

Governing for ICT re-use



Domeinen Roerende Zaken
Ministerie van Financiën



Company: Domeinen Roerende Zaken (DRZ)

Innovative business model type: Re-use of ICT hardware

Sector & company type/size: Large

Service: Collection of central government hardware, preparation and re-sale

Key facts

- Domeinen Roerende Zaken (DRZ) is the department of the Dutch Ministry of Finance
- The Dutch government generates around 30,000 data-rich units of unwanted ICT equipment each year.
- DRZ was looking for a more resource efficient alternative to the shredding of hardware. REBus was able to finance project management, and aid with communications.
- One research stream and one pilot, containing two batches, explored the potential for re-use or re-sale of items.
- The trials found that 69% of equipment was suitable for cleaning, with 25% fit for re-sale.
- Percentages and sale prices will rise when the operation of discarding hardware is optimised. Average market price for devices that were suitable for sale was €37.85.

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Case Study



Rijkswaterstaat
Ministry of Infrastructure and the
Environment

Introduction

Domeinen Roerende Zaken is the department of the Dutch Ministry of Finance which manages 'asset domains', including the custody of seized goods. The division is based in Apeldoorn and covers the whole of the Netherlands.

Why REBus?

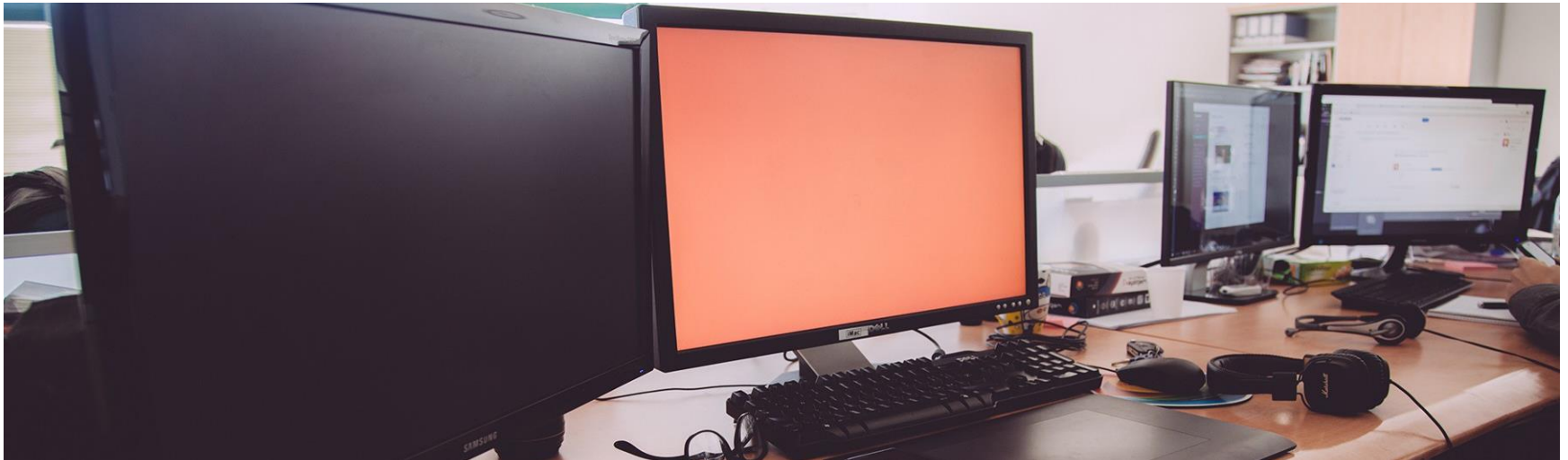
The Dutch central government generates around 30,000 units of discarded data media ICT equipment each year. Historically, this hardware has been shredded – for the protection of data, to reduce costs and for environmental reasons – with the scrap sold on the open market. However, DRZ was looking for an alternative solution, preferably one which would involve re-use of the discarded items. REBus was able to provide finance for project management and assistance with communications of the pilots' learnings.

The pilot

The first step was to look for alternatives to destroying equipment. It appeared that much of the data hardware could be cleaned with special software before re-use. The researchers also estimated whether the income from sales of the data-cleaning software would be enough to cover the re-use and destruction costs.

As a result, a pilot was set up in which 8,123 items of data-rich ICT hardware were offered on the market. At the beginning of October 2015, DRZ published an announcement for this with six companies responding, and one awarded the contract.

A second, larger tranche of 15,223 pieces of equipment were placed on the market a few months later.



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Results

The pilots resulted in valuable insights, which could be exploited to achieve more effective circularity in the future.

Perhaps the most important finding was that a significantly smaller amount of hardware proved sellable, than expected. With only 25% for re-sale, in the short term there was no way of funding the total costs of processing the hardware (destruction and re-use) from the proceeds of sales. Percentages and prices will rise once the operation of disposal is optimised. Currently, they are treated as waste resulting in low value, unsellable items. It was felt that actors in this operation could be incentivised to treat the discarded items as valuable. The trials identified that:

- 23,346 units of ICT hardware were available.
- 69% of these items were suitable for cleaning.
- Average market price for devices that were suitable for sale was € 37.85.
- Between 10% and 25% of equipment was disposed of through other channels. This was partly due the cost of discarding the item (€17.50 per item), partly because operators found more environmental alternatives.
- Savings of CO2 were between 3% and 10%. Savings of material were between 6% and 21%.
- Security was a major consideration. The hardware had to be cleaned using the General Intelligence and Security Service (AIVD) approved software.

Next steps

DRZ is now looking at ways to increase the percentage of sellable data-rich hardware – for example, by not automatically covering damage, or by paying staff an incentive if they handle hardware with care.

It is also considering whether to charge the ministries the current €17.50 delivery contribution. If this route is pursued, the charge may be reduced to €10 in order to generate more incentives to deliver.

"If hardware disposed of is treated more carefully, it provides more reusable hardware."

Ton Huisman, director DRZ



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Generating awareness among the government ministries is hugely important in helping to source equipment of a quality suitable for re-use. The hardware is currently often regarded as worthless, so if hardware were to be used more carefully this would ultimately, deliver a greater level of re-usable hardware.

The quantity of hardware suitable for re-sale was estimated optimistically; in fact, only 25% appeared to be saleable.

This was due to:

- Low confidence in the equipment, meaning it was never delivered for re-sale.
- Items being damaged, incomplete or obsolete.

The ministries each paid a delivery contribution of €17.50 per unit to be assessed for re-use. Many ministries think these costs are too high, estimating that around 10-24% of equipment 'leaks away' via other channels.

DRZ has been advised to increase the yield of re-useable items through greater knowhow and sales, so that the mandatory fee can gradually be dropped.

The logic behind this suggests that when hardware is disposed of without a charge, people tend to take better care of it and value it more highly.

"There is enormous potential for offering redundant data media hardware from the central government a second life. It protects the data, saves on costs and is much better for the environment."

Klaas van der Sterren, Rijkswaterstaat adviser



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Case studies were generated as a result of pilots carried out for REBus by WRAP or RWS and the named organisations from 2013 to 2016.

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