



Southern Growth Studio  
ADVANCED MARKET SENSE

OPPORTUNITY PRIORITIZATION  
Case Study



## Overview:

Market opportunity prioritization and growth strategy for Private Equity backed provider of IT Asset Disposition (ITAD) services.

### Problem:

ITAD Company X, grew quickly through acquisitions, but the firm lacked a clear growth strategy in an immature but fast-growing industry. The company's weak brand and unclear go-to-market strategy prevented the firm from achieving growth targets.

### Approach:

To define an integrated strategy designed to drive organic growth, the Studio began by conducting research into market perceptions of ITAD. The team interviewed the firm's customers and prospects, CIOs at Fortune 500 companies and confirmed that ITAD Company X had not yet established a clear market position in a nascent market. Existing customers struggled to identify a clear brand position and competitive advantage for ITAD Company X. This was especially concerning given most customers considered 20 or more vendors when selecting an IT asset and disposition company.

Our customer research unearthed several key customer benefits that could be leveraged to develop a differentiated brand position:

- **Professionalism as a potential differentiator among Fortune 500:** Our research confirmed that many Fortune 500 companies were unsatisfied with existing providers of ITAD services. The market, highly fragmented and largely unprofessional, opened companies up to considerable risk if their assets were disposed of improperly.
- **Data security was a critical factor when selecting vendor:** Customers and prospects wanted a credible, reliable ITAD solution because data security had become a greater concern due to emerging regulation. Chain-of-custody practices were critical selling points that help differentiate ITAD Company X.
- **Customer research identified segmented buying criteria:** Risk mitigation was identified as the key market driver for companies ranked in the Fortune 500 while smaller clients were more likely to place value on the revenue generated from remarketing used IT assets.

When defining growth strategies, the Studio studies all of the factors and macro trends at work in our clients' market. Here, the team studied the competitive landscape, sized the emerging ITAD market, assessed regulation and analyzed trends to understand the most lucrative path forward. We identified several favorable market trends ITAD Company X could leverage to inform market penetration strategies:

- **Computer disposition cycles increase demand:** Strong growth trends in the number of computers resulted in increased demand as the asset disposition cycle shortened.
- **Evolving standards present opportunity:** The nascent market for asset disposition created a Wild West atmosphere in which conflicting state regulations created added complexity for customers. Given ITAD Company X's strength as a national asset disposition firm, the company could gain market share by leveraging their knowledge of state regulations. If ITAD Company X helped prospects define the standards for the category, it could win a leadership position.
- **Regulation as market opportunity:** Evolving regulation forced companies to re-evaluate their procedures for end-of-life management of computer equipment. Many competitors lacked strong market positions addressing the impact of regulations, yet customers considered environmental regulation a high-priority problem. These conditions presented an opportunity for ITAD Company X to differentiate itself in the market.
- **Shifting revenue opportunities:** Trends analysis identified several key future revenue opportunities, notably the growth of remarketing opportunities due to increasing supply of stored computers.

## Recommendation:

Because ITAD Company X was operating in a fragmented industry where competitors were not differentiated, the Studio recommended ITAD claim an open position that resonated with the target market. "Green" messaging was an established industry category, not a core value proposition.

With a renewed focus upon brand messaging, the Studio recommended ITAD Company X go-to-market with a multi-pronged strategy including the following:

- **Sales prioritization:** The Studio developed a model to identify industry segments with the greatest demand factors that would shorten sales cycles and result in higher conversion rates.
- **Increase awareness:** Highlight ITAD Company X's services that align with customer priorities including risk mitigation and environmental safety for asset and disposition.
- **Gain regional share:** Due to the relative lack of marketing sophistication among regional firms, ITAD Company X could incorporate messaging into sales and marketing efforts to cast regional competitors as unreliable. This marketing tactic would reinforce the benefits of centralizing asset management with a national, multi-location provider (security and indemnification).

## Results:

ITAD Company X was able to increase revenue by 18%. The private equity sponsor ultimately exited the investment with a multiple of 7X when ITAD Company X was acquired by a global Fortune 500 distributor of electronic components and computer products.