



Allegheny Supports Our Troops

Shredder Industry

Published by **ALLEGHENY SHREDDERS**

REPORT

Over 40 Years of Customer Satisfaction

Fall 2009

Austin Task: A Paycheck Worth More than Money



Andy Cole's mission is to put a well-earned paycheck into the hands of the disabled adults who provide shredding services for clients at his company's three branches. And Austin Task, the private non-profit Cole started 15 years ago, is accomplishing that meaningful goal with the help of four Allegheny high-capacity shredders.

In the Austin, TX branch, the company averages one million pounds of paper a month, and the Atlanta branch, just opened two months ago, is targeting 2.5 million pounds a year. "As a non-profit, we try to come up with the best pricing for our customers; they also have the opportunity to support our mission for employing folks with disabilities," Cole explained. "So if our prices can compete with the private sector, we can then offer this bonus to them – contributing to a valuable cause."

Cole worked at a local mental health authority before founding Austin Task as a way to continue working with the disabled population. The company is a private entity, receiving no outside funding or grants. Cole began operations in Austin, specializing in janitorial services. "We came into contact with lots of confidential paper materials belonging to our clients, and I thought we should sell a shredding service

"As a non-profit, we try to come up with the best pricing for our customers; they also have the opportunity to support our mission for employing folks with disabilities. So if our prices can compete with the private sector, we can then offer this bonus to them – contributing to a valuable cause."

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Ribbon Shredding Marks 25 Years of Destruction

PEORIA, IL – Locally owned document shredding company marks its 25th anniversary with a ribbon shredding on January 30, 2009. AAA Certified Confidential Security Corporation (CSC) opened its Peoria doors in 1984 when the concept of commercial shredding in Central Illinois was virtually unknown. Today CSC is



trusted for its commitment to security, absolute destruction of confidential material, and excellent customer service.

See **25 YEARS** on page 7

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Allegheny Shredders
THE SHREDDING INDUSTRY ICON SINCE 1967

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Tackling the "Heavy Metal"

Allegheny Introduces Precision-made Hard Drive and Product Destruction Shredders

AT A TIME OF rapid accumulation of obsolete computers, hard drives, cell phones and other multi-media equipment, and the subsequent security risk, Allegheny is once again fully armed and ready to tackle the information destruction challenge.

After 40 years of manufacturing destruction equipment, the time is here for efficient secure destruction of product, e-scrap, hard drives and electronic devices, and we have the most reliable equipment to do it.

The only way to securely dispose of sensitive information on these devices is to destroy them. We sell all sizes of product destruction shredders – the hard drive shredder is the smallest. One of our largest is equipped with dual motors – a 75 Hp and 150 Hp – and can destroy a photocopy machine in 20 seconds. Our precision-made machines can destroy these large objects, including exercise equipment, as easily as the small appliances and phones.

Our Product/E-scrap Destruction Shredders are the largest, fastest, most efficient and most durable shredders on the market, per dollar invested. With two separate shafts of different horsepower,



John Wagner
President & Founder of Allegheny

they can shred everything (printers, fax machines, computer hardware, TVs, electrical components, small appliances, exercise equipment, toys, clothes, phones, etc.) that comes in their path!

Three years ago we started developing our Hard Drive Shredder, and now we're offering a rugged, high capacity 7.5 Hp shredder that can easily shred hard drives, optical media and electronic devices such as cell phones and PDAs into unusable and unidentifiable pieces. With virtually no noise or vibration, our hard drive shredder can destroy more than 25-35 hard drives per minute.

There's a lot of interest out there – we want to convince people that there's money to be made shredding hard drives and recycling the raw materials. Shredding with our hard drive shredder eliminates any possibility of reconstruction or retrieval.

Because we've been in this field so long, we're set up to make whatever the customer needs. We manufacture machines for shredding paper, plastic bottles, cardboard cores, hard drives and computers, optical media, and electronic devices (cell phones, PDAs, etc.). The majority of our machines are very similar, whether it's a paper or hard drive shredder, although the internal components (such as cutter design) may differ depending on the application.

