

US Enterprise IT Asset Disposition (ITAD) Market: As Dell Maintains Strong Tier1 Leadership, Consolidation Shows Momentum for IT Equipment Distributors, Says Compliance Standards LLC

Miami, August 12, 2015 – According to research by [Compliance Standards LLC](#), Dell continues to maintain leadership position in the US enterprise IT Asset Disposition (ITAD) market. Dell's competitors in the tier-1 space are IBM and HP, both of which also have solid penetration rates in the ITAD market.

The latest research conducted by Compliance Standards LLC indicates that market consolidation is underway with bottom-tier ITAD service providers losing ground, and tier-2 vendors Arrow and Ingram Micro picking up momentum over the next 12 months.

A report generated from the research titled ***"ITAD's 2015 Competitive Landscape in Large US Enterprise and High-Value Verticals and 2016 Outlook"*** identifies the four tiers involved in the enterprise ITAD market. As expected, vendors with long-established OEM operations and/or leasing and financing offerings tend to have the strongest penetration rates of the US enterprise market. Their Broad Penetration Rates (BPR) are mid to high-double digits. Second-tier players, which include CDW, Arrow Electronics and Ingram Micro, combined with their acquired entities, maintain BPRs in the high-single, to low-double digit rates. A survey of more than 181 large US companies suggests that growth momentum is in favor of this group, specifically Arrow Electronics and Ingram Micro..

Third-tier vendors represent a plethora of lower-BPR companies, ranging from IT equipment distributors and IT financing firms, to pure-play ITAD vendors. This group of companies shows mix performances with a some degree of uncertainty in their outlook considering the ongoing consolidation and a drying up of venture capital investments.

In a sign of continued consolidation, severely affecting the fourth-tier vendors, the number of local IT equipment recyclers continues to decrease substantially. This recent research shows a decrease in the number of large companies that use local shops from over 20% in 2012 to 17% this year. Compliance Standards expects that rate to drop further to 12% within 12 months. Changes in IT procurement strategies, the increasing role of compliance, and the reorganization of the supplier side are among the many factors conspiring to reduce the impact of small IT equipment recyclers.

"Tier-1 vendors, in particular Dell, have done an outstanding job maintaining leadership as ITAD providers in the US enterprise market, owing not only to their historical strong relationships with the market, but also due to their organizational and structural initiatives that enable sound go-to-market strategies ," says David Daoud, a Compliance Standards Analyst. "Yet, as second-tier players Ingram Micro and Arrow Electronics continue to invest in their ITAD operations, post M&A; momentum appears in their favor as we look at the 2016 competitive horizon." And to add, "going forward, we will see a toughening of competition as spending for enterprise ITAD remains relatively healthy, peaking this year at an average of \$2.2 million in the financial sector (excluding data centers), and averaging a half million dollars in other verticals. Vendors seeking closed-loop lifecycle offerings are expected to fight hard for the ITAD space."

Table 1: 2015 Broad Penetration Rates (BPR) of US' ITAD Enterprise Market

Data shows the percent of companies that vendor has access to. Respondents allowed multiple vendors.

ITAD Vendor	Broad Penetration Rates (BPR) of US Enterprise Market 2015
1-Dell	41%
2-IBM	32%
3-HP	20%
4-CDW	11%
5-Arrow Electronics	10%
6-Ingram Micro	9%
7-DataServ	6%
Small local providers combined	17%
Others	below 6%
<i>BPR is percent of companies reporting using vendor among its pool of ITAD providers</i>	
<i>Note: Arrow and Ingram include their acquisitions</i>	
<i>Source: Compliance Standards LLC Annual Survey of ITAD in US Enterprise Segment</i>	
<i>Multiple providers allowed August 11, 2015</i>	

Table 2: 2015 Effective Penetration Rates (EPR) of US' ITAD Enterprise Market

Data shows the percent of companies that reporter vendor as LEAD servicer

ITAD Vendor	2015 EPR of US Enterprise Market 2015
1-Dell	26%
2-IBM	17%
3-HP	17%
4-CDW	6%
5-Arrow Electronics	4%
6-Ingram Micro	3%
Small local providers combined	16%
Others	below 3%
<i>EPR is percent of companies reporting using vendor as LEAD providers</i>	
<i>Note: Arrow and Ingram include their acquisitions</i>	
<i>Source: Compliance Standards LLC Annual Survey of ITAD in US Enterprise Segment</i>	
<i>Single provider choice only August 11, 2015</i>	

Table 3: 2015 Market Penetration Efficiency Ratio (MPER) in US' ITAD Enterprise Market

Data indicates percent of companies using the listed vendor as LEAD servicer with their respective BPR.

Example below would be 65% of the 41% reporting Dell in table 1 say Dell is also their lead provider.

ITAD Vendor	2015 MPER
1-Dell	65%
2-CDW	59%

3-HP	56%
4-IBM	54%
5-Arrow Electronics	45%
6-Ingram Micro	32%
<i>BPR is percent of companies reporting using vendor among its pool of ITAD providers</i>	
<i>Note: Arrow and Ingram include their acquisitions</i>	
<i>Source: Compliance Standards LLC Annual Survey of ITAD in US Enterprise Segment</i>	

About Compliance Standards:

Compliance Standards LLC is a premium strategic advisory and research service that provides consulting and market intelligence to the ITAD and technology recycling sector and to the large corporations that use these services. The company covers the critical functions of sustainability, consumer and enterprise recycling, including, but not limited to IT hardware, data center recycling, consumer electronics, home appliances and more. Coverage focuses not only on compliance issues, such as those related to data security, but also on discovering best practices, efficiency techniques, cost control practices and brand protection strategies in sustainability and technology end of life management.

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