



**CASCADE**  
ASSET MANAGEMENT  
Technology Equipment Retirement Specialists



# ANNUAL REPORT 2019

**“Digital Equity is for Everybody”**

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## TO OUR STAKEHOLDERS

During 2019, Cascade achieved all the major milestones of our 2016 Strategic Plan two years ahead of schedule. Through the hard work and dedication of our staff and our ability to make the most of a changing competitive landscape, Cascade notched our third straight year of double digit growth while building a foundation of infrastructure and management system upgrades to put us in a strong position for continued growth.

Cascade also celebrated our 20<sup>th</sup> year in business by hosting a community educational and networking event attended by over 250 technology and sustainably minded professionals.

This Annual Report provides a summary of our achievements and goals for continued growth.

### 2019 By the Numbers

Number of Jobs .....	2,317
Assets inventoried .....	319,676
Pounds of equipment received .....	4,157,003
Number of successful wipe passes.....	97,718
Terabytes of data wiped.....	9,107,534
Assets resold.....	119,505
Unique Clients serviced .....	348

## Financial Achievements

Total revenues were up by more than 16.7% in 2019, compared to 2018. Leading the way was a 24.5% growth in Service Revenue, buoyed by the addition of new customers and increase in activity from clients previously serviced by competitors. Resale revenue grew by 14.8%, driven by an increase in number of resold devices by 36.0%. Strong growth in our resale program increased our rebate returns to customers by more than 18.3%. Recycling revenues declined by 13.3% due to lower global commodity values and shift of more value recovery to reuse. Since recycling revenues account for just 4.8% of total revenue, its decline had a minimal impact.

## Internal Developments

Cascade invested in our IT infrastructure and our people throughout 2019. Both facilities saw major overhauls in our network and server infrastructures to support remote deployments and disaster recovery. We also engaged the services of Madison College on a year-long professional development curriculum for supervisors and staff. We developed a comprehensive set of norms to guide our work together and with our customers that matched the values of Cascade. We also made significant progress on our Affirmative Action program beating our targets for women and minority employment in key technical and service areas.

## Community Outreach and Engagement

Cascade partnered with enterprise customers, non-profit technology firms, and municipalities to place hundreds of donated, refurbished computer systems into the hands of organizations and low-income individuals. Our employees were active with volunteering and donating resources in each of the communities we serve. As a major sponsor and participant in Digital Inclusion Week in 2019 (see cover photo), Cascade continues to live its vision to integrate and promote sustainability and social justice in all that we do.

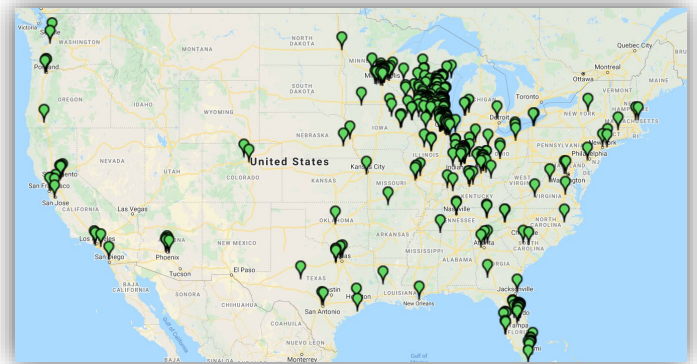
## Cascade's Service Reach

Cascade collected IT assets from 348 unique businesses and organizational clients in 31 states across 377 different zip codes in 2019.

Our ability to deploy our professional, secure, and friendly staff directly to customer sites 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 onsite data destruction services and secure chain of custody.

