

# How to Maximize Return on Investment, Minimize the Cost and Mitigate Liabilities from **Electronic Asset Disposition**

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# Abstract

Surplus electronic assets can be defined as assets that is no longer an essential part of the operation and manufacturing of a company's particular division or business.

It can be a struggle for most organizations to efficiently manage their surplus assets. When surplus assets are not recognized, unidentified, or scattered across multiple sites, the challenge can be further compounded. Moreover, can organizations afford to be wasteful with their assets at this time, when sustainability is such a key agenda item at the board level?

This white paper summarizes five ways to dispose of surplus electronic assets and explains why you need to outsource your surplus asset management so that you can better manage these surplus assets.

We're Excess Logic, the asset disposition and remarketing specialists. We believe that we can help organizations manage their surplus assets much better. We help over 400 organizations dispose of their assets appropriately and maximize return by selling them.

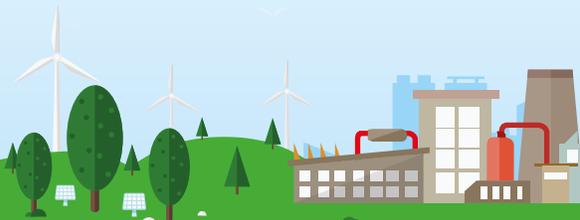
We've helped in different industries—from semiconductors to biopharmaceuticals—meet their unique needs by better managing surplus assets and providing asset sales solutions.

## What will you be equipped to do after reading this white paper?

When an organization needs to dispose of surplus electronic assets it faces three crucial problems:

1. **How to Maximize return on investment in electronic assets?**
2. **How to Minimize the cost of electronic asset disposition?**
3. **How to Mitigate liabilities from electronic asset disposition?**

After reading this white paper you will be able to compare the way you are using right now with alternatives and make a rational decision based on facts and numbers in favor of the way which is more convenient, cost efficient, more environmentally responsible, protects your organization from any liabilities and returns more on your investments in electronic assets.



# Five ways to deal with surplus electronic assets



## Storing and selling used electronic assets from your own facility/ rented facilities/ or storage

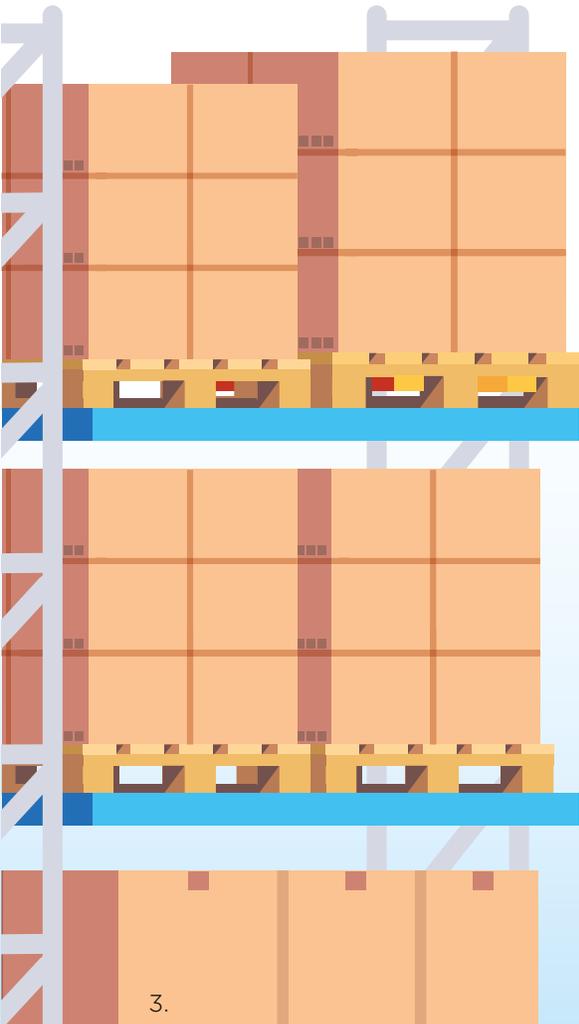
Some organizations have enough space at their facilities, some rent containers, others rent storages just to store electronic assets for years. This way of dealing with excess electronic assets has its pros and cons.

