

**Equipment Redeployment
And Termination
Services**

A Service Offering From DCAG

Prepared by:

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Abstract -- “Are you sure of your policies”?

Does your Equipment Redeployment and Termination program adhere to legal, environmental, and regulatory requirements? Can you prove it?

Are you paying for equipment that you no longer have? Can you project the revenue you can obtain from selling your equipment, so that you can better support the purchase of new/replacement equipment?

Do you certify that software licenses are transferred, or eliminated, when equipment is moved or terminated? Do you get repayments or reduced costs from vendors when fewer product licenses are required?

Have the costs of space used to store surplus equipment become too expensive?

Are you able to gain revenue from the resale, or scraping, of terminated equipment and the software licenses associated with the equipment?

Is your company unable to donate used equipment because you're afraid of the sensitive data that may still reside on the equipment's hard disk.

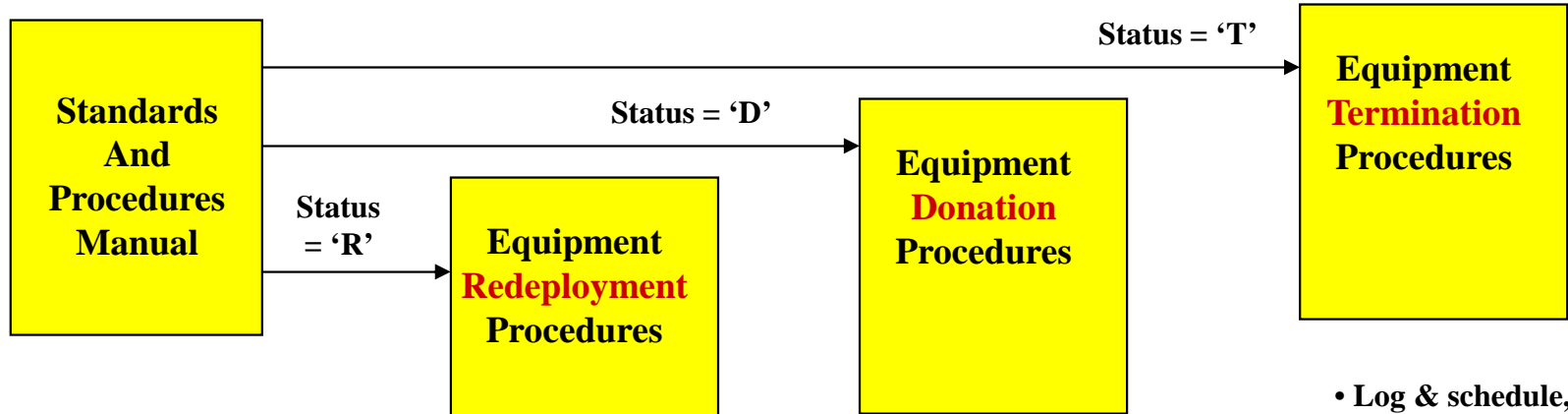
Does your audit department agree with your present Standards and Procedures governing equipment redeployment and termination?

Business Plan

To provide a service to help implement controls over the redeployment and termination of computer surplus equipment that adheres to environmental, business, regulatory, and legal requirements presently in effect. These services to include, but not be limited to:

- **Asset Management (Financials) and Inventory Management (Location).**
- **Adherence to Legal, Business and Regulatory Requirements related to the security, movement, disposal, and protection of data.**
- **Wipe data off of Hard Disk Drives for computers being redeployed, donated, or terminated in preparation to movement or sale (like shredding paper items).**
- **Sell, or scrap, terminated computer surplus equipment.**
- **Pick-up and/or deliver computer equipment in support of client donation, redeployment, or termination needs.**
- **Service and configure computer surplus equipment to meet the specific needs of our clients, like Recovery Facility usage or combining various components into a desired new system configuration.**
- **Warehouse and store surplus equipment in support of client needs.**
- **To provide these services as an outside vendor, or to Outsource the services from the client.**

Updating the Standards and Procedures Manual



Update manual to include new procedures for equipment Redeployment, Donation, and Termination in accordance with Legal, Environmental, Business, and Regulatory Requirements.

Train Staff on new procedures and provide Maintenance and Support Services going forward.