State of Origin	Total Jobs	% of Total
Wisconsin	1,262	63%
Minnesota	155	8%
Indiana	134	7%
Illinois	133	7%
Florida	98	5%
All other states	236	12%

Customer locations serviced by Cascade in 2019



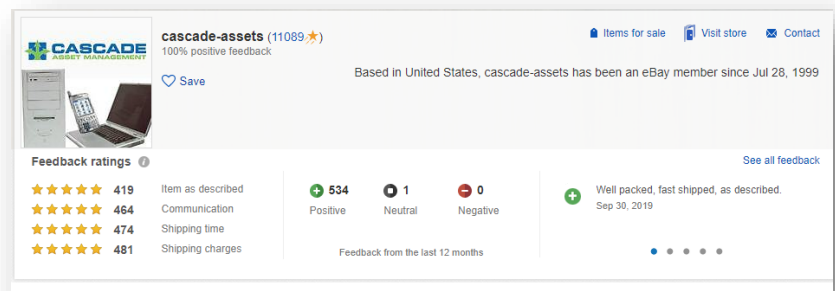
Cascade concentrates on serving organizations in the Midwest. Our focus and footprint demonstrate how we have aligned our resources to be the best ITAD provider in this region. We can also pickup from sites outside the area for Midwest based companies with distributed facilities and for those organizations utilizing our group purchasing contracts.

## Selling Refurbished Products

Cascade's resale revenue grew by more than 14.8% last year and our resale channels are stronger than ever. We sold refurbished gear to every state in the country, except Alaska. Our return rate on sold products was less than 0.26% of total resale value.

Cascade's online [Marketplace](#) saw sales orders grow by over 124% in 2019, and revenues increased by 154% compared to 2018. Increased sales were a result of more co-marketing campaigns with our ITAD customers and a focus on increasing stock listed on the site. This resale channel supports our resale diversification effort.

Cascade's resale program also achieved the impressive milestone of a **100% positive feedback** rating for eBay transactions over a 12-month period in 2019 (see image). With more than 534 transactions rated, this is a notable achievement.



## Satisfied Customers

We ask customers to evaluate the performance of our services and products on several criteria. For example, whenever we go onsite to perform asset disposition and data security services, we invite our customers to rate us on a number of factors and give us feedback to help us improve. In 2019, 92.5% of our clients said they were “extremely satisfied” with our onsite service work. Six percent indicated “very satisfied.” We also earned a 9.5 out of 10 on a Net Promoter Score question (up from 9.4 last year).

During our annual survey of all customers in December 2019, we also received a 100% satisfaction rating for

Customer Satisfaction - 2018	Rating
Job Satisfaction	100%
Customer Satisfaction	99.9%
Resale Satisfaction	97.0%
ebay Feedback Rating	99.8%
Resale Asset Satisfaction	99.9%
Target Satisfaction	98.0%
<b>Overall Average</b>	<b>99.2%</b>

our overall service delivery (87% indicated “very satisfied” with 13% “satisfied”). For the fourth year in a row, not even one respondent said they were *not satisfied* with Cascade.

We are also very proud of our ratings on other satisfaction criteria. Overall, Cascade’s positive satisfaction rating surpasses 99%.

Cascade was also recognized as one of the top ITAD firms for customer performance and general customer satisfaction, according to market research firm **Compliance Standards**. The company was ranked #2 in the industry for satisfaction, ahead of Dell, HP, and Ingram Micro. Gartner analysts for the ITAD industry told us in September that Cascade was the “**best ITAD in the Midwest.**”

## Sharing our knowledge

Cascade staff were asked to present information at educational forums throughout the year. TJ Barelmann (pictured at right) presented on security risks at the PDS Connect show. Neil Peters-Michaud presented at the e-Scrap show to discuss export issues.

Karen Dietel-Jenks was actively involved in the re-write of the **e-Stewards Version 4.0** certification and worked collaboratively with other leaders from the Basel Action Network and other ITAD businesses throughout the year.



Cascade also was tapped to share our knowledge about battery handling as a participant in a US EPA session about battery recycling and as a part of an international battery information session hosted by StEP.

## Celebrating 20 years through educational workshops and Open House

Cascade hosted an **Open House** at our Madison facility in the spring. Customers and other guests toured the facility, saw demonstrations of processes, met with Cascade downstream processors, and participated in educational workshops. Later over 250 members of the tech community toasted Cascade's 20<sup>th</sup> anniversary as part of the High Tech Hour. Cascade was founded on April 20, 1999.

