

**New Intechra Acquisitions Accelerate Consolidation in the PC Recycling Sector**

January 02, 2007 - IDC Link

Comment by [David Daoud](#)

Jackson, Mississippi-based Intechra, a technology asset disposition firm, continues to expand through acquisition. [The company announced](#) on December 14, 2006, the purchase of three asset disposition units from Chasm Holding Corp. These units are Los Angeles-based EPC, Market2Market of Columbus, Ohio, and SpaceFitters of Hartford, Connecticut. The terms of the deals have not been made public. With these acquisitions, Intechra will increase its recycling capacity by 50%, with annual revenues of \$80 million, according to company statements.

Intechra's expansion plans include last month's acquisition of Gold Circuit, an Arizona-based recycler that has two sites. With its combined facilities and capabilities, Intechra is set to become the leading independent provider of IT asset disposition in the United States. Its current recycling capacity reaches 6 million pounds per month and is expected to increase to 9 million pounds contingent upon the completion of the above acquisitions.

IDC believes Intechra's announcements are a strategic move in a sector that badly needs reorganization. With U.S. companies, government agencies, educational institutions, municipalities, and individuals looking for dependable and skilled hardware disposition partners, Intechra is well positioned to be that partner. The need is not only there from those that use IT equipment, but also from IT vendors, in particular those that do not have their own recycling infrastructure and are increasingly responsible for IT hardware takeback programs, to comply with recycling laws enacted in several states. Intechra is already a recycling partner of several leading PC and IT vendors such as Gateway and Ingram Micro.

The geographic dispersion of processing and recycling facilities helps reduce the cost of asset retirement, an important factor in these announcements. Transportation and logistics account for the lion's share of costs associated with retiring assets. The closer that processing facilities are located to key customers, the more cost-effective the operation becomes. Companies are also increasingly reluctant to deal with smaller independent providers of IT disposition services. The complexity of the growing legal landscape, coupled with adopting the latest recycling techniques and technologies requires vendors with higher capability levels and scale. Companies are also increasingly requiring their recycling vendors to offer data destruction services.

There are still plenty of challenges ahead for Intechra and the industry in general. Most importantly, Intechra must evolve its business model to account for this growth via acquisition, as well as for the growth from its PC and IT vendors client base. Clarifying the relationship between the recycler and the equipment vendor remains to be achieved. Intechra will also need to expand organically in addition to its acquisitions in order to benefit from economies of scale in a market where margins are razor thin. The demand to grow sales via acquisitions will also be driven by the desire to get closer to customers, and that includes internationally as well. The other major challenge facing Intechra and others is in educating individuals and corporations on the issues of asset disposition. Awareness remains low among IT asset owners and an industry-wide awareness campaign, which could be led by recyclers such as Intechra, will be necessary to drive environmentally responsible behavior.

Subscriptions Covered:

null, PC Monitors and Projectors, Personal Computing

Please contact the IDC Hotline at 800.343.4952, ext.7988 (or +1.508.988.7988) or sales@idc.com for information on applying the price of this document toward the purchase of an IDC service or for information on additional copies or Web rights. Visit us on the Web at www.idc.com. To view a list of IDC offices worldwide, visit www.idc.com/offices. Copyright 2006 IDC. Reproduction is forbidden unless authorized. All rights reserved.