- Log & schedule,
- Pick-up,
- Data Wipe,
- Reconfigure,
- Package,
- Store,
- Deliver,
- Document,
- Notify,
- Track,
- History.

- Log & schedule,
- Pick-up,
- Data Wipe,
- Reconfigure,
- **Certify**,
- Package,
- Store,
- **Donate**,
- Document,
- Notify,
- Track,
- History.

- Log & schedule,
- **Client Pick-up**,
- Data Wipe,
- Reconfigure,
- **Certify**,
- Package,
- Store,
- **Sell**,
- **Financials**,
- Document,
- Notify,
- Track,
- History.

Mission Statement

To establish an **Organizational Structure with Standards, and Procedures to support the redeployment, donation, and/or termination of surplus computer equipment**, including: status identification (**A**ctive, **R**e-deploy, or **T**erminate), pick-up, service, warehouse, sale, and transportation, while developing automation and performance improvements that optimize productivity and profit margins. To return a profit to the client, through these services, that they are not presently realizing.

Establish (or connect to) **Inventory and Asset Management Systems to support: Equipment Identification and Status, Location, Warehouse, Transportation, Marketing, Sales, Service, and Financial systems that support the operation and simplify the work performed by the staff. Provide a system to assist clients in creating and tracking Work Orders, Service Orders, Purchase Orders, and Financial Documents to manage equipment and its status.**

Develop a **well trained and motivated staff** to support the needs of the business, while fostering a high level of customer satisfaction. Utilize customer satisfaction as a means of growing the business through references and word of mouth along with marketing and sales initiatives.

Purpose and Scope

This design paper is intended to define the purpose and processes associated with redeployment and / or termination of surplus computer equipment, including: the storage of that equipment in internal or external warehouses, the reconditioning and/or service of said equipment, the sale of identified equipment, and the transportation of equipment between company site and buyer – all in compliance with legal and regulatory requirements, with vendor certifications to prove compliance.

The stages of development associated with the system will be:

- Needs Analysis to define requirements and exposures (GAP Analysis),**
- Design Stage (Organization, Integration, Staffing, Functional Responsibilities, Standards, and Procedures),**
- Develop Prototype System using Asset Management and Inventory Management interfaces,**
- Integration of system with email, web services, and Microsoft Office,**
- Addition of financial services support for expenses, tax, commissions, and payment processing,**
- Migration of system into an Intranet based system running under Internet Explorer,**
- Migration of system to Internet Based running on a dedicated server.**

By developing the system in this manner, we will be able to add functions without exposure to Internet failures, thereby eliminating any potential downside due to client related failures or misinformation. Security features will be incorporated to limit critical information access to those people having appropriate authority.

This paper will be continuously updated as design features and processes are added. We encourage your review and comments. The system will be developed in an evolutionary manner so that everybody will have a chance to comment on how well the system helps them achieve their functional responsibilities through automation and improved information, or by encountered problems.

Business Continuity Planning Laws and Regulations

Federal Trade Commission (FTC):

- GLB Privacy Rule – requires a written information security program and protection over customer data.

Department of Health and Human Services (DHHS):

- Final Security Regulations under HIPAA (“Security Rule” - comply by 4/2005) covering Electronic Protected Health Information. Responsible for: ensuring the integrity, confidentiality and availability of EPHI; protect EPHI against reasonably anticipated threats or hazards to its security or integrity and unauthorized use or disclosure.
- HIPAA (effective 4/2003) regulates all types of health information, including paper records.

Securities and Exchange Commission (SEC):

- Final rules for Section 404 of the Sarbanes-Oxley Act of 2002 to be effective 6/2004 for all SEC reporting companies. The 404 Rules require CEOs and CFOs to provide a written report on state of data security and ability to recover from disaster event.

Non-Compliance:

- Can result in criminal and/or civil damages; liability and criminal prosecution for responsible companies and individuals.
- Although the rules stress the protection, preservation and retention of records and data, their principal purpose is the establishment of a control environment that will govern how transactions are to be carried out, recorded and reported in accordance with management’s authorization and applicable policies and procedures.
- Additional losses include; reputation, trust, and general enterprise value.
- Go to www.erm.coso.org for details relating to Committee of Sponsoring Organizations (COSO) industry standards relating to Enterprise Risk Management (ERM). Documents can be downloaded.

