

In Business for 20 Years, AnythingIT, Inc. is at The Forefront of The Growing Electronic Waste (e-waste) Industry Where 100,000 Computers a Day and 100 Million Cell Phones a Year are Being Retired

**Waste
e-waste
(ANYI-OTCBB)**

AnythingIT, inc.

**17-09 Zink Place, Unit 1
Fair Lawn, NJ 07410
Phone: 877-766-3050
www.anythingit.com**



**David Bernstein
Founder, President and CEO**

BIO:

AnythingIT (AIT) brings over 20 years' experience in IT asset management and ewaste recycling. From the creation of project plans enabling both Government, Healthcare and Fortune 1000 clients to prepare for Y2K, to addressing the Move/Add/Change (MAC) of assets throughout enterprise organizations, to providing important options to equipment disposition such as remarketing for the highest possible return, donation processing, lease return and where applicable, certified e-wastet disposal. The breadth and

depth of our staff knowledge base is unparalleled in understanding the importance of protecting an organization's liability and data security on decommissioned IT assets. It is this proven experience, which has been the foundation for an industry standard best practice in technology life-cycle services. Our staff strives to achieve the highest quality project management planning, execution, and ongoing support. This has been demonstrated by our being awarded a GSA Schedule (35F-0439M) for our IT disposal services for over 10 years, obtaining the R2 Responsible Recycler Certification and ISO 14001 as well as the high level with which we retain our client base.

Company Profile:

AnythingIT is a United States Government-GSA contracted - CCR Registered vendor with Congressional Recommendation for IT Asset Management, Forensic Data Scrub (Department of Defense 5220.22M certified), Trade-In, Donation Processing, and EPA Disposal services. Entering its 20th year of business, AnythingIT services both the commercial, Fortune 500, as well as Government entities out of facilities nationally and globally.

**Interview conducted by:
Lynn Fosse, Senior Editor
CEOCFO Magazine**

CEOCFO: Mr. Bernstein, what was the vision when you founded AnythingIT and where are you today?

Mr. Bernstein: Historically, twenty years ago, the industry was obviously very different, and the cost of technology was very different. The eco-

nomics were such that it was more of a significant investment. It was also about maintaining that investment. The parts of computer equipment were very valuable at that point in time, because of the maintenance on them. Therefore, where the company started was really buying and selling parts and making a living at it. We actually started the company on a boat in Jersey City. Essentially, what happened was Y2K happened. Y2K was the birth of this industry. It was the first time in history where organizations had to actually inventory what they had or have an idea of what they had that was going to survive the Y2K. As we know, the results were not what people thought, but ultimately there was a real test for enterprise-type organizations to inventory their equipment and understand compliance. Then the internet bubble emerged and it was an unprecedented time of acquisition and technology. When the bubble burst, it created this massive wave of what we call orphaned technology. That has been the unfortunate after-effects of layoffs, where there has been technology that still resides at the business in the cubicle on the desk. That equipment had to managed, so that was really the beginning of the e-waste industry. It was a time when organizations really did not know the proper methods for retiring the technology. Unfortunately, events such as 9/11 occurred and we found ourselves having to be very concerned about data that resides on the technology. It has been a culmination of twenty years and almost a perfect storm now has evolved from the e-waste issues and the greening. Everybody wants to be green mentality and also address

data security issues. With budgets cut on IT finding value in legacy equipment and the resale value for good working equipment is very viable now. As a matter of fact, even the federal government last week issued bulletin B-34 out to all Federal agencies, specifically mandating that they look to do what is called, "exchange sale or asset recovery trade-in" on legacy IT equipment owned by the government. They want to make sure it is properly handled in an environmentally safe manner, but number two see if there is any cost savings as a result of it that can be applied towards future IT-type spending. Therefore, we have seen an evolution in the industry where it has now become a standard practice. It is one that is going to be more and more integrated into the way technology is purchased, which is really the future of this industry.

CEOCFO: What services does AnythingIT provides?

Mr. Bernstein: We are in the business of removing old technology from enterprise-type organizations, whether it be data centers or office environments. We have it transported to one of our facilities regionally, it gets inventoried, tested, the data gets wiped using a Department of Defense standard process. Then we provide resale services on remarketing of the equipment. We

do offer donation processing as well as lease returns. We essentially play traffic cop for any organization's management of the retirement of their technology, to make sure that it is handled properly. We make sure the data is wiped and that there is cost savings, if it can be achieved. At the very least, we manage it in an environmentally compliant manner and that data security measures are implemented.

