Client Note: HPE Downgrade Highlights Demand Fragility and Uneven AI Monetization

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On April 13, Raymond James downgraded Hewlett Packard Enterprise. The stock dropped 3%. Most coverage focused on AI revenue disappointments and slowing growth projections. We focused on something else entirely. In our view, when the largest enterprise hardware OEMs start reporting delayed customer execution, compressed pricing power, and the weakest hardware budget growth in 15 years, the effects reach well past the stock ticker. They move downstream, into the asset flows, residual values, and service demand patterns that define the ITAD and electronics recycling business.

In our latest client note, we connect verified signals from HPE's downgrade, Morgan Stanley's sector-wide hardware warning, and HPE's own earnings disclosures to five specific operational implications for EOL service providers, including why linear volume planning is now a liability, where residual value assumptions need to be revised downward, and what phased decommissioning means for how services are structured going forward.

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