



CASCADE
ASSET MANAGEMENT

2015

ANNUAL REPORT



2015 Activity Summary

As we look back on 2015, we can find many ways in which Cascade made positive impacts on our customers and the community. A number of these accomplishments are cataloged in this report.

This success is built on the hard work and focus of our staff to create scalable solutions that focus on optimizing the use of IT assets past their initial use by our clients.

We've adapted more efficient processing techniques to enable us to streamline and accelerate our handling of equipment. We've introduced additional capabilities to repair and refurbish computer equipment, including mobile devices. We've also worked in partnership with our clients to help them improve the financial and environmental impact of their IT assets throughout their lifecycle, all the while ensuring the security of their data is always protected.

This year, we spent a great deal of attention to further enhance our management systems, operations, and IT system to help us serve our clients well into the future.

These efforts resulted in **a 28.6% reduction of net costs for our clients**—a great feat when others in the industry are raising prices or are struggling to deal with the impact of historically low commodity values for recyclables.

In a testament to our leadership in the industry, Cascade was selected as the sole vendor to provide ITAD services

to 120,000 hospital and clinic members of Premier —beating out other industry giants who were listed on the Gartner Magic Quadrant.

It wasn't necessarily an easy period at Cascade. We needed to offset a third straight year of declining values from recyclable commodities. Our increased refurbishment activity and 21.8% growth in resale revenue more than made up the difference to allow us to eke out some growth in total revenue over 2014.

Despite these challenges, Cascade remained true to its values and vision to be the most responsible and respected company in this industry. We are very proud of our work and the impact we have on our clients, our environment and our people.



Neil Peters-Michaud, CEO

2015 By the Numbers

Number of Jobs	2012
Assets inventoried	201,586
Pounds of equipment received.....	3,525,108
Terabytes of data sanitized	8,915
Number of drives wiped	41,078
Assets resold.....	83,496
Pounds of items recycled.....	2,556,562
Pounds of items reused.....	982,104

Ready for Repair and Refurbishment



When the rest of the industry was just realizing that they needed to shift to more repair over recycling, Cascade was already providing data sanitization, testing, and refurbishment work on a wide range of products.

While our weight of refurbished product output only increased by 1.7% over 2014, the number of assets refurbished increased by 16% and the value Cascade generated from reuse grew by nearly 22%. This demonstrates how Cascade has been able to adapt to better manage lighter weight, mobile technologies and generate more significant rebate returns for our customers.

New investments and improvements in refurbishment at Cascade:

- ◆ Created efficiencies in refurbishment and testing by adding more capacity to benches in Madison and Indianapolis
- ◆ Invested in a new server drive wiping appliance to increase drive sanitization throughput
- ◆ Purchased “hot plates” to use for disassembly and repair of glued tablets and phones – helpful for getting into units to safely remove batteries and perform repair on components.
- ◆ Introduced and evaluated conveyance systems in disassembly and inventory to reduce lifting and travel with inventory



Hot plate used to aid in melting glue to access internal components in phones and tablets



Drive array sanitization tool to allow for parallel wiping of servers drives, laptop drives, SSDs and more.

Cascade's Service Reach

Cascade collected IT assets from 282 unique business and organizational clients in 34 states across 287 different zip codes in 2015 (see map listing the zip codes we visited).

Our ability to deploy our professional, secure, and friendly staff directly to customer sites across the country continues to be one of the unique value propositions we offer in this industry. With sensitive data still on much of the equipment we collect, our clients find value in our on-site data destruction services, secure chain of custody, and attention to detail that would otherwise lose its effectiveness if farmed out to a third party carrier.

Map of locations where Cascade performed pickups—2015



Cascade was most active in collecting equipment from the Midwest—89% of all jobs originated from this region in 2015.