CEOCFO: Are most companies today aware that they need to be concerned about having their computers wiped clean?

Mr. Bernstein: Certain industries have required it now, whether it is

public sector, healthcare, insurance, or financial. Other industries are finding it to be more practical now because of the liability. There is still a lot of education that needs to go on in this industry and that is one of the things that AnythingIT is excels at. We are educating our manufacture partners, such as Samsung Electronics, and Fujitsu America while really helping all organizations understand the importance of data security and compliant e-waste processing. It is more common than it has been, but it is still not where it needs to be. It is rapidly changing, because most people have computers in their homes in their garages, closets or their basements and they do not know what to

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do with them. They are afraid to give them away, because there is data on the hard drive. So, people hold onto them. The statistics are substantial when it comes to this industry. In the United States, we retire 100,000 computers a day; we retire 100 million cell phones a year. The EPA considers electronics waste the fastest growing form of municipal waste in existence; this is a problem that is not going to go away. Hopefully, the markets will become more educated and understand the best practices.

CEOCFO: How does AnythingIT operate? Do you go in when a company needs to do a specific clean-up or do you have long-term contracts?

Mr. Bernstein: We have a combination of both, as we do have long-term contracts. We work with many, prime government contractors value added resellers integrators, organizations that sell as well as support technology. We also work with manufacturers that sell technology, such as Samsung, Fujitsu America and Panasonic, & ViewSonic. They are realizing that in order to sell and support the technology, we now have to have a mechanism in place to retire the older technology. It is almost like the auto industry. When you go and purchase a new car, usually you have a trade in and you want to understand what the value of that trade-in is, because that may help finance the new acquisition.

Obviously, technology is a little bit more volatile in the acceleration of new models and price points that go down. However, our partners bring us into many opportunities where we sign long-term contracts to manage this equipment, the retirement of it and the data-wiping of it. It is a great relationship. Everybody really benefits, because the partners are able to complete the lifecycle of the sale. They are able to sell the new equipment, to support the current user base, and now have an end-of-life solution. The end user, which is the corporation or the government agency, now has a method in place to

continually retire their equipment properly. We ensure they have proper documentation and asset tracking. Customers know everything they got rid of and know that the disposal was managed according to state and local laws. In addition, there could be value coming back to them for the resale of the good working equipment. Therefore, it really plays off every aspect and everybody really benefits in the cycle.

CEOCFO: Do you work with customers directly or through third parties? Is brand recognition a factor for AnythingIT?

Mr. Bernstein: It is a combination of both. They usually know us. The

manufacturers like Samsung want to promote us. They want their partners and customers to understand who we are and feel comfortable with us. They can visit their partner website and they promote us a lot, so does Fujitsu America. They want to be transparent in this and it is important to be transparent, because people always ask the question of what happens to the stuff. So, as part of the education process, we usually get introduced to the customer. We usually work with them on the logistics and scheduling out the removal of equipment, whether it is from one location or five hundred locations. We work nationwide and help our clients retire their old equipment and have it properly removed from their facilities, whether it is office environments or warehouses or data centers. Then this is transported to one of our regional facilities for proper inventory, wiping, resale, disposal, or what have you.

CEOCFO: How does AnythingIT handle the logistics of working nationwide and having a variety of equipment and services; how do you decide when to get rid of the electronics and when to resell?

Mr. Bernstein: Used technology is kind of like melting ice in terms of its value. Once it gets past a certain age, it really does not have any value in the secondary marketplace. Because of the regulatory compliance, the certifications that we have both as an R2 responsible recycler and something called E-Stewards, which we are going to be obtaining shortly. There are voluntary environmental certifications that if the equipment does not have value we have a very defined process to make sure it is handled in what we call the downstream, where it is turned back into raw commodities. If it does have value, it is usually equipment within the five-years of age timeframe; maybe six depending on the type of equipment. We understand those markets in terms of obtaining the best or highest resale value of that equipment. That is why the advantage is to being around for twenty years. It is a fairly new industry as far as industries go, but being one of the more experienced companies, we do understand the market and what has demand. Therefore, when

clients talk to us about what they are getting rid of, we are immediately able to look at the markets for those items and work with them to hopefully obtain the highest resale value. That money can go back to the partner that sold the new equipment or the customer ultimately that is getting rid of the equipment. At the end of the day, it is about managing it to be environmentally compliant, but also having dollars perhaps to offset the service cost of removing the equipment from the clients. This is because the biggest cost in my business is shipping and with fuel prices, the cost of labor to go out and pack up equipment at these locations and transport it.