See **HEAVY METAL** on page 7



John Wagner thinking big again: working on a 150-ton product destruction shredder that's capable of destroying crushed automobiles – his "Drive-Thru Shredder"!

Clients Now Evaluating Service Providers with More Scrutiny

If you are reading this article, I am going to assume you have weathered the economic turmoil of the last year and a half and will, like the rest of us, spend the next year revitalizing your business. That being the case, you may well find that the opportunities to profit in the secure destruction business are better than ever.

Consider this: In the last 18 months we have had a conveyor belt of high-profile enforcement actions against organizations improperly discarding personal information. At the same time, state Attorney Generals have been charged with enforcing HIPAA, healthcare organizations are being forced to renegotiate HIPAA BA contracts, and the first Data Breach Notification law is in effect.

Among the most notable new laws affecting your customers are the unfolding Data Breach Notification laws, requiring that companies inform the authorities, the media and consumers in the event of unauthorized access to personal information. When your customers realize what that means, it will become among their most feared data protection vulnerabilities.

What does that mean for data destruction services or any data-related services for that matter? It means that customers are going to want to know service providers can cover the cost of such a breach if it happens on their watch. It also means that they are going to be much more interested in service providers' written operating procedures than in the past, including language about employee attention to possible breaches and notification.

And it is not stopping there. When we look to the immediate future there are just as many reasons for optimism. We are weeks away from the effective date of a new law requiring all financial creditors to have written information protection procedures (the Red Flag Rule). If that were not enough, new legislative initiatives have recently been introduced by Senator Leahy (D-VT) and Senator Schumer (D-NY) that would dramatically increase the potential



Bob Johnson,
Executive Director of NAID

Consider this: In the last 18 months we have had a conveyor belt of high-profile enforcement actions against organizations improperly discarding personal information. Customers are going to be noticeably more careful in evaluating the ability of data-related service providers to protect them.

consequences to organizations that improperly discard sensitive information. The fact that two of the most influential national politicians think the time is right for such laws, is a sure sign that their creation is a “when”, not an “if.”

Gone are the days when all you needed to make it in the secure destruction business was a yellow pages ad (now Google ad words) and a “have shredder, will travel” approach.

The basic change - the result of all the media attention, enforcement and legislation - reflects one accelerating trend which will increasingly come to bear on industry

participants: *Customers are going to be noticeably more careful in evaluating the ability of data-related service providers to protect them.* The reason for this is simple: Their liabilities related to data management are escalating. Every time the loss of the laptop or tape hits the headlines, every time climbing ID Theft stats are released, every time a politician introduces yet another data protection bill, every time the client hears of some new compliance deadline, and every time a reporter pulls data out of a dumpster—the heat on the customer’s vendor selection process gets a little hotter.

Customer scrutiny is likely to revolve around two basic issues: the qualifications of the service provider and the ability of the service provider to protect them if there is a problem.

Qualifications, which include references, experience, policies and procedures, credentials and certifications, will become increasingly important to customers as they fulfill legal requirements to develop written vendor selection criteria. Ironically, vendor qualifications also serve as a protection insofar as selection criteria establishes due diligence (or lack of). If some unfortunate data breach did happen, due diligence in vendor selection could make a big difference.

It appears *the lion’s share of profitable data destruction opportunities will go to those companies that embrace these trends, moving quickly to respond to changes.* Service providers should be asking themselves: Do I understand the new NAID HITECH BA Contract? Do I know how to help a client or prospect develop destruction policies and procedures? Have I addressed insurance concerns or am I prepared to if the issue arises?

It is said that success happens when opportunity meets preparation. Are you prepared? If the answer is no, there is still time and NAID is ready to help.

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Allegheny Employee Profile: Jeff Haley

Making it All Run

If there's one fact you can't ignore when manufacturing motorized equipment, it's this: No matter how fancy the design or how sophisticated the look, if the machine doesn't run well, it's all for naught.

At Allegheny Shredders, the job of designing electrical schematics and ensuring proper power connections and smooth functioning of customers' shredders, conveyors, and balers falls on the shoulders of senior electrician Jeff Haley.