### High Tech Happy Hour reception at Cascade-Madison, WI

April 25, 2019



**Janice Tiedt** (presenting in photo at left) of TDS talked about how her company repurposed refurbished computers to effectively serve business needs and save money. **Halie Tenor** (seated in photo) of American Family Insurance described the development of their sustainability program and how they leverage their IT asset disposition activities to demonstrate positive environmental and cost impacts.

### New technologies and approaches to IT lifecycle management

**Brian Loken** of Quality Power Solutions discussed innovations in battery backup

technologies using Lithium-ion. **Kerry Marti** of PDS used the Family Fued gameshow to show how the Device as a Service (DaaS) business model is replacing traditional IT purchase and leasing programs.



### Complying with the law and benefiting the community

**Sarah Murray**, who coordinates the E-Cycle Wisconsin program, offered details on e-waste

recycling activities and regulations in the state. **Alyssa Kenney** of DANenet explained how its partnership with corporations, ISPs, municipalities and community centers allows them to funnel quality refurbished computer equipment and training to community members in need.



## Cascade Culture and Professional Development

One of the focus areas for Cascade in 2019 was to engage in more professional development and team building with staff. We partnered with the continuing education and outreach program of Madison College to develop and implement a curriculum for supervisors and all staff, which including the following activities:

- Effective communication training for all staff;
- Leadership and communication workshop for supervisors;
- Conflict management sessions with supervisors;
- Running effective meetings workshop with our Leadership Team;
- Change leadership program for our Leadership Team;
- Customer Service training for all staff



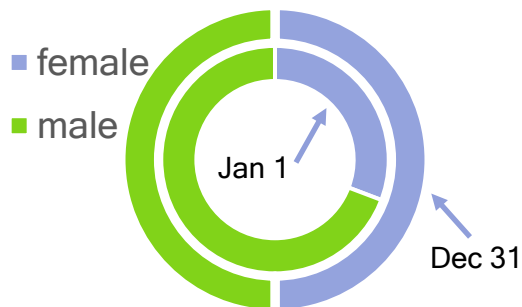
Cascade Norms Model - introduced 2019

One of the outcomes of this program was the creation of a “Cascade Norms” program. Based on collaborative input, the Leadership Team created a set of expectations for all staff for engaging with one another and customers to ensure we treat everyone we encounter with fairness and respect. The result was a document, training and ongoing information and educational activities to promote interactions and activities that focus on “Taking Care” of one another. The outcome was an increase in job satisfaction, collaboration and productivity.



Cascade staff enjoying a Thanksgiving dinner together

## Cascade Field Technicians



Cascade was also pleased to recognize continued gains on our Affirmative Action program, especially in our ability to increase our recruitment and retention of women into our Field Technician role. Over the course of the year, we expanded our Field Technician staff overall by 7.7% and increased female representation in this group by 63% so that women now make up 50% of our Field Tech staff. This is a critical role for Cascade since Field Techs are on

the front lines with our clients, performing onsite ITAD services and securely hauling customer equipment to our processing facilities.

## Promoting Digital Inclusion

Cascade continued to work with our clients and community to funnel high-quality refurbished equipment to individuals and non-profits in need. This year, we were a lead sponsor for the Madison area Digital Inclusion Week from October 7-11. The



week's events, hosted by DANenet, kicked off with a workshop at Epic and included Fix-it clinics, coding projects and the donation of computer systems from Cascade.



Cascade Resale Manager Paul Keough (pictured above) coordinates our efforts to donate refurbished computer equipment with DANenet and other clients and non-profits.

## 2019 ITAD Benchmarking report published

Cascade published its fifth annual benchmarking report to share information and research on security, environmental, and financial issues related to IT Asset Disposition (ITAD) and the more general IT Asset Management (ITAM) discipline.

This report was built from data Cascade compiled through (1) a November 2018 customer survey that represented organizations with a collective employment of more than 200,000 people, (2) an evaluation of more than 500,000 assets processed by Cascade in 2017-18, and (3) a review of related industry research.

