

State of the ITAD and Material Recovery Sector: **First Half 2025 Review and Outlook**

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Executive Recap: Mid-2025 ITAD Sector Intelligence

Prepared by Compliance Standards LLC – June 2025

This analysis is derived from interviews with 37 senior executives affiliated with the IT asset disposition sector. They include 23 CEOs and 14 CxO-level participants.

Strategic Tone of 2025 (So Far):

The first half of 2025 was not explosive—but make no mistake, it's a turning point. We're seeing a shift from volatility and hype cycles to structural consolidation and disciplined acceleration. Many of you emphasized this during our conversations, and the data confirms it.

Enterprise Behavior: Hesitation Eased, Refreshes Resumed

You flagged “wait-and-see” behavior in Q1—CIOs hesitating on refreshes, spooked by tariffs and cost concerns. That changed in Q2. We're now tracking a sharp uptick in refresh intent, particularly in healthcare and finance. What's different this time is risk-calibrated reinvestment: ITAD is no longer a back-office function. It's being pulled into cyber risk frameworks, ESG disclosures, and compliance audits.

Secondary Market: Resilient, Globalized, Growing

Multiple execs underscored the strength of the secondary channel—and we agree. The UAE has emerged as a logistics and resale engine. US clients, including enterprises, are increasingly open to certified refurbished—more for sustainability than cost. We're seeing stable downstream flows despite geopolitical friction.

Differentiation: AI, Robotics & Cyber-Grade ITAD

The leading firms—many of whom we spoke to—aren't chasing buzzwords. You're investing in automation where it cuts costs or improves accuracy (e.g., 12-second serialization). AI is reshaping your back-end. Cybersecurity has gone from adjacent to embedded. Several of you confirmed: clients now vet ITAD providers like they do MSSPs.

Market Positioning: Clear Gaps Emerging

Firms with founder-led DNA and targeted global partnerships (vs. solo expansion) are outpacing the field. Conversely, some names—especially those bolted onto broader service conglomerates—are losing ground or looking to exit. Your consensus about SK tes, Ingram, and Sims is mirrored in our data signals.

What Could Derail Momentum

- Tariff escalation (esp. China or Iran-related),
- Energy price volatility, i.e. conflict escalation in the Middle East,
- ESG transparency fatigue,
- Procurement officers chasing low-cost bids with no risk discipline.

What Could Accelerate Growth

- Rate cuts sparking capex cycles,
- AI hardware upgrades (especially in endpoint fleets),
- Regulatory convergence in cybersecurity and sustainability reporting.

The Bottom Line

2025 isn't the year of hype—it's the year where operational clarity, client trust, and embedded services define leadership. You told us this. Our fieldwork backs it up. Those who invested ahead of time are now consolidating their edge. By 2026, the divide between strategic partners and transactional vendors will be visible—and likely irreversible.

Full Analysis:

STATE OF THE ITAD AND MATERIAL RECOVERY SECTOR: FIRST HALF 2025 REVIEW AND OUTLOOK

The first half of 2025 didn't bring a boom or a bust—but it may prove to be a pivotal moment for the ITAD industry. While enterprise clients recalibrated budgets and extended refresh cycles under geopolitical, regulatory, and AI-related pressures, top ITAD leaders have been consolidating their positions. Our mid-year report tracks this strategic inflection, revealing how enterprise behavior, secondary market resilience, AI readiness, and cybersecurity integration are reshaping the sector. In a year where cautious discipline is replacing volatility, ITAD is no longer just about disposal—it's becoming embedded in risk, compliance, and sustainability frameworks.

The first half of 2025 appeared to be a transitional period for the IT Asset Disposition (ITAD) and electronics material recovery industry. The period was marked by a quiet churn, and a difficult balancing between external macroeconomic pressures and internal recalibrations. That's unlike the sudden disruptions or the euphoric upswings of the immediate past years.

