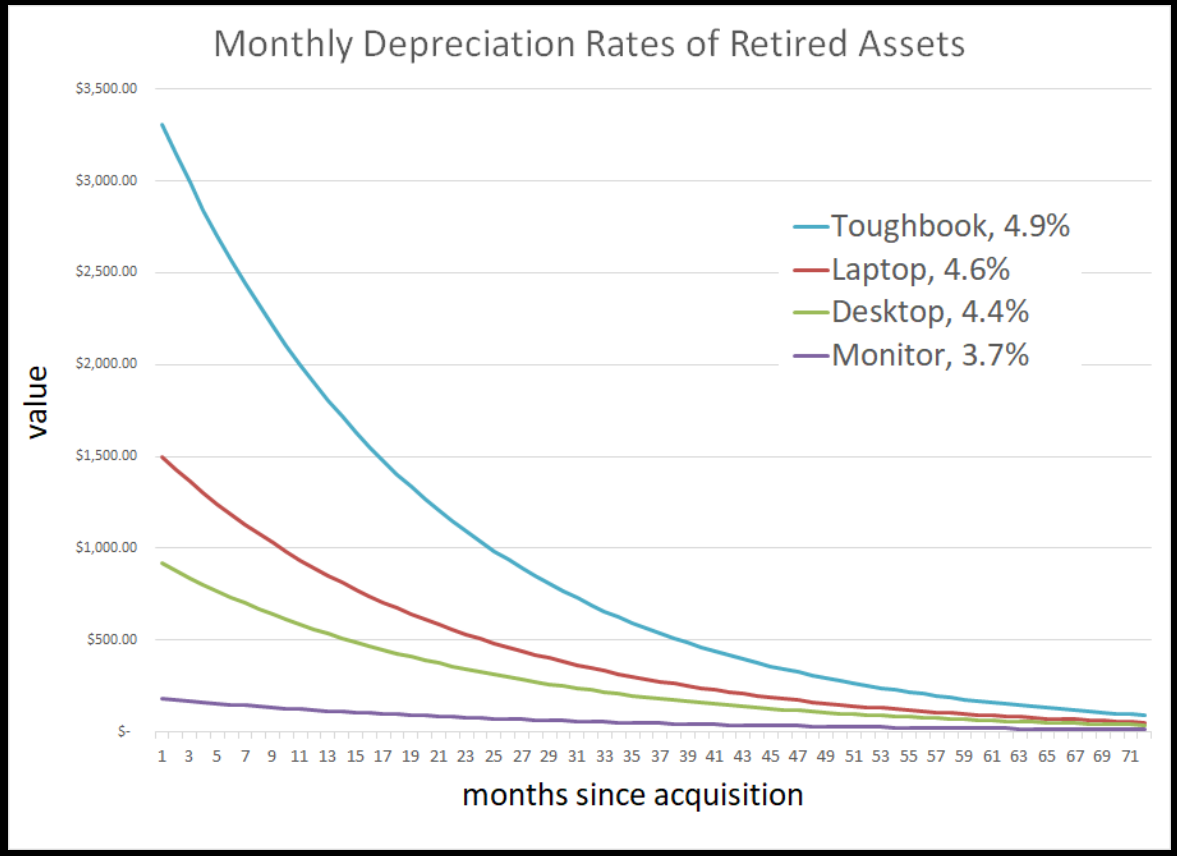
Depreciation Analysis

Historical Benchmarks



Depreciation Analysis

Actual depreciation results based on specific acquisition cost and age of equipment



Measuring Success by Monitoring Outcomes

- Improved over 220%
- Duration Target Met

Value Return

Risk Avoidance

- Audit Control Points Verified
- E-Stewards Vendor

- Partnership builds knowledge
- Consolidation improves Efficiency

Vendor Relationship

Repeatable Solution

- Clearly Defined SOW
- Little resource overhead

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Lessons Learned / Future Planning

- Ensure your equipment is unlocked and ready for resale.
- Look to create efficiencies through continual process improvements.
- Leverage your data.

Thank You!