### Pros

- 1 You may need these electronic assets or their parts at some point.
- 2 You save money on electronic asset disposal.
- 3 You feel good and melancholic when you recall how you used those assets in the past

### Cons

- 1 **Storage cost.** Even if your company owns the building you pay market rate for the storage of all electronic assets, otherwise you could rent out that occupied space and generate additional revenue.
- 2 **Property tax.** You pay property tax on every piece of electronic IT assets while they are on your books regardless if you use them or not. For the larger companies, this could be a very substantial expense.
- 3 **Salary.** You pay your people for keeping your electronic assets on the books year by year.
- 4 **Liabilities.** The abundance of excess electronic assets you have in your storage or facilities; the higher the chances of liable circumstances. Old batteries can catch fire. Something can fall on your employee while he or she is looking for parts...etc.
- 5 **Theft.** It's hard to prevent theft when you store valuable electronic assets. "Smart employees" that understand the value of electronic assets or their parts can easily steal from then resell them. Sometimes they even use their company's FedEx or UPS account to ship stolen electronic asset to the buyer at company's cost. Believe me, this happens more than you realize!





## Selling used electronic assets yourself.

### Pros

- 1 You can keep all the money you received from the sale. This approach has but one pro.

Usually, employees that sell used equipment were hired for a different purpose such as facilities management, IT management, equipment maintenance or operations management. They can't compete with professionals whose business it is to re-market used equipment and recover maximum value.

With that being said and because this is not your employees' primary task, to recover maximum value of re-marketed electronic assets, they usually deal with limited offers from a very limited number of buyers, that are typically just resellers and recover far less value than what could be recovered by professional used equipment re-marketing companies.

### Cons

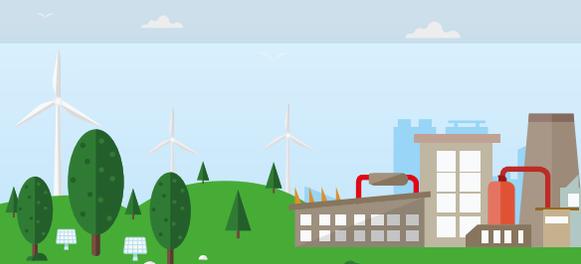
- 1 **Return on investment.** Depends on the skills, but usually around \$.10 cents on a dollar.
- 2 **Storage cost.** Until the equipment has sold, you have to store it and/or pay for storage or lose an alternative opportunity to generate revenue from the rental of that space.
- 3 **Salary.** You will need to pay your people who deal with creating these lists of electronic assets, who sends these itemized lists to potential buyers then deals with the bids and the questions. Don't forget about the meetings to show the assets for sale. Lastly is the handling, shipping, returns, disputes and complaints that this person will have to be in charge of.
- 4 **Liabilities.** When your organization sells used electronic assets itself, even if you sell it as **non-working for parts, no return condition, this does not protect you from liabilities.**

If something happens with sold electronic assets on a buyer premises; the asset catches fire, hurts somebody, etc., the buyer may send lawyers to interview your employees who handled the electronic asset that caused the problem. If any of your employees mentions, that this asset had some issues that wasn't disclosed during the sales process, your organization could potentially be liable for millions of dollars for nondisclosure.



### Things to consider

When your organization stores and resells electronic assets itself, they lose potential revenues from alternative usage of that space. You won't recover maximum market value while untrained employees are now involved in managing then reselling electronic assets from your itemized list of excess equipment. Trying to handle all this yourself & not reach out to a professional you will lose the flexibility for creating additional value for the organization. It increases the chance of an accident and costly accidental liabilities, it increases the chance of theft, lastly and majorly, the potential liabilities of millions of dollars for nondisclosure in case of a serious accident on the buyer side.





## E-waste recycling companies

The **second** way to deal with electronic asset disposition is to use e-waste recycling companies.

An E-waste recycling company in general picks up used electronic assets, sort them by type of materials such as plastic, copper, aluminum, metal and sell it to recycling plants that recycle it and resell to companies that buy aluminum, copper, and metal to produce new products.