While not a boom period, nor a crisis by any means, the first six months of the year seem to be a pivot point, although it remains unclear whether the pivot will continue into H2 and into 2026. In the first half of 2025, enterprise clients who sustain the ITAD industry clearly faced their own set of challenges, including budget limitations, and have been testing the waters of reinvestment, while ITAD vendors sharpened their geographical footprints, and the market began to reorient itself around new drivers such as AI readiness, supply chain sovereignty, and geopolitical clarity.

In many ways, 2025 to date has reflected the cumulative consequences of decisions made in prior years, not being shaped in isolation, but rather one that is being shaped by the outcomes of pandemic-era procurement cycles, the 2022–2023 sustainability hype wave, the tariff battles that came with the Trump administration, and the long-tail implications of changing enterprise IT spending habits.

Comparison with 2024 and Prior Periods

Relative to 2024, the tone in 2025 has changed—not necessarily softened, but clarified. If 2024 was a year of cautious enthusiasm amidst regulatory noise and ESG rebranding, 2025 started more subdued. The early months, particularly Q1, were defined by what one ITAD CEO aptly called a “wait-and-see psychology” among enterprise clients. Even though tariffs had not yet fully impacted procurement budgets in Q1, they were already influencing CIO behavior, delaying asset refresh decisions and extending lifecycles from three to five years in some verticals. That changed gradually in Q2.

Notwithstanding the potential energy cost risks from the ongoing Israel-US-Iran conflict, the first signs of a potential recovery emerged in late Q2, marked by a noticeable reopening of RFPs and stronger enterprise signals toward renewed refresh cycles.

Importantly, the tone was more disciplined this time. Clients weren't just spending again—they were making more informed decisions, more closely linking ITAD programs to cybersecurity resilience, ESG accountability, and compliance visibility.

The contrast with earlier years is notable: between 2020 and 2023, the ITAD market underwent a yo-yo pattern of evolution, alternating between periods of opportunism and phases of turbulence. These alternative phases included the COVID-19 pandemic that triggered a mass hardware reshuffling, remote work ballooned device inventories, and

corporate ESG agendas brought recycling and refurbishment to the boardroom. But by 2024, that energy plateaued. Regulatory fatigue set in, and several major players—including OEMs dabbling in ITAD—began shedding underperforming units.

2025, then, became a mirror to those trends. ITAD executive teams who had built robust infrastructure and client trust began to consolidate their edge. Those who were overextended or lacked clarity in their service model began to retreat. That phenomenon is likely to persist and may even accelerate in the years to come.

Enterprise Behavior and the Reawakening of IT Refresh Cycles

Insight: CIOs are accelerating refresh cycles again after pausing in early 2025. Return to 2–3 year cycles (vs. 4–5 years in 2024) is widespread.

Estimated Share of Enterprises by Refresh Cycle Duration:

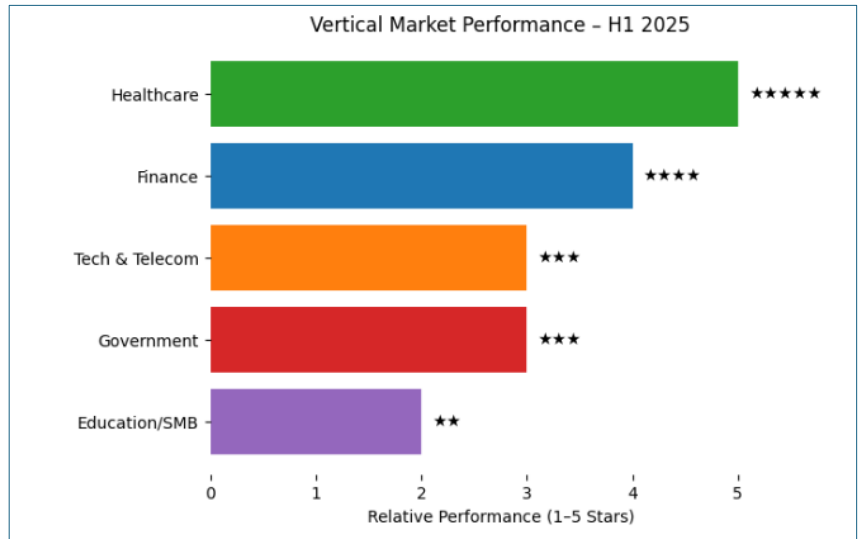
Refresh Cycle	2024	2025e
2–3 years	40%	60%
4+ years	60%	40%

One of the defining features of the 2025 landscape has been the renewed activities in the enterprise. While not every vertical behaved uniformly, the general shift has been toward intensified refresh activity—[with finance and healthcare continuing to lead the charge](#).