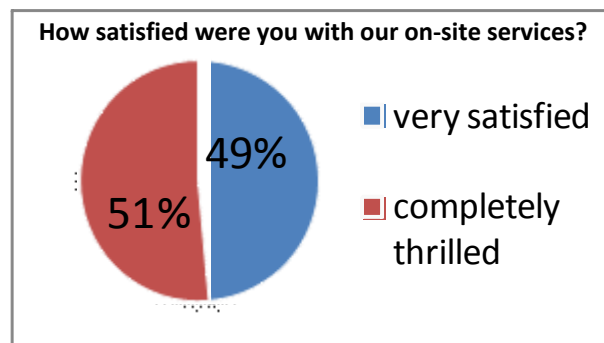
State	Total Jobs	% of total
WI	893	63.83%
IL	152	10.86%
IN	116	8.29%
FL	43	3.07%
IA	28	2.00%
All other states	164	11.72%

Customer satisfaction in all phases of our products and services

We ask customers to evaluate the performance of our services and products on a number of criteria. When we first started surveying customers about our onsite services, most people noted they were “very satisfied” with our performance, so we added another category to see just how much they liked us. As a result, 49% of our clients said they were “absolutely thrilled” with our on-site service work.

We are also very proud of our ratings on other satisfaction criteria. Tracking how well Cascade meets customer expectations is a critical element of our ISO 9001 Quality Management System and is important to help us understand how to build on our success.

Criteria	2015 Satisfaction Rating
Job Satisfaction	99.8%
Customer Satisfaction	99.5%
Resale Satisfaction	97.0%
eBay Positive Feedback Rating	99.4%
Average Satisfaction	98.9%



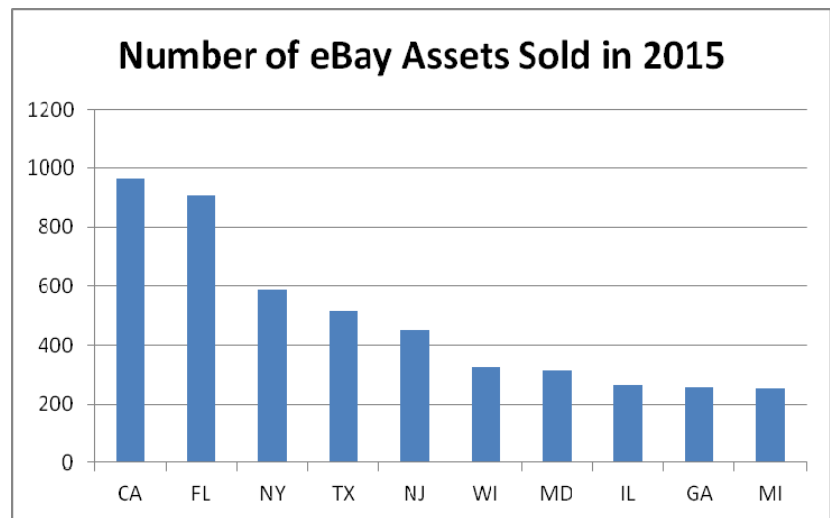
Reusing computer equipment near and far

In 2015, Cascade refurbished and shipped over 83,000 devices for reuse. Some items were sold through our completely re-designed **Cascade Marketplace**—our online store for more standard computer systems, laptops and printers that can be loaded with authorized Microsoft Registered Refurbisher Windows 7 Operating Systems. Some items are sold directly to local resellers, helping to support the local refurbisher economy. Other items are sold across the country through our eBay store or through direct relationships with other resellers. Cascade also has long-standing relationships with international buyers who purchase our tested, working equipment and put it to use in the developing world. Finally, Cascade partners with customers to donate equipment to organizations in need.

eBay Sales

In 2015, Cascade sold 7,002 different IT assets through 3,654 eBay transactions. Items were sold to 48 different states, plus DC and Puerto Rico. The top 10 states (shown in graph) purchased 69% of all the assets we sold on eBay.

Our resale program has a strong national presence and we consistently maintained a positive rating greater than 99%.



Cascade refurbished computers make a positive impact around the world

Whether it be through donation efforts or long-term relationships to find good homes for our refurbished equipment, Cascade is putting collected computer equipment to good use.



West Kendall Baptist Hospital
December 23, 2015

We partnered up with Cascade Asset Management to donate IT Equipment to the Zoo Miami Foundation to benefit education programs and initiatives for over 70,000 students in our community.



Computers shipped to Burkina Faso for reuse and local community economic development in partnership with TRAIID Global.

Helping the Community

As part of our mission and vision, Cascade endeavors to partner with our clients and other stakeholders to make a positive impact on the community and the environment. In 2015, we did this through a number of programs, including employee electronic recycling events, donation of time and money to local programs, and by having some fun within our own Cascade community.