### Pros

- 1 **Storage cost.** Once your electronic assets were removed from your facilities or a storage you can repurpose that space for additional operations or rent it out and start generating additional revenues.
- 2 **Salaries.** Now your employees can focus on their main responsibilities and do what they were hired for.
- 3 **Liabilities.** Your company doesn't need to receive any certificates to recycle electronic assets. Recycling company or their downstream vendor has to have R-2 and E-Stewards certificates.  
E-waste recycling company responsible for recycling and proper disposal all your electronic assets in compliance with Federal and State Regulations with Zero Landfill Policy.

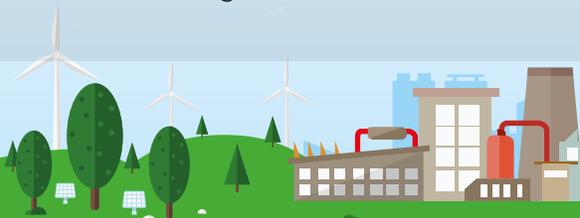
### Cons

- 1 **Cost of recycling services.** As described above, recycling companies make money by charging their customers for disposal and recycling from e-waste scrap they sell to recycling plants. Since recycling companies, in general, scrap all electronic assets, they recover much less value from sales of electronic assets than they could recover if they sell them as equipment. For this reason, they can't offset or seriously reduce the cost of their services compare to the companies that resell electronic assets as equipment.
- 2 **Return on investment.** Some recycling companies offer profit sharing program. They scrap all e-waste, sell it to a recycling plant, deduct from received proceeds the cost of their services and share net proceeds with their customers. Since commodities process are very low nowadays, their customers usually don't see any profit and pay for every pickup.
- 3 **Environmental.** For the last 5 years (this white paper was written in July 2018) the cost of real estate increased by 500%. At the same time commodities prices decreased 300%. Because of that many e-waste recycling company can't afford to renew R-2 and E-Steward certificates. Because of that in many cases such e-waste recycling companies instead of environmentally friendly recycling just dump e-waste into a garbage dumpster which then ended up in landfills. Organizations need to be careful when they choose an e-waste recycling company to make sure they work with a company that recycle e-waste in compliance with Federal and State regulations.



### Things to consider

When your organization disposes of its electronic assets with an e-waste recycling company it pays too much for recycling services, recovers less than 10% of residual value and has a potential risk to be penalized by environmental agencies if your recycling vendor that disposes your e-waste is not in compliance with Federal and State regulations.





## Resellers

The **third** way to deal with electronic assets is to sell them to resellers.

Who are resellers? In general, a reseller is a middleman who buys electronic assets and resells them to end-users. Usually they buy excess assets that either very liquid so they can easily find a buyer or, in most cases, they already have a potential buyer for that equipment. Resellers specializes in reselling assets for one or a couple particular industries that use similar electronic assets; for instance, biotech and pharmaceutical industries.

### Pros

- 1 Resellers pay upfront and remove purchased electronic assets from your facilities.
- 2 Sometimes they provide a trade-in program so your company can get some credits from sold assets to purchase different electronic assets from same reseller.

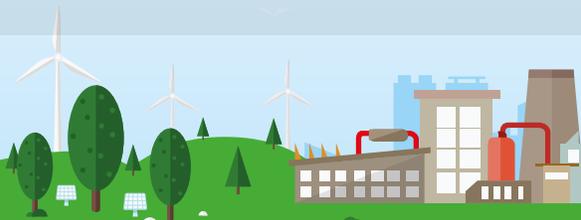
### Cons

- 1 Resellers buy only electronic assets they can easily resell because they are super liquid or they already have a buyer. When you deal with resellers you need to find another company that will either buy the rest of the electronic assets or help you to dispose of them.
- 2 Most of the resellers don't have a warehouse and enough capital to buy and store big and bulky equipment and electronic assets. Because of that they usually buy electronic assets that they can store in a garage or a small office.
- 3 Resellers pay on average 5-10 cents on the dollar (way below market value) of the current market value which means that if your electronic asset has current market value \$10,000, a reseller will pay you \$1,000. So, when you are dealing with resellers you are losing 90-95% potential ROI.
- 4 Resellers are usually very picky, they require that all electronic assets need to be in 100% working condition with manuals, software, bundles along with all additional components & fully complete which is hard to comply with, if the asset were not in use for a long period of time.



### Things to consider

**Dealing with resellers, your organization recovers 10% or less of the current market value!!!** Then, your equipment ends up with the other electronic assets that need to be disposed of, at costs that are usually less or equal to the value you have received from a reseller.