	Graham-Leach-Bliley Safeguard Rule	HIPAA Security Rule	Sarbanes-Oxley 404 Rules	California SB 1386
Effective Date:	May 23, 2002	April 21, 2003	June 5, 2003	July 1, 2003
Compliance Deadline	May 23, 2003	April 21, 2005	June 15, 2004 (for public companies with market cap. of \$75 million or more) June 15, 2005 (for other SEC reporting companies)	
Existing Laws and their Consequences				
Covered Entities	Financial Institutions as defined in the Bank Holding Company Act that possess, process, or transmit private customer information.	Organizations that possess, transmit, or process electronic protected health information (E PHI).	Publicly owned companies that file periodic reports with the SEC.	Any public or private entity that has unencrypted electronic personal information of California residents.
Purpose	Protect Customer Information from unauthorized disclosure or use.	Protect E PHI from unauthorized disclosure or use.	Provide senior management assessment of effectiveness of company's "internal controls for financial reporting" and attestation by independent auditors.	Protect California residents from Identity Theft.
Operative Mechanisms	Information Security Program: <ul style="list-style-type: none"> • Responsible Employee Selection, • Risk Assessment, • Information Safeguards and Controls, • Oversight of "Service Providers", • Testing and Monitoring. 	Security Safeguards: <ul style="list-style-type: none"> • Risk Assessment, • Policies and Procedures to control access, • Physical Security Measures, • Contingency Plan, • Appointment of Security Officer, • Training and communication to increase awareness, • Audits and maintenance of Audit Trails, • Agreements with "business associates", • Testing and Evaluation. 	Internal Control Framework: (Coso Framework or Equivalent) <ul style="list-style-type: none"> • Control environments – Compliance and Ethics, • Risk Assessment and Analysis, • Control Activities – policies, procedures, controls, • Information and Communications, • Monitoring or operations and control activities to determine continuing effectiveness of internal controls. 	
Criminal Consequences of Noncompliance	Fines and Imprisonment for up to 5 years.	Fines to \$250,000 and imprisonment for up to 10 years.	Fines up to \$5 million and prison sentences for up to 20 years for deliberate violations.	Civil liability to any injured California resident.

Equipment Life-Cycle Costs

Procurement: 15%	In-Use Expense: 80%	Disposition: 5%
Vendor Management Product Evaluation Acquisition Costs Financing Inventory Administration	Maintenance Asset Tracking Software Maintenance Upgrades Changes End User Training/Support	De-installation Consolidation and Logistics Audit and Inventory Data Erasure Refurbishment Residual Value Recovery EPA Compliant Recycling Redeployment Lease Return Charitable Donation Employee Sale

- **Cost of Disposition for PC's ranges from \$150 - \$500 per machine, depending on logistics and condition.**
- **PC resale values are optimized at 30 – 36 months, afterwards it may have a negative value.**
- **Laws affecting equipment Total Cost of Ownership include: HIPAA, Gramm-Leach-Bliley, and Superfund.**
- **Failure to adhere to legal, regulatory, and business requirements is becoming a very expensive proposition.**
- **Costs associated with implementing proper Equipment Life Cycle procedures in minor compared to liabilities.**
- **Work with Regulators to insure adherence and certification – become a “Trend Setter” in this area.**
- **Reduce costs associated with storing surplus equipment by certified selling, donating, or scraping of equipment.**

Equipment Life Cycle Audit Service

Audit of Equipment Life Cycle, including:

- **Define Environmental, Legal, Business, and Regulatory requirements associated with Equipment handling.**
- **Review Asset Management System to define your equipment financials (own, rent, or lease).**
- **Review Inventory Management System to identify equipment location and configuration.**
- **Review Equipment Handling Standards and Procedures and personnel Functional Responsibilities.**
- **Identify unnecessary equipment and software payments.**
- **Determine Exposures and Liabilities.**
- **Recommend Solutions to Exposures.**
- **Implement approved solutions.**
- **Support and maintenance services going forward.**

What We Do

We provide Computer Surplus Equipment services in support of client Asset and Inventory Management functions like:

- **Audit of Equipment Life Cycle and Total Cost of Ownership,**
- **Review, Implement, or Upgrade Equipment Standards and Procedures,**
- **Equipment Redeployment (Transport Equipment between Locations), or**
- **Equipment Termination (Removal of Surplus Equipment for sale or donation).**

Our Services Include:

- **Create / Maintain Inventory of Equipment at Client Location and / or Warehouse.**
- **Pick-up of Equipment from Client Locations.**
- **Performance of Services on Surplus Equipment, including:**
 - **Wipe Data From Hard Drive or Directories in Support of Security or Department of Defense (DoD) Requirements.**
 - **Configure Systems in support of Client requests and Office Recovery Operations.**
 - **Scrap Equipment in accordance with legal requirements (Toxic Materials).**
- **Warehouse Equipment.**
- **Sell, Donate, Scrap, or Deliver Equipment to Recovery Facility as Directed.**
- **Services can be supplied as an outside vendor, or Outsourced to us.**

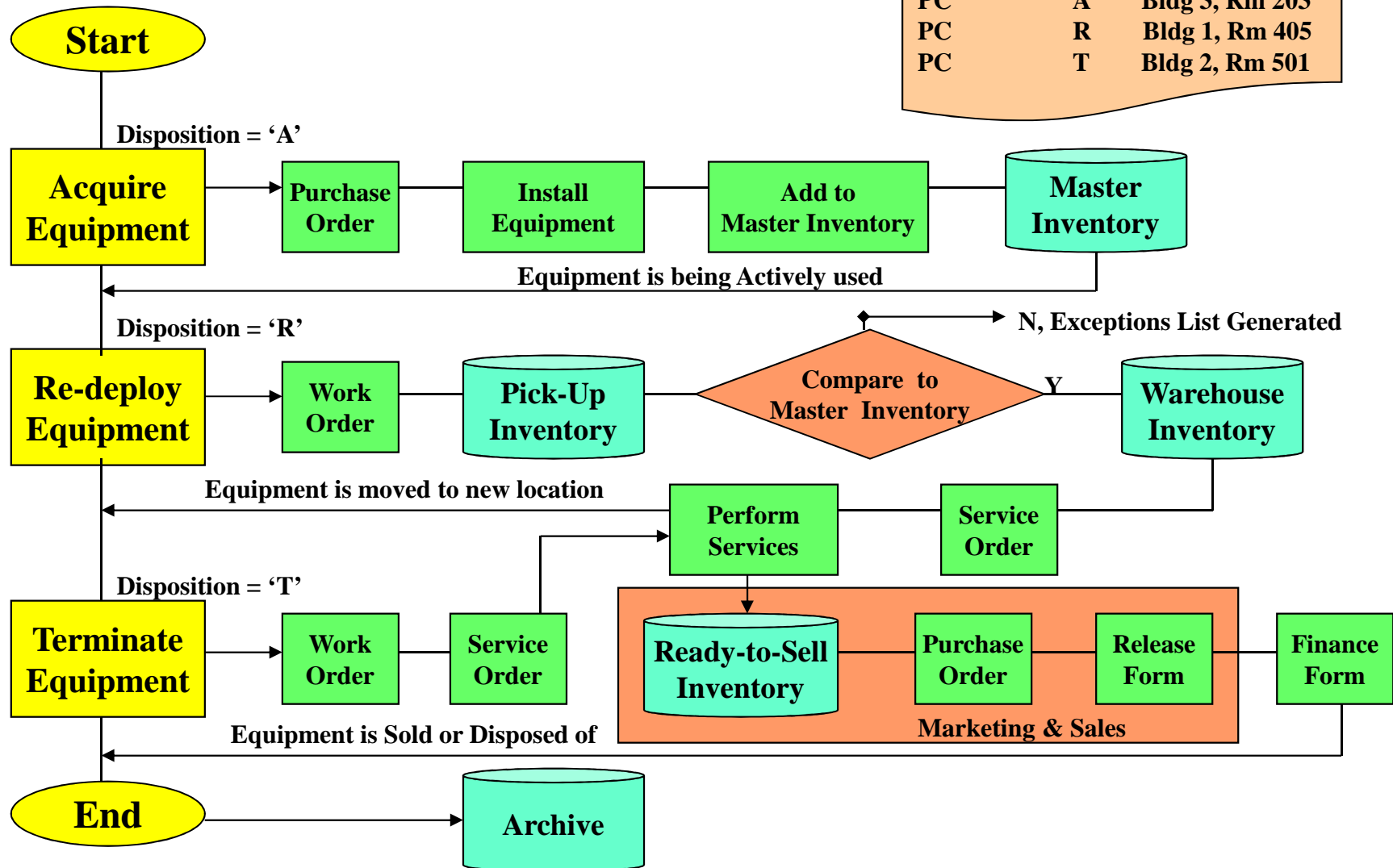
How we do it

Can be sorted by: Equipment Type, Disposition, and Location

Pick-Up List

Equip. Type: Disp: Location:

PC	A	Bldg 3, Rm 203
PC	R	Bldg 1, Rm 405
PC	T	Bldg 2, Rm 501



Asset Management Services

Redeployment Services:

- Personnel leave company, or equipment is reassigned.
- Directories and files containing personal data are WIPED in adherence to EDP Security and Department of Defense (DoD) requirements. Software licenses are updated accordingly.
- Process is initiated in response to Work Order and may have an accompanying Service Order.
- Equipment can be picked up, transported to service area, serviced, and then delivered to end location.
- Master Inventory and Asset Management systems are updated to reflect actions.

Termination Services:

- Equipment is terminated due to being outdated or broken.
- Residual value is extremely low or zero.
- Process is initiated in response to Work Order and may have an accompanying Service Order.
- Equipment can be picked-up, transported to warehouse / work area, data is WIPED from hard drive in accordance to Department of Defense (DoD) requirements. Software licenses are updated accordingly.
- Equipment services are preformed in support of recovery or resale requirements.
- Equipment is stored for recovery purposes, or resold.
- Equipment service and storage expenses are paid if used for Recovery Operations.