Electronic Equipment Collection Event Location / Partner	Month	Pounds collected
American Family Insurance	August	26,284
Bankers Bank	April	1,077
Culver's Franchising System	November	1,627
Great Lakes Educational Loan Services	May	5,003
Great Lakes Educational Loan Services	October	8,704
Kohler	April	70,582
Lands End	April	35,124
Medical College of Wisconsin	October	7,121
Name Badge Productions	December	82
Promega	April	10,836
SVA	April	1,083
TDS	April	4,993
US Cellular	April	677
Uniek	November	1,187
West Washington Associates	April	1,786
Total Equipment recycled		176,166



Donations of refurbished computers, volunteer time, and money to our communities

- ◆ Donated 440 assets (computers, laptops, LCD monitors) to the South Florida Digital Alliance in partnership with Memorial Healthcare – 6,534 total pounds!
- ◆ Donated 100 computers in partnership with PDS to Independence First in Milwaukee
- ◆ Donated time to sort and pack books for donation through Rotary, Books for the World
- ◆ Volunteered time to assist with technology support as part of IT Day of Caring through DaneNet and donated \$2,000 to the program
- ◆ Made cash donations totaling over \$2,500 to East Madison Community Center, Middleton Outreach Ministry, Dalton's Food Pantry, United Way Dane County, United Way of Central Indiana

Building the Cascade Community

Cascade's active Employee Committee planned a number of events and activities to allow us to let loose once in a while and build camaraderie among Cascadians. These events highlight how much people really do care for one another here and helps explain why our customers and Gartner have said time and time again that we are really nice people and enjoyable to work with. Some events included:

- ◆ Chili cook off, Pi day, ice cream social, bake off
- ◆ Company picnic with pig roast, scavenger hunt and team sports
- ◆ "May the 4th" be with you themed day
- ◆ March Madness brackets
- ◆ Wright Brothers Paper Airplane contest
- ◆ Bowling outing with family



Welcome new employees

Cascade is pleased to welcome a number of talented and well-experienced individuals to our team. At our Indianapolis facility, **Amber Ricks** and **Kris Erickson** joined as Operational Floaters who handle processing work, driving and onsite service work.

Brendan Jenks and **Stephanie Kuhr** joined our Madison facility as Operational Floaters, while **VJ Ally-Hill** now helps us in the refurbishing area.

Our support team in the Madison facility welcomes the addition of **Jason Jensen** in Customer Service. **Emily Schneider** takes over the EH&S Compliance position, and brings her experience at Cummins and her education in Environmental Science to help us expand our programs. **Erin Lundy** now runs our HR department and has a wealth of experience in the service sector.

James Ellison took over as General Manager at the Indy facility and brings a tremendous amount of experience in healthcare and security to Cascade.



James Ellison
Indianapolis General Manager



Emily Schneider
EH&S Compliance Coordinator



Erin Lundy
HR Generalist

Environmental, health & safety initiatives

Cascade's Environmental, Health and Safety programs are built on our ISO 14001 and e-Stewards management systems. They work to demonstrate our commitment to best practices in the industry.



We are very proud to have been recognized in 2015 by the Indiana Department of Labor with its **INSHARP** award that recognizes businesses with exemplary safety records and programs.

Our efforts to continually train staff and investigate the best opportunities to manage our inventory for environmentally responsible recycling helps reduce risk to ourselves and our customers, and leaves the world as a better place to work and live.

Training and professional development

Cascade conducted over 26 staff trainings related to environmental, health, safety and security in 2015. Some of these events included hands on demonstrations, such as fire prevention and response.

Cascade also participated in industry conferences and educational programs to further advance our understanding of current issues.



New recycling markets

In the interest of finding more and better markets for the material we generate, we regularly investigate new options for recycling. In 2015, we began work with local manufacturer Uniek to recycle the Styrofoam packaging we collect into new picture frames.