In the survey portion, enterprises indicated a slight increase in expectations to spend more (from 18% to 22%) on IT hardware in 2019 compared to 2018, but more than twice as many respondents (from 6% to 13%) planned to trim their spending in 2019.

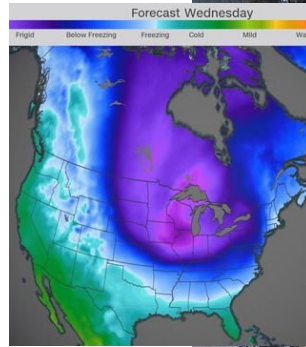
As a benchmarking tool, we use the information to help clients understand how their ITAM/ITAD program compares to others and how they can further improve your systems to better attain desired outcomes.



## Events that shaped Cascade and the industry in 2019

### Polar vortex puts chill on activity

The year began with a deep freeze shutting down both Cascade facilities and most of the Midwest for several days. It was the first time we needed to cancel all operations for more than one day in nearly twenty years. Sales in January plummeted along with the temperatures. Thankfully, all equipment and facilities remained intact, as we carefully maneuvered trucks and sensitive gear inside the warm confines of our warehouses. Activity also rebounded the following month and Cascade more than made up for the cooling off of business activity in January.



### Superfund invoked - lawsuit filed for CRT waste

Forty recyclers were named in an \$18 million lawsuit tied to a 314 million pound stockpile of CRT glass abandoned at Closed Loop Refining & Recycling warehouses in Ohio and Arizona, reported [E-Scrap News](#). Closed Loop was accumulating this leaded glass in anticipation of feeding a new furnace to recycle the glass, but that process never materialized and instead they built the largest CRT stockpile in U.S. history. Cascade never sent any of our CRT glass to Closed Loop – our policy is to only work with recyclers actively processing materials. This lawsuit may help others consider more carefully where they send their materials for processing.

### The exit of Arrow from IT Asset Disposition

It was a shock to almost everyone in the industry when Arrow Electronics decided to drop its IT Asset Disposition business in July. The company handled nearly 6.3 million devices annually, according to a 2017 sustainability report.

Cascade was well positioned to help pick-up the pieces for clients abandoned by Arrow. We quickly added new capacity and saw throughput grow by over 35% in the second half of 2019.

Cascade also welcomed a key executive of Arrow's business to our leadership team. Nineteen-year ITAD veteran Ryan Laber (pictured on the left) joined Cascade as our Vice President of Business Development. Previously, he created Arrow's Center of Excellence for mobile device processing and served as a Vice President at Asset Recovery Corporation, a Minnesota-based ITAD that sold to Arrow in 2012.



"Following Arrow's exit from ITAD, I knew immediately with whom I wanted to work," commented Laber.

"Cascade has a long-standing, sterling reputation recognized by industry stakeholders. With a focused growth strategy that is already accelerating, it's an exciting time to join the team."



## Environmental leadership



Cascade's CEO hosts a visit by WI Lt. Governor Mandela Barnes discussing the company's environmental programs.

Cascade continued its active involvement in innovative research and education related to sustainable electronic material use projects. As a key partner in a multi-stakeholder research project with the International Electronics Manufacturing Initiative (iNEMI), Cascade provided primary research data on hard drive reuse and recycling initiatives. The company supplied materials for rare earth magnet recovery to Department of Energy labs and private manufacturers. Cascade helped author the final report titled [“Value Recovery from Used Electronics Products.”](#)

Cascade's CEO was also selected for the Reuse Hall of Fame by the Electronics Reuse Conference. The award is named after Jim Lynch, the founder of Tech Soup, which pioneered a process to direct refurbished computers and low-cost software to non-profits.

The 2017 NIOSH health hazard evaluation conducted at Cascade's Madison facility was profiled in the September/October issue of Scrap magazine, published by the Institute of Scrap Recycling Industries (ISRI). The article discusses the findings of the evaluation and why Cascade decided to come under such scrutiny. “If we're making a good effort to look out for the safety and health of our workers, we don't have anything to hide . . . You have to go into everything with that mindset,” says Cascade CEO Neil Peters-Michaud.