## Auctions

The **fourth** way to deal with electronic assets is to liquidate them via auctions.

What is the auction? Auction companies are usually the companies that help organizations liquidate electronics and other IT assets via auction.

An organization has an electronic asset that they no longer need and want to sell. This usually happens when an organization is moving, merged, acquired or going out of business.

**The goal of an auction is to sell everything as fast as they can!** Because of this reason, the auction, will group all your assets into lots. Usually one lot is one pallet. Big and bulky assets usually selling individually.

### Pros

- 1 Auctions will usually take around 10-15% commission from the seller which is pretty low.
- 2 Auctions typically recover around 30 cents on the dollar of the current market value. Which, in turn, is three times more compared to resellers.

Auctions will usually sell more assets placed at the auction than the cherry-picking resellers are willing to buy.



### Things to consider

By selling electronic assets via an auction your organization recovers only 30% of the current market value and ends up with the other electronic assets that need to be disposed of at cost that usually equal or a little bit higher than the value you have received from the auction.

Once all your assets are grouped by types, an auction company will take pictures and prepare descriptions for every lot (Lot 1 - misc. test equipment, Lot 2 - misc. servers and networking gear, etc.)

Then, when all the pictures are taken and descriptions ready the auction company posts all your lots available on their website and advertises the day and time of the auction amongst their registered buyers.

Registered buyers are usually resellers that we described in section 2.3. Auctions usually sell electronic assets to resellers, at wholesale prices... So, resellers can resell them to end-users individually.

### Cons

- 1 Selling by aggregated lots, auctions sell your electronic assets at wholesale prices which in turn reduces your potential ROI by 50%.
- 2 Selling for a minimum value. By asking for a high bid often leads to fewer bids & selling too cheap.
- 3 Auctions charge additionally 20% the buyers. This is reducing the amount of bids, because the buyers understand that they will need to pay additional 20% on the bid price after they win the bid.
- 4 Since auctions usually deal with local buyers their exposure is very limited and in general, reaches from a couple hundred to several thousands of bidders, compared to global international auctions like eBay that reach 100+ millions of buyers. For this reason, & quite often, valuable electronic assets are sold at a very low price just because there weren't enough buyers who really needed said asset.
- 5 Auctions don't provide e-waste recycling and disposal unsold assets and e-waste. Because of this, the organization needs to deal with an e-waste recycling company and dispose of the remnants at cost.
- 6 Since an auction company runs the auction from your facilities your organization needs to assign people to assist personnel from the auction company which may create some security and organizational issues.
- 7 Usually it takes 2-3 months to organize an auction, advertise it, and to get all assets sold and picked up. **All this time your company is paying rent for the facilities you're running the auction from!!**





## One-Stop Solution

ALL AROUND BEST OPTION FOR MAXIMUM VALUE

The **fifth** way to deal with excess electronic assets is to use a one-stop solution.

A One-stop solution is a solution that covers all electronic asset disposal, remarketing and recycling needs.

Frequently, today, modern organizations have a mix of excess electronic and non-electronic assets such as cubicles, office or lab furniture, metal scrap, RMAs and other miscellaneous excess inventory.

### Pros

- 1 When an organization has performing and non-performing assets a company, one-stop solution companies remove of all assets from organization's facilities and move them to their facility.
- 2 One-stop solution companies usually have at least one large scaled warehouse. With the infrastructure to sort out these assets into performing and non-performing groups. Then, in turn, remarket those of which are performing and dispose of non-performing assets.
- 3 Performing assets are the assets that can be remarketed on the secondary market.
- 4 Non-performing assets are the assets that need to be properly disposed of and recycled.
- 5 One-stop solution provides data destruction with a certificate of destruction
- 6 Since one-stop solution companies sell performing assets via the biggest international online marketplaces they reach 100+ millions of buyers and recover maximum market value.
- 7 One-stop solution appraise the current market value and unlike auctions, that start from the small price and then moving up, one-stop solution sells performing assets at the current market price, which is the price the same or similar asset was sold for the last 90 days worldwide. Additionally, one-stop solution provides an option to place a best offer so potential buyers can place an offer and the best offer wins.
- 8 One-stop solutions on average return up to 80 cents on a dollar of a market value which is eight times more than resellers and three times more than auctions
- 9 If your company has furniture, cubicles, metal scrap or returns from retail channels... a one stop solution takes care of them too. They pick up all your mentioned nonperforming assets and either dispose of them or resell (RMAs) via alternative channels to convert your cost of managing returns into revenues.
- 10 The cost of disposal towards non-performing assets and RMAs, & remarketing services will be deducted from the sales of the total net proceeds. Finally, your organization receives up to 80% of net proceeds.
- 11 Since the company that provides a one-stop solution has never used the assets they are selling, they will relieve your organization from any liabilities, from any returns and all legal disputes because they have nothing to disclose.