Making a positive environmental impact

Demonstrating environmental impacts to clients

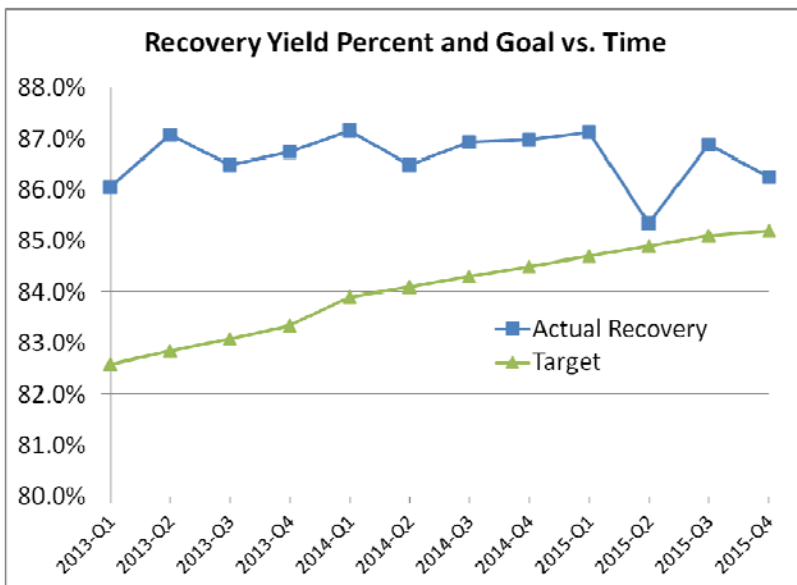
One of Cascade's customers (Covance) featured our electronics recycling solution in its annual global sustainability report issued to shareholders.

As part of our standard reporting practices, Cascade makes available an annual environmental impact report to show how each client's efforts to reuse and recycle electronics yielded net positive environmental impacts. Clients can share this information with their stakeholders to further demonstrate the value of their ITAD program with Cascade.



Tracking and improving on our use of resources

Cascade tracks our ability to optimize the recovery of collected materials for reuse and recycling. For a number of years, we've been tracking the percentage of incoming material that is either reused as is (100% recovery yield) or turned into a new raw material. We work with our downstream recycling partners to reduce the contamination of demanufactured components in order to maximize the amount of material they can convert into a clean, recyclable material. The resulting waste product may be turned into energy or end up as a non-hazardous landfill fluff.



Most electronics shredders only generate a 50% recovery yield because they do not pre-sort as much as Cascade to prevent contamination in their out-bound material.

Cascade has hovered around an 86% recovery yield for a few years. The changing streams of materials to mobile devices and LCD screens has made it more difficult to keep up with our target, but new recycling programs and downstream vendors kept us above our goal for the year.

Market Leadership & Education

Cascade continued to serve as a respected leader in the industry and resource for clients by regularly researching relevant information and sharing it with interested parties.

This year we introduced a new printed and electronic 8-page report about IT Asset Disposition Trends and Best Practices. This report was generated from customer surveys, an analysis of over 200,000 assets processed by Cascade, and review of industry research. Five hundred printed booklets were distributed and a number of electronic reports were also shared.

Cascade representatives also spoke and participated in a number of industry trade shows and stakeholder groups. We also hosted webinars, posted additional content on our website, and published 8 newsletters. Specific marketing campaigns are cataloged on our [intranet site](#).

Webinars – Cascade organized and hosted three different webinars that included at least 74 different participants:

- ◆ Overview of new State of Wisconsin contract—presented with WI Dept. of Administration
- ◆ Joint presentation with Retire-IT about Secure Chain of Custody
- ◆ Joint presentation with PDS via IAITAM about Managing Device Roles

Presentations—Cascade presented at the following events:

- ◆ Matt MacLean, “Don’t kick dirt on the ump: Effective communication with regulators,” IAITAM Spring conference, San Diego, CA, April 2015
- ◆ Drew Halverson, panel member about refurbishment, E-Scrap Conference, Orlando, Sep 2015
- ◆ Neil Peters-Michaud, “When is the right time to retire . . . your IT assets,” PDS Tech Conference, Milwaukee, WI, October 2015
- ◆ Neil Peters-Michaud, participated in panel about electronics recycling trends, ISRI, Vancouver, British Columbia, Canada, April 2015

Other Industry Events and Activities—

- ◆ TJ and Don attended the Electronics Reuse Conference in New Orleans
- ◆ Emily, James and Drew attended the e-scrap conference in Orlando
- ◆ Drew served on a battery reuse and testing committee organized by ISRI
- ◆ Neil served as an elected representative of the Joint Committee working on new server standards development for EPEAT with NSF.



