

## RECESSION RISK CHECKLIST

### CAN YOUR ITAD PROVIDER SURVIVE A RECESSION?

Take a minute to think about the companies you do business with and make a quick mental list of the ones you suspect are feeling the effects of the recession. Did your tech recycler come to mind? Perhaps not, but there are several reasons you should give them a second thought. While your tech recycler's labor and waste costs are trending upward, their revenue earned from used equipment sales and scrap material is trending downward.

These market challenges could force some tech recyclers, also known as information technology asset disposition (ITAD) providers, to make tough business decisions in the coming months. The risk to you is when your ITAD partner makes a shortsighted decision that has detrimental effects on your business. Here are five things to watch for in 2023.

### WATCH FOR THESE 5 RISKY BEHAVIORS

1. **You could be held liable for clean-up costs if your ITAD provider goes out of business**
2. **Your risk for data breaches increases if your ITAD provider starts cutting corners**
3. **You question if your ITAD provider is taking more than their fair share of your rebate because its dropping**
4. **You're frustrated because your ITAD service is taking a turn for the worse**
5. **You see relentless price increases for the ITAD services you've always used**

Use the **Recession Risk Checklist** on the next page to match the risks with safeguards that can help protect your company.

For additional background and information on this topic, check out our blog post.



## New Closed Loop Lawsuit

OCTOBER 7, 2022

New developments will burden Closed Loop Refining and Recovery and its suppliers. Owners of two Phoenix warehouses filed a case under the federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) stating the suppliers that shipped CRT materials to Closed Loop are liable for a portion of the clean-up costs. Almost 50 e-scrap companies are listed in the new lawsuit. Eight of them were sued and agreed to settlements in similar Closed Loop legal battles in Ohio.



*Stockpiles of abandoned waste at one of the Arizona warehouses that was leased by Closed Loop*

Source: E-SCRAP NEWS  
<https://resource-recycling.com/escrap/2022/11/30/suit-targets-closed-loop-crt-suppliers-in-arizona/>

# RECESSION RISK CHECKLIST

During recessionary times, it's important to take the time to identify risks created by an ITAD provider who tries to cut corners in efforts to save costs.

**Use this checklist to match the risks with safeguards that can help protect your company.** Choosing the right ITAD partner can help your company avoid litigation, preserve your reputation, and uphold environmental regulations. *Contact us for more information on how we address these factors.*

ITAD Provider Risk Factor	Look for These Safeguards to Help Reduce Risk	Your ITAD Provider
<b>1. You could be held liable for clean-up costs if your ITAD provider goes out of business</b>		
Business Failure	Provides a business continuity plan	<input type="checkbox"/> Yes <input type="checkbox"/> No
Business Failure	Has insurance to cover potential clean-up costs	<input type="checkbox"/> Yes <input type="checkbox"/> No
Business Failure	Offers financial statements and/or Dun & Bradstreet credit rating	<input type="checkbox"/> Yes <input type="checkbox"/> No
Business Failure	Performs regular internal risk assessments	<input type="checkbox"/> Yes <input type="checkbox"/> No
Business Failure	Offers on-site tours to demonstrate work, safety, storage, & security procedures	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>2. Your risk for data breaches increases if your ITAD provider starts cutting corners</b>		
Cutting Corners	Maintains certifications proving they're monitored by a third party rather than self-attesting to best practices	<input type="checkbox"/> Yes <input type="checkbox"/> No
Cutting Corners	Provides communication on data security and recycling process changes	<input type="checkbox"/> Yes <input type="checkbox"/> No
Cutting Corners	Discloses all outsourced services	<input type="checkbox"/> Yes <input type="checkbox"/> No
Cutting Corners	Guarantees legality of all downstream processors in the contract (examples: no prison operations, landfills or exporting of waste)	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>3. You question if your ITAD provider is taking more than their fair share of your rebate because its dropping</b>		
Low Rebate Values	Provides a contract that guarantees revenue share % and transparency to all deductions applied for repair and other selling costs	<input type="checkbox"/> Yes <input type="checkbox"/> No
Low Rebate Values	Facilitates a quoting process for high-value jobs	<input type="checkbox"/> Yes <input type="checkbox"/> No
Low Rebate Values	Tracks devices accurately so you get credit for ALL re-marketed assets	<input type="checkbox"/> Yes <input type="checkbox"/> No
Low Rebate Values	Strives to get the highest price from used assets by repairing, upgrading, and re-marketing them	<input type="checkbox"/> Yes <input type="checkbox"/> No
Low Rebate Values	Offers settlement reports with line-item visibility	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>4. You're frustrated because your ITAD service is taking a turn for the worse</b>		
Declining Service Levels	Includes time frames within the contract for customer service response, device inventory, and final processing including resale	<input type="checkbox"/> Yes <input type="checkbox"/> No
Declining Service Levels	Accepts penalties for failing to meet contracted service levels	<input type="checkbox"/> Yes <input type="checkbox"/> No
Declining Service Levels	Implements a seamless secure processes from start to finish	<input type="checkbox"/> Yes <input type="checkbox"/> No
Declining Service Levels	Publishes case studies, testimonials, and customer satisfaction ratings	<input type="checkbox"/> Yes <input type="checkbox"/> No
<b>5. You see relentless price increases for the ITAD services you've always used</b>		
Spiraling Costs	Follows contractual terms regarding price increases	<input type="checkbox"/> Yes <input type="checkbox"/> No
Spiraling Costs	Communicates cost changes proactively	<input type="checkbox"/> Yes <input type="checkbox"/> No
Spiraling Costs	Offers a quoting process so you can compare against the competition	<input type="checkbox"/> Yes <input type="checkbox"/> No