The executives we interviewed note that while CIOs initially slowed down refreshes out of caution, they have now begun to accelerate them again for two main reasons. First, is the confirmation for many, and growing recognition for others, that data security and regulatory compliance now sit side by side with cost and ESG in IT planning.

Second, the need to remain AI-compatible: few enterprise IT departments want to be caught using outdated hardware unable to support the latest AI-enabled platforms or Copilot services embedded into modern operating systems.

As a result, enterprise clients are re-committing to two-to-three-year refresh cycles for distributed computing, particularly for high-security environments. Notably, security is no longer a quiet part of the conversation. The rise in board-level interest in cyber resilience is pushing ITAD into the risk management domain, making premium services like onsite shredding, serialized chain-of-custody, and AI-assisted audit trails more valuable and potentially a great source of revenue for ITADs.



Summary Assessment

Vertical Market	Performance (H1 2025)	Notes
Healthcare	★★★★★	Compliance, refresh cycles, data sensitivity remain high
Finance	★★★★☆	AI and cybersecurity readiness driving activity
Tech & Telecom	★★★☆☆	Growing fast due to AI integration and prototyping
Government	★★★☆☆	Stable, reliable, but slower-paced
Education/SMB	★★☆☆☆	Under the radar for enterprise ITAD firms

Secondary Market Strength and Downstream Confidence

Consensus: Very strong demand from Africa, India, and Southeast Asia; stable downstream in the U.S.; older devices (5+ years) still holding value.

Estimated Market Strength Index (1–10 Scale):

Region	2024	2025e	Notes
U.S.	7	8	Growing internal reuse
India	8	9	Explosive middle-class growth
Africa	7	8	Steady demand for basic assets
Southeast Asia	6	7.5	Especially for mobile devices

If there is one area that deserves praise in H1 2025, it is the resiliency of the secondary market. Devices that would have once languished in storage rooms or been prematurely destroyed are now finding new users in various geographics and vertical segments. The appetite for refurbished assets—especially mobile devices, desktops, and enterprise laptops—remains robust. This is in part due to inflationary pressures in local markets, but it is equally a story of supply chain pragmatism and a drastically improved and optimized marketplace.

Clients in the Global South continue to demand reliable computing devices at affordable price points, and the quality of refurbished assets has improved dramatically. As new research from Compliance Standards suggests, the average consumer in these markets is less concerned about whether their phone is from 2026 or 2022, and more concerned about longevity, durability, and cost. ITAD executives reveal that the flow of



goods through hubs such as the UAE—which has become a global logistics gateway for refurbished IT—reinforces this trend.

Interestingly, even U.S.-based clients are increasingly opting for certified refurbished assets. The computing power of off-lease refurbished systems is so impressive that it garners a lot of positive attention from home users, SMB, schools, and even in segments that operate under the radar, like crypto-mining. In fact, even enterprises have been showing interest in such devices, as internally, sustainability mandates push organizations to “reuse before recycle.”

Services Expansion: AI, Robotics, and Cybersecurity as Differentiators

Another major evolution in 2025 is the sophistication of the ITAD service model. Industry leaders are doubling down on AI and robotics, and this time, they seem to be less concerned about marketing and external message but for actual operational improvements. At one facility, serialization times for individual devices have dropped from four minutes to twelve seconds. That kind of efficiency not only cuts costs but improves tracking accuracy, which in turn supports regulatory compliance and audit needs. At Compliance Standards we believe these productivity gains are likely to be generalized among serious ITAD companies, and we will see exponential gains in the years to come as new breeds of engineers deploy artificial intelligence on critical functions such as product sorting, instant materials identification, price forecasting, and so many facets of ITAD.