IT Asset Disposition Trends and Best Practices
January 2015

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Retiring unwanted IT assets should be a secure, environmentally responsible and convenient process. It also can — and should — generate value.

This report summarizes data Cascade compiled from (1) a December 2014 customer survey, (2) an evaluation of more than 200,000 assets processed by Cascade in the past twelve months, and (3) a review of related industry research. It identifies best practices that can help you make better informed decisions as your IT Asset Disposition (ITAD) program evolves.

Cascade issued a detailed survey to all its active customers and a representative sample completed the survey. Participants included IT Asset Management (ITAM) professionals at businesses and organizations across the United States that collectively employ millions and represent Fortune 500 firms as well as smaller companies. More details on the participants' demographics, as well as the survey responses and links to source material, are available on Cascade's web site at www.cascade-assets.com/tools.

A report prepared by
Cascade Asset Management

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Additional details and source material at www.cascade-assets.com/tools
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Staying in Touch with Clients

Trade Shows — Cascade attended a number of industry conferences to connect with current and prospective clients, including:

- ◆ Wisconsin Business Opportunities Fair, Milwaukee, March
- ◆ Wisconsin Association of Public Purchasers, Wisconsin Dells, September
- ◆ PDS Tech Show, Milwaukee, October



Twitter & LinkedIn—Cascade maintains an active presence on social media sites to increase engagement with clients

- ◆ 56 Tweets in 2015 with 123 followers ([@CascadeAssets](#))
- ◆ 281 people are following Cascade on [LinkedIn](#); more than 9 updates posted in 2015 that yielded a total of 13,031 impressions and 78 clicks through to our website. We did sponsor one campaign targeted at ITAM professionals to increase traffic.

Newsletter—Cascade publishes an electronic newsletter to current and prospective customers and other interested parties. The service is run through MailChimp which allows us to track engagement and follow up when users show an interest in a topic. Usage statistics are provided in the table below.



November 24, 2015

Total Cost of Ownership modeling tool

You are probably familiar with the Total Cost of Ownership (TCO) concept. This is an approach looking at all the costs involved in the procurement, use and disposal of an asset. The idea is that the original purchase price of an asset is only a portion of all the costs needed to set up, deploy, manage, trouble shoot, and retire that asset.

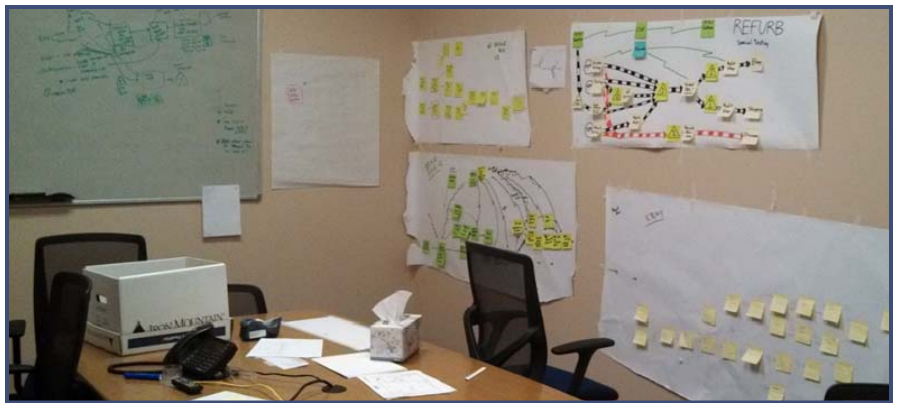
Newsletter Publication Date	Subscribers	Opens	Clicks
November 24	2,428	298	14
September 16	2,416	316	29
July 30	2,388	330	17
June 11	2,374	277	15
April 15	2,365	298	21
March 10	2,357	316	32
January 28	2,375	336	27
Totals	2,386 (average)	2,171	155

Improving Operations

This past year, our company focused time and attention to improve the underlying systems and operations at Cascade to help create a better foundation for growth. Already, these changes have allowed us to process inventory on a more consistent and timely basis which improves our return on inventory investment and gets reports to clients faster than reported industry averages.

