SIMS and Iron Mountain Are Repricing the ITAD and Positioning it as a Primary Growth Engine

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Transcript:

Two global public companies - Iron Mountain and Sims Limited - both reported roughly 70 percent year-over-year growth in their IT asset disposition divisions. Seventy percent. Not 8 percent. Not 12 percent. Not "steady progress." Seventy. And both companies did something even more important than reporting the growth.

They reframed ITAD inside their earnings narratives. Iron Mountain told investors that Asset Lifecycle Management is on track toward $850 million in 2026 revenue, growing five times faster than the rest of the company. They described it as a multibillion-dollar opportunity.

Sims elevated Sims Lifecycle Services from a background business inside a metals group to a hyperscale-aligned growth engine. They are opening a 120,000 square foot facility in Ireland to support concentrated cloud infrastructure demand.

Public companies do not accidentally spotlight divisions this way. When guidance, capital allocation, acquisitions, and executive focus align behind a segment, that segment has become strategically central and core to the company's future. What we are witnessing is the repricing of ITAD inside diversified platforms.

Now let's ask the real question: Why? The answer sits inside the data center. Specifically, inside memory modules. DDR4-supply has tightened as semiconductor capacity shifts

toward DDR5 for AI workloads. Hyperscale operators still run massive installed DDR4 infrastructure. That mismatch creates sustained strength in secondary markets.

Iron Mountain disclosed that memory pricing alone created a $15 to $20 million positive swing in a single quarter within a $190 million segment. That means one component category materially moved earnings.

Sims described hyperscale clients accelerating decommissioning to recover DDR4 modules for reuse. Pause there. That is the signal. Decommissioning is now part of supply chain strategy. Recovered hardware is influencing infrastructure continuity. And do ITAD has entered the compute cycle, not about scrap recovery, but about constrained component sourcing. And that changes everything.

Now let's zoom out. Hyperscale decommissioning represents roughly 40 percent of Iron Mountain's ALM revenue. Within that segment, memory accounts for up to half of revenue during strong pricing periods. That is clear concentration that is alignment with cloud infrastructure refresh velocity and exposure to component markets.

Sims' expansion in Ireland reinforces the point. Ireland is not generic European coverage. It is hyperscale density. Amazon Web Services, Microsoft, and Google maintain major European capacity there. ITAD capacity is following compute clusters in what is infrastructure adjacency.

So now let me speak directly to the three groups that constitute the bulk of my client base. First, the large integrated ITAD operators. Public earnings just validated your thesis: scale, enterprise governance integration, and hyperscale proximity drive growth. Iron Mountain now serves 360 Fortune 1000 clients with ALM services. That is 38 percent penetration inside its largest enterprise base. Enterprise buyers are consolidating ITAD into governance ecosystems - chain-of-custody, audit defensibility, ESG reporting, distributed logistics. This rewards integrated platforms. But there is risk. Forty percent of ALM revenue is project-based hyperscale work. Memory pricing volatility can swing quarterly results by eight figures. Cross-sell penetration eventually hits ceilings. And Growth narratives built on component tailwinds require disciplined execution when pricing normalizes.

Second, mid-tier and specialized operators. Sixty-two percent of Fortune 1000 companies are not yet using Iron Mountain's ALM services. That terrain is open. But be aware that You will not compete on incumbency. Instead You will compete on precision, agility, security

posture, and remarketing intelligence. Hyperscale work may be concentrated among scale players, but enterprise refresh cycles remain fragmented. The opportunity exists - but differentiation must be intentional.

Third, for private equity and acquisition-minded firms: Iron Mountain openly discussed acquisition multiples in the mid- to high-single-digit EBITDA range, with synergy reducing effective multiples below 5x. Three things: Consolidation is active. Fragmentation is narrowing. Valuation expectations are adjusting. If you are not building toward scale, you are likely building toward acquisition.

Now let's step back to the broader interpretation. For years, ITAD was treated by public markets as operational hygiene. Necessary. Regulated. And clearly Marginal. These past few quarters data center expansion, and This quarter's disclosures repositioned it alongside data centers and digital services inside corporate growth narratives. When a division grows five times faster than corporate averages, it receives capital. When margins expand materially, it receives attention. When it ties directly to hyperscale compute cycles, it receives strategic status. ITAD now sits inside cloud infrastructure conversations. ITAD is an intricate part of cloud infrastructure: That is the shift.

The next 24 months matter. DR4 tightness will not define the industry permanently. Component cycles normalize. AI refresh waves evolve. The durable advantage will belong to firms that embed upstream - into lifecycle planning, inventory visibility, governance systems, and refresh forecasting. Sims signaled deeper digital integration with hyperscaler asset lifecycle workflows. That embedding increases switching costs. And so if you control disposition planning, you will influence revenue timing and margin capture.

So here is the closing thought. Two public companies just repriced ITAD inside their portfolios. They did it through revenue growth, guidance, capital expansion, they did it through acquisition strategy. All of this means, in the eyes of the public markets, which have now reclassified the sector as core infrastructure, expect competitive intensity to rise.

The question for every firm in the sector is are you positioned for infrastructure relevance? In other words, where the capital is moving. And capital movement reshapes industries faster than any individual contract win ever could.

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