Cascade also hosted a number of dignitaries and research groups throughout the year to teach them more about our processes for secure and sustainable electronics recycling (see photo).

## Transparency and tracking

Cascade was one of a handful of firms installing EarthEye® Trackers in disassembled commodities tracing the trail of recyclable material from our processing facilities to their final reclamation sites. Cascade installed trackers in devices sent to three different processors. All equipment moved as expected. This tool helps with our ability to audit our recyclers to ensure they follow through on their commitments. The results were shared at the E-Scrap conference in Orlando as part of a plenary session.



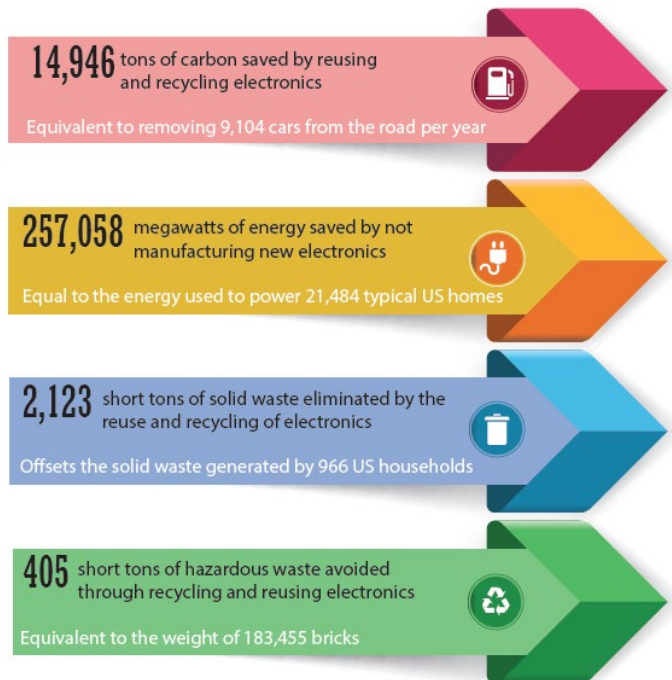
Tracking device (right) installed inside a disk drive sent to a Cascade downstream processor.

## Environmental Stewardship

The collective environmental benefit of the electronic equipment reuse and recycling efforts by Cascade and our customers continues to have a positive impact. By reducing the need to manufacture new devices (due to reuse) or mine materials for production (due to recycling), we reduce waste and save resources. This has an impact on carbon emissions that contribute to climate change.

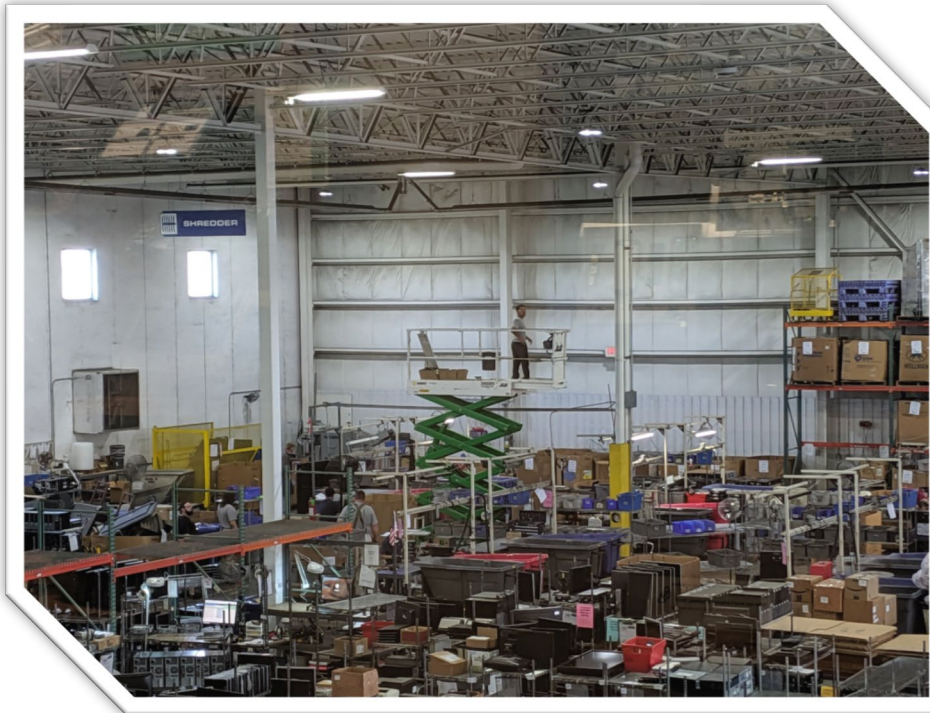
The chart to the right shows the environmental impact of reusing and recycling more than 4.1 million pounds of electronics for our clients in 2019.