2015 Major Initiative Accomplishments

- ◆ Wrote and approved a comprehensive Disaster Recovery / Business Continuity Plan. Completed and filed contingency planning documentation with local Indiana first responders.
- ◆ Performed “Value Stream Mapping” for various operations activities to identify our current state of inventory handling and determine opportunities to reduce delays, handling, and queue times (*see picture of our Value Stream Mapping “war room.”*)
- ◆ Completed a major cleanup of the Indy facility that included removing extra caging, putting up additional storage for pallets and gaylords (on racks), removing unnecessary tools, implementing safety guards near gas lines, and moving our Universal Waste area.
- ◆ Reduced travel and labor costs in Indianapolis by leasing second truck rather than managing many rentals.
- ◆ Worked with Farnsworth (our steel vendor) to get reusable bins and regular pickups to reduce safety concerns (with dumping metal off of trucks) and to reduce labor and travel costs.
- ◆ Redesigned our receiving layout in Indianapolis to reduce travel and handling for receiving and shipping tasks. This also reduces the handling needs for commodity bin management.
- ◆ Set up relationships with closer downstream processors to reduce freight costs and carbon impact to transport recyclable materials.



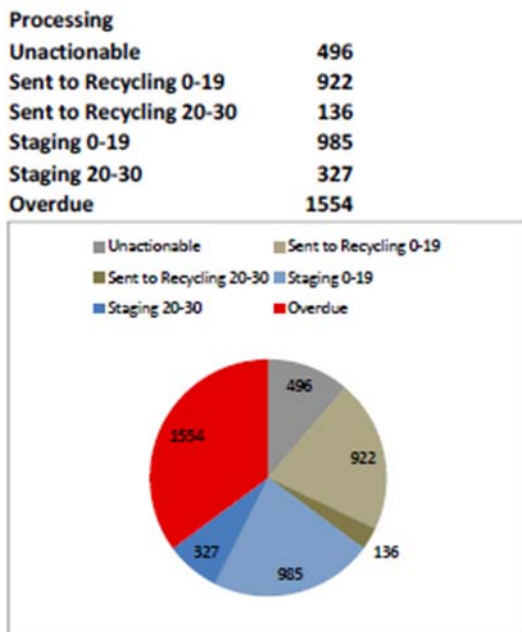
Faster Reporting and Service to Clients

As part of Cascade's ISO 9001 Quality Program, we track performance on a number of metrics. An important concern to both our clients and our internal operations is the speed and efficiency in processing assets for sanitization, testing and demanufacturing. To this end, we are continually tracking the stage of inventory through our processes to strive to get all assets processed (tested and sanitized or demanufactured) within 30 days of receipt.

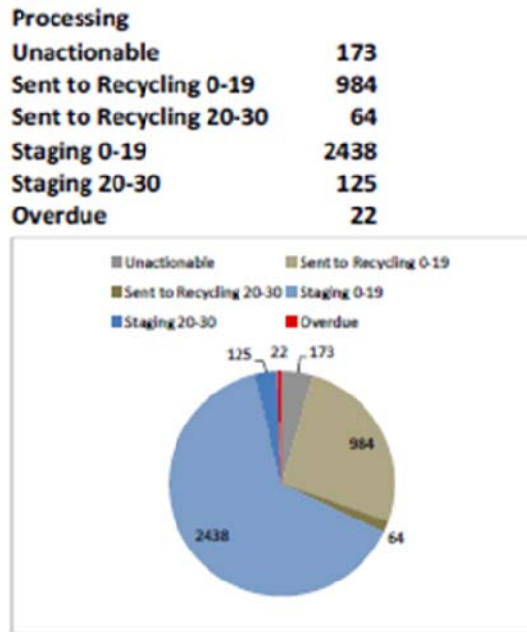
Due to a number of initiatives implemented in 2015, we were able to get to the average age of processing an asset from 16 days (in December 2014) to 10 days (in December 2015). This allows us to turn our inventory three times per month compared to twice per month in the previous year.

By the end of 2015, all inventory was processed within our metric target of 30 days from receipt.

January 5, 2015 Panopticon



December 22, 2015 Panopticon



Database development

A tremendous amount of time and effort was spent on building our database on a new platform. Significant progress was made to normalize our system and set up the backend and data migration capabilities. By the end of the year, the layouts were beginning to take shape.

The plan is to switch over to the new database system in early 2016.