We have a password protected website where partners can go in or customers can go in, contact us and schedule pickups anywhere in the country. We operate out of partner facilities around the world, so we have the ability to manage this type of service anywhere. This is also valuable because for our enterprise Fortune 1000 type clients, they are not all in one location or even in one state, so you have to be scalable. From a logistics standpoint, you have to be able to be flexible with them and their needs, as well as how they are managing it. On example of a project, was with a federal agency, we managed the retirement of 30,000 LCD monitors from 50 locations across the country. We had a customized approach to getting packaged materials out to those locations, because they were secure government locations and we give them instructions on the best way to package them. We will actually send teams out to do the packaging on site, but it was a coordinated effort. It went over the course of close to a year and we were quite pleased with the results. The client was pleased to get close to a quarter of a million dollars back in value, so that offsets some of the cost of the shipping of getting the equipment out. There was a partner that got to sell the new equipment and that was instrumental in the process. Everybody really benefited from process.

CEOCFO: How much of your business is for the government?

Mr. Bernstein: About 50% is through the government and it is growing. Working with Public Sector, we feel that we are held up to a higher standard. We have had a GSA schedule for these services for 10 years. Many prime contractors will bring us in and we feel that playing in that field has given us the ability to hold ourselves accountable and operate at a much higher level because of the compliance issue. We deal with major financial institutions, universities, hospitals. The nice thing about my business is that it is obsolescence of technology. It does not discriminate. It is as sure as death and taxes. The laptop or desktop that is in front of you is becoming more and more obsolete everyday, so this is an industry that is rapidly growing. The government spends \$80 billion on IT, on technology, products and services every year, so clearly there is a market there. We are committed to helping use our resources and our best practices to make sure that we are able to help government manage difficult tasks.

CEOCFO: How does Anything IT maintain the high quality of security that is essential?

Mr. Bernstein: We have the head of security and environmental compliance as its own position here, so all of the employees are screened. We work hard to make sure we hire and obtain quality individuals. We actually have been very fortunate. We have a big commitment towards veterans, so about 60% of our staff is actually veterans and we have found them to be tremendous assets to the organization. We work with a charity called Work Vessels for Veterans, where we donate laptops to returning veterans, so they can go back to school. We have found that they are tremendous assets and we are very committed to giving those individuals an opportunity to learn skill and technology in a low-stress environment. They are great employees, very loyal.

CEOCFO: Would you tell us about how you are separating the materials and determining the value from this technology?

Mr. Bernstein: There is a term that is being thrown around now called urban

mining. For our environmental certifications, we make sure the raw materials/e-scrap is separated properly. You have the gold, plastic, glass, copper, aluminum, and these are valuable commodities that just need to be extracted properly. Therefore, our job is to make sure that this “downstream” process maximizes the return for our customers as far as what these devices are made up of. Then we have to make sure there is a reuse for them, because the best form of recycling is reuse. Therefore, we are very focused on maximizing the raw materials that come from these devices, as much as we would if they were still functioning in good working equipment with value.

CEOCFO: AnythingIT has added a few people recently, such as a new CFO; is your team totally in place for now?

Mr. Bernstein: We are always looking for talent, but we feel like we have assembled a fantastic management team over the years. As a publicly traded company now we felt it was very important to bring on a quality financial officer that understands about being a public company and what that means. It is like a window washer and a skyscraper. You can ever say this is what we have for now and this is what we are going to go with. We are always looking for quality people, whether it is on the operational side or the business development side. It is a supply and demand thing. If you can find quality people, there is always an opportunity.

CEOCFO: What is the competitive landscape for AnythingIT?