Impact of processing activities by Cascade in 2019



## Investments in greener lighting

Cascade invested in a complete retrofit of our Madison warehouse and office to LED lighting. The warehouse fixtures include light and motion sensors that conserve additional energy by dimming and shutting off when not in use or when the sun is out.



New LED warehouse lighting (smaller circle fixtures) replace the larger fluorescent lamps, providing higher lumen output at a significant cost and environmental savings.

The \$27,000 investment is expected to save \$5,500 per year in energy and operating costs. The efficiency upgrade is expected to reduce electricity usage by over 23,000 kilowatt hours/year which is equivalent to a greenhouse gas reduction of 81.2 metric tons over five years. The energy savings are expected to pay for the project in about five years.

## Other significant 2019 achievements

The U.S. federal government's **GSA contracting program** awarded Cascade a five-year extension on its contract for IT Asset Disposition and electronics recycling services. The new contract period also includes access to updated services offered by Cascade since the original contract was awarded, including onsite shredding and medical equipment recycling. Cascade also renewed its national contract with healthcare GPO, **Premier**.

Cascade embarked on an initiative to review resale packaging and supplies to determine the availability of using more environmentally responsible products. Cascade evaluated and purchased **recycled content bubble wrap** and updated our purchasing procedures to specify more **environmentally preferable products**.

Cascade invested significantly to improve our **IT network infrastructure** in Indianapolis, Madison, and between the two facilities to achieve faster performance, more security, and better access to resources. The new servers, network infrastructure and bandwidth enhancements position the company for further growth.

The company invested in additional **ergonomic improvements** to benefit staff and the handling of equipment, including acquiring new adjustable height benches and setting up a new process to use totes for handling handheld devices internally.

Cascade upgraded its **NAID certification** to include an endorsement for securely sanitizing **Solid State Drives**. Cascade was one of the first processors to receive this 3<sup>rd</sup> party verification for the destruction of data on SSDs.

Our investment in **PhoneCheck** wiping software and tools (photo) allowed us to quickly scale our secure sanitization of tablets and smart phones.



A total of \$5,500 was **donated** by Cascade to charitable organizations supported by employees: DANenet, Casting for Kids, Second Harvest Food Bank, JR Purgolders, Indian Mound Robotics, and Children's Health Alliance of Wisconsin. In addition, Cascade worked with clients to donate over \$25,000 in refurbished computer equipment to non-profit organizations in 2019.

## Creating the next chapter – Strategic Plan 2020- 2025

After meeting the targets of our previous Strategic Plan two years ahead of schedule, Cascade embarked on building a new five-year plan at the end of 2019. We are determined to build on the reputation and success of Cascade and . . .

- Provide ITAD solutions for clients and the industry consistent with our values and commitment to quality, integrity, responsibility, transparency, education, and partnership.
- Grow from "Best ITAD in the Midwest" to "Best ITAD in the USA" and receive positive recognition and validation from our clients and the industry.
- Develop and execute ITAD solutions that are profitable, repeatable, and reliable patterns of growth.