Cybersecurity is no longer viewed as an adjacent concern. It is increasingly central to how clients choose vendors. The concept of Environmental, Health, and Safety or EH&S is being redefined to include cybersecurity, and in many ways, ITAD firms are now being pulled deeper into their clients’ data governance ecosystems. It is not uncommon for large clients to vet ITAD partners as rigorously as they would a software vendor, especially when handling critical infrastructure or regulated datasets. At Compliance Standards we have been increasingly tapped to help companies design ISMS programs to certify their operations. We believe these trends are likely to shape ITAD companies themselves as better security management practices are in high demand.

Leaders and Laggards: Who Stands Out?

Among the pure-play ITAD firms, a few names consistently rise to the top—both in terms of visibility and strategic clarity. Companies that have maintained founder-led leadership and have resisted the temptation to a full sell to private equity or REIT-backed conglomerates seem to have retained a stronger culture of client trust.

We found that firms with aggressive expansion plans through partnerships rather than solo ventures are finding faster traction. Announcements of new joint ventures in Tokyo, Toronto, and UAE stand as evidence of how the sector is becoming truly international in ambition. Meanwhile, those that bet on bloated domestic footprints or failed to upgrade and modernize their facilities are quietly exiting or, at best, being absorbed.

By contrast, some large players that once viewed ITAD as an easy bolt-on to their core offerings are now divesting. There is a consensus among our panel of executives that Ingram, Sims and event SK tes, for instance, once vocal about their ITAD ambitions, may be looking to offload these units, based on chatter in the market. Iron Mountain remains in the mix but continues to face criticism for being a real estate-first company in a services-first sector, a position Compliance Standards does not necessarily share for the time being.

Challenges and Inhibitors Moving Forward

Despite the momentum, challenges remain. Tariffs and international trade dynamics, especially involving China, and the emerging war with Iran could complicate sourcing and downstream logistics and could increase energy cost. Supply chains are more resilient than they were in 2021, but they are not invulnerable.

There is also a lingering risk of compliance failures—with some high-profile breaches already emerging from poor vendor selections made by major clients. As younger procurement officers step into roles, many lack historical context and may be drawn to low-cost vendors that cut corners. This creates reputational risk not only for individual firms but for the industry as a whole.

Then there is the perennial problem of underreporting and data opacity. While ESG expectations have grown, actual disclosure remains spotty. Most ITAD companies are still reluctant to publish detailed metrics around volumes processed, data incidents, or downstream material handling. This weakens their case in front of investors and clients who are hungry for more transparency.

The Road Ahead: Outlook for H2 2025 and Beyond

Tone: Almost universally bullish. Companies expect **double-digit growth** in 2026, especially as AI, cybersecurity, and producer responsibility mandates converge.

Projected ITAD Industry Growth Forecast:

Year	Projected Growth
2025 (full year)	+8–10%
2026	+12–15%
2027	+15%+

Looking ahead, most leaders in the space are extremely bullish on the second half of the year and on 2026. Several macro conditions are expected to work in favor of the industry, although as we enter July 2025, several geopolitical events are alarming and could derail sector growth. These are some of the areas that executives are hoping will happen:

- A potential reduction in interest rates, which could unleash new IT investments
- Stabilization of geopolitical environments, improving trade certainty
- Increased regulatory clarity, especially around data security and producer responsibility

- Greater demand for AI-compatible devices, which could accelerate enterprise refresh cycles

Additionally, the convergence of circularity, sustainability, and cybersecurity as board-level concerns ensures that ITAD will remain relevant to decision-makers. The firms that will win are those who not only offer value and efficiency but who embed themselves as strategic partners in their clients' digital and environmental journeys.

At the end, we believe that 2025 is not the year of transformation, just like AI has not brought back growth in the PC sector. But for ITADs, it should be the year of disciplined acceleration. Those who laid the groundwork over the past five years will emerge stronger, more visible, and more indispensable in 2026 and beyond.

