

Retirement Savings Tips

How to Safeguard Your PC Investment at End of Life

Like in today's volatile financial markets, where concerns over retirement plans and asset value abound, so too abound concerns over the root causes and risks of complex and often costly hardware retirements or refreshes. Core areas of concern include:

1. Risk of data loss
2. HIPAA, Sarbanes-Oxley, Gramm-Leach-Bliley compliance
3. Environmentally sound disposal
4. Resale value
5. Retirement costs

Gartner Inc. estimates that the average cost of retiring a PC asset is approximately \$130 (source: IT Compliance Institute – IT Recycling: The Next Frontier). Whether handled internally or externally retirement costs can eat up part or all of a system's resale value. Easily calculated, external costs can be broken down into the following areas:

1. Erasure: \$10
2. Audit, tracking, admin: \$20
3. Transportation: \$10 to \$50 or more (If dedicated trucks are used to carry systems directly to a third-party location for processing, transport costs increase dramatically.)
4. Onsite services: \$125 to \$200/hour
5. Consignment: 15% to 35%

When totaling these costs together, rarely do any proceeds from the sale or donation make it back to the seller. Overlooking ways to reduce these expenses, organizations typically use the proceeds to offset retirement costs. However critical the data erasure and environmental concerns may be, risks and costs can be eliminated and three areas should be examined.

First, end-of-life processes can be automated, eliminating an inherently manual method for hardware retirement.



Performing simultaneous erasure, audit, diagnostics and tracking processes while IT assets are still attached to their network eliminates manual methodologies. On-network data erasure can not only reduce costs but reduce risk of data loss as well. A recent study by the Ponemon Institute suggests that as much as 70% of data loss comes from off-network devices due to:

1. Cannibalization
2. Theft
3. Negligence
4. No formal retirement policy
5. No enforced or communicated retirement policy

A second solution reducing costs and risks is centralized chain of custody and tracking. A high tendency for employees to cannibalize systems in storage indicates how important it is to develop a hardware retirement policy that ensures chain of custody for each asset from the moment it is



removed from service until the moment it is eventually resold or recycled.

Thirdly and most often overlooked is the ability to restore valid operating systems to erased hard drives. A quick search on eBay indicates that restoring the operating system can increase the resale value of an average laptop or desktop by \$80.

While Microsoft recently introduced the Microsoft Authorized Refurbisher (MAR) program whereby refurbishers can load a new operating system onto a wiped system, the re-licensing is available only to a limited number of large refurbishers and at an additional cost.

The Microsoft End User License Agreement does permit PC operating systems to be restored to wiped drives and transferred to another user. Though many large organizations are taking advantage of Enterprise License Agreements, these agreements often allow for the transfer of the operating system as well. For example, in the instance of higher-ed institutions, graduating students may take their PCs and operating system licenses with them while the institution retains the same number of Enterprise Licenses. In other instances, organizations under Enterprise Licensing are allowed to resell PCs with the operating system if the fifth year of their operation.

By restoring the operating system the environmental sustainability is increased as the likelihood of reuse increases and systems are kept out of the waste stream for a longer



period of time.

On-network data erasure, diagnostics, audit and OS restoration means that hundreds of systems can be processed in a scheduled and controlled manner, reducing retirement costs and increasing resale value while at the same time maintaining chain of custody over sensitive information. Solutions currently exist that can automate one or more or even all of these end-of-life processes.

Robert Davie
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