Mr. Bernstein: It is fragmented. There are a handful of companies that are of the larger size. There seems to be a lot of consolidation in my industry now, so it is very regionalized for the most part, because of the cost of setting up locations and transporting equipment. Most companies are going to set up shop outside or within the city limits in the major metropolitan area where most of the technology is housed. There are very few of us that have a nationwide or global reach that is necessary to really satisfy the Fortune 1000s or the government agencies in general. The best way to de-

scribe it is fragmented and that is what you see in a young industry that is growing. But, it is exploding. We have a lot of different players. It is kind of like the gold rush. Many people are trying to jump into this industry. The challenge for the customer is who do I trust, who is going to do the legal thing, and who is going to make sure my equipment does not wind up in a dumpster or a landfill or overseas in China as hazardous waste? There is a little bit of chaos in the industry, because it is a new industry and even the laws are not standardized yet from one state to the next.

CEOCFO: Do you see acquisitions in the future?

Mr. Bernstein: Yes we do! Absolutely!

CEOCFO: What do you see for AnythingIT the next year or two?

Mr. Bernstein: We are going to see growth both organic and through acquisition. Being in this industry for as long as we have, the management knows a lot of the other organizations, competitors, and partners. Therefore, we have a unique opportunity to grow this organization to what we believe will be a significant leader in this space over the next several years. We do not see that as being a stretch. The reason being is we are very focused on the partnerships, on the strategy and what is happening with the new products that are released. In addition, we are focused on the technology and how that has to be handled, three to five years from now. Then there are the manufacturers and the way that they come out with new products. For example, in the fall Microsoft is releasing their new operating system, Windows 8. They are really going to put a lot of pressure on people to upgrade their hardware as a result. As we understand, Microsoft is going to be discontinuing the support of all their older operating systems. As opposed to the past, where Vista came out and nobody really bought into it, Microsoft is saying now they are going to put something out that is the only thing you are going to be able to work with. That new operating system will not work on older technology, so you can imagine the amount of hardware that will be coming as a

result of that and the server consolidations to the cloud. In addition, how that is affecting the data centers and the infrastructure of hardware as it comes out. Therefore, we see this company really becoming a predominant player, one that understands the customer’s needs from being in business from a long period of time, and staying true to the compliance that exists. This is because that is a moving target right now and until that is standardized, you have to be very good at what you do, as well as understand the certifications and the processes that are needed.

CEOCFO: What is the financial picture like today for AnythingIT?

Mr. Bernstein: We are still considered a small business by government standards. As a publicly traded company, obviously our information is out there. We look at ourselves as a platform for significant growth. That is what we have put together here. We are at the early stages of that now, because to become public you want to make sure that your controls and processes are in place. Now we have the unique opportunity to grow and capitalize on all the experience that we have. We are a healthy company and we have a great management team. For what it is worth in this economy, we like to think that we are available and accessible. We have been for twenty years and we do not see that changing.

CEOCFO: Final thoughts, why should investors pay attention today, and is there anything people might misunderstand about AnythingIT that they really need to know?

Mr. Bernstein: For what an investor looks for in a company, you want to look for a strong management team, and we have been in business twenty years. You want to look at a growing industry and the electronics waste industry or the management of electronics waste is a fairly new industry, so it is not going to go away anytime soon. We have a sound business strategy and a real commitment to building shareholder value. In summary, the fact that we have been around 20 years, does not really tell the story, as we are in an industry that has really only been around for 10

years. It is still growing, so we are really just hitting our stride in terms of understanding how the evolution of this industry is going. We have a game plan and, we are at the forefront of capitalizing on it. Being public and being transparent almost goes hand in hand with being a manager of electronic waste, because so many companies trust us in so many different industries, to manage their data to make sure the equipment does not wind up in a place it should not. We partner with them. We feel the responsibility to be as transparent as we

can and we feel that being public has given us that credibility on a completely different level than a lot of our competitors, so we are excited. We certainly encourage those that are interested to get to know us, to understand us, and to understand the industry. It is not complicated. Many people always say, "What ever happens to that stuff"? Especially, when you work for a corporation and you turn it in; you do not know what happens to it. Next time you walk around the office, look in the desk, closets, cubicles, look how much stuff is lying around. It

is unprecedented. When you think that the PC turned thirty years old in September, and the reality is it could take another thirty years to clean up the mess. However, we are in a different age now where people are more sensitive to data security and ultimately doing the right thing. We are here to make sure that happens, and from an investor standpoint why would you not want to be involved in a business that has that understanding and is involved in an explosive market.



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