- Resale Revenue is split with client, after expenses are subtracted.
- Master Inventory and Asset Management systems are updated to reflect actions.

How Clients Benefit

- **Revenue from the resale of surplus equipment.**
- **Free-up Floor Space presently used for Surplus Equipment.**
- **Eliminate / Reduce personnel expenses associated with Surplus Equipment by Outsourcing Function to us, or allowing us to supplement your staff by performing many of the tasks presently performed by your employees.**
- **Surplus Equipment can be Redeployed to support Recovery Operations.**
- **Improved EDP Security and Recovery Operations.**
- **Implementation of Standards and Procedures governing equipment redeployment and termination services.**
- **Adherence to EDP Security, Business, Industry, and Regulatory and Environmental Requirements governing the movement and disposal of equipment will give you “Peace of mind“.**

The Deal

- **We perform an Audit to define exposures and liabilities.**
- **We help eliminate Audit exposures.**
- **Equipment Life Cycle Standards and Procedures are implemented and personnel trained.**
- **We supply Equipment / Redeployment Services.**
- **We supply Equipment Termination Services.**
- **We sell equipment, or store equipment for recovery operations.**
- **We scrap equipment that cannot be sold.**
- **We obtain certifications from vendors performing services.**
- **We subtract our expenses and split profits with client, or perform Services as part of Outsourced Agreement.**

Cost / Benefit Analysis

COSTS:

- **Surplus Equipment**
- **Floor Space**
- **Personnel supporting Surplus Equipment.**

BENEFITS:

- **Revenue from Surplus Equipment, or Outsourcing.**
- **Free-up Floor Space for Use, Rental, or Return.**
- **Free-up Personnel.**
- **Utilization of Surplus Equipment for Recovery Operations.**
- **Adherence to Regulatory, Business, and Legal Requirements.**
- **Operations can be performed on-site or off-site.**

Where do we go from here

- **Contract DCAG,**
- **DCAG performs a Needs Analysis Audit to define requirements,**
- **DCAG provides management with a project proposal and presentation describing tasks, deliverables, personnel, work flows, costs, and revenue.**
- **DCAG develops and implements Equipment Redeployment and Termination Services system,**
- **DCAG develops and implements Standards and Procedures,**
- **DCAG trains staff,**
- **DCAG provides ongoing support and maintenance.**