**One-stop solution will be like a firewall in all transactions.**

### Cons

- 1 A One-stop solution usually doesn't pay for performing assets upfront because they operate, not as a reseller, but as a partner that makes money only when it has sold those performing assets. But if your company needs money ASAP, to pay salaries or rent, you can ask them and they may give you an offer or sell your assets faster by reducing the price.



### Things to consider

When you deal with the one-stop solution you recover up to 80 cents on a dollar or the current market value. You don't need to deal with several different vendors because one company covers all your excess asset, disposal and remarketing needs. No upfront payments required. No excess asset will be left behind or returned. The cost of pickups, sorting and disposal fee is deducted from the sales proceeds. You don't pay for storage of the performing assets while they are selling regardless of the time it takes. You will be provided with a detailed sales report and a check, monthly. They provide data destruction and your organization will be relieved from any and all liabilities.

# Comparisons, additional resources

## Final thoughts

Usually organizations can't sell all decommissioned electronic and non-electronic assets they have. In this case your people need to deal with e-waste recycling, metal scrap and furniture removal companies. All these activities take enormous amount of time and duplicating efforts by sending out details on different type of assets to different providers, collecting quotes from different providers for disposal of different materials, scheduling pickups and processing invoices from different vendors.

If your organization works with more than one asset disposal vendor, you proportionally to number of vendors:

- Multiply the time and the cost of asset management and disposal;
- Overload your people and equipment such as fork-lifts, elevators and pallet jacks;
- Increase chance of accident and potential liabilities;
- Decrease return on investment.

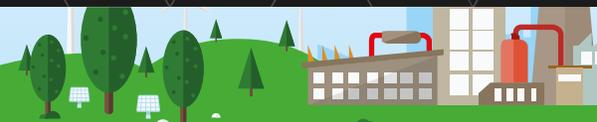
## Comparison table of all five solutions

#	Solution	Return on investment	E-waste Recycling	Data Destruction	Furniture/ metal removal	Relieve from Liabilities
1	<b>Store and Sell Yourself</b>	Depends on skills of the employee	✗	✓	✗	✗
2	<b>E-waste Recycling Company</b>	less than \$.10 cents on a dollar	✓	✓	✗	✗
3	<b>Reseller</b>	\$.5-.10 cents on a dollar	✗	✗	✗	✓
4	<b>Auction</b>	\$.30 cents on a dollar	✗	✗	✗	✓
5	<b>One-Stop Solution</b>	\$.80 cents on a dollar	✓	✓	✓	✓

## Free online calculator of ROI in electronic assets

You can calculate how much money your company can earn this year by selling your fully depreciated electronic assets via a one-stop solution with this free calculator

<http://excesslogic.com/about/roi-calculator-for-surplus-equipment-and-it-assets/>



# Contact information

## About Excess Logic

Excess Logic is a One-Stop Solution for electronic assets and excess inventory disposal and remarketing needs. Our rapid and seamless process assists businesses in 17 states of the US and Canada removing unwanted equipment and shares the net proceeds with them. We have consistently helped over 400 companies return up to \$.80 cents on a dollar on investments in electronic assets.



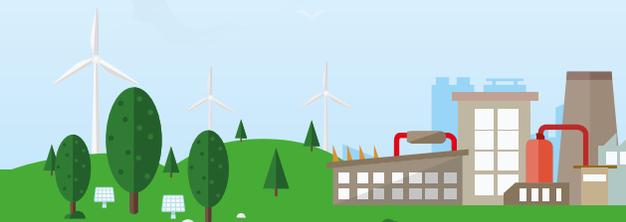
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Check out what our happy customers say about Excess Logic  
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