For 21 years with Allegheny, Jeff has been designing and installing electrical systems as well as troubleshooting everything from tippers to security grinders, to keep Allegheny's customers free of equipment downtime. He was originally hired to do panel wiring, back when Allegheny shredders were fairly conventional, simple machines. Over the past 20 years, Jeff has seen the progression from conventional push buttons and relays to machines controlled electronically by touch screens, HMIs (human machine interfaces) and PLCs (programmable logic controllers).

"Essentially, the job has moved from schematics to programming," Jeff said. "The industry has grown, and fortunately, I've been able to grow along with it."

As the company grew and the equipment became larger, Jeff was sent several times to train with Cutler Hammer, a major supplier of electrical controls to Allegheny. "I had to learn software and programming to keep up," he noted. "I was in the right place at the right time to develop these skills." According to President John Wagner, these professional skills make Jeff a valuable asset to the company.

Covering everything from design to custom applications to solving service problems, Jeff's day is packed. "At least 70% of my day is spent in the office, dealing with power preparations for an installation and service calls," Haley said. "It was about 30% when I first started working here."

The rest of the day is spent working on the shop floor, building cabinets for equipment. "A couple of design jobs are now



taking a lot of my time," he added. "My basic responsibility is to meet OEM deadlines and make sure these machines run." Sometimes Jeff will hit the road to install one of Allegheny's larger, more complicated shredding systems.

He knows his electricity, and that of course is essential for knowing how to design and build electrical systems. "When I first started, machines were very simple," Jeff said. "The biggest was 50 Hp; now we have dual 200 Hp shredders with capacities over 20 tons of paper per hour. A lot of what we do is customized work. The cutting head is the simplest part of it, actually – the challenge comes in controlling the flow of material to and from the cutting assembly. You have to watch the conveyors, monitor the height of the paper entering the cutting assembly, and the transfer of shredded material to the baler, to make sure the system is flowing smoothly. With that amount of paper being handled, things can go bad quickly. So the bulk of the electrical work is moving the material, from the input conveyor to the baler. The sensors, the auto-feed equipment – that's where the electrical aspect gets more complicated.

"I always like a challenge, though," he added. "It seems like when large systems go out, no two are the same. So I get to design different configurations."

Another challenge in Haley's job is that electrical codes are always changing. "It's for safety purposes, so it's a good thing. There's a lot of demand for third-party labeling, so it's my responsibility to keep up with the requirements."

The evolution of Jeff's job description mirrors the tremendous growth Allegheny has experienced in the last two decades. "When I started, we were in a single building, with a warehouse attached. Now we're operating out of a 125,000-square-foot factory.

"I was fortunate to get in when I did," Jeff added. "The success of Allegheny has given me experiences I wouldn't have otherwise had. I'm grateful for the opportunities. It's a very cooperative place to work, with a very good crew. There's not a lot of pressure, just what I put on myself to get the job done professionally and on time."

One thing that makes Jeff's job easier is the high manufacturing standards Allegheny

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maintains. "By building from scratch, they know their machines inside and out...and I get to know the system intimately," he noted. "I can get a troubleshooting call when I'm at home, and answer questions right then on my cell phone. It's satisfying to be able to serve our customers so quickly and easily."

Co-workers as well as customers appreciate Jeff's versatility and expertise. Production manager Jim Wagner commented, "From design to implementation to troubleshooting, Jeff does it all. It's 'one-stop shopping' with Mr. Haley. He is very meticulous, very precise."

Vendors notice, too. Recently, some Cutler Hammer representatives saw one of the electrical cabinets Jeff designed and built and commented on how professionally the work was done.

For Jeff, it's pretty straightforward...see the job, do the job...and watch that machine shred.

Jeff Haley is the senior electrician at Allegheny Shredders. He can be reached at (800) 245-2497.

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Greetings from Shredder Mom!

I've just returned from Rome where I attended the PRISM/NAID conference, and I wanted to let you know that the shredding industry is definitely going strong. Though the industry is getting mature, we're still seeing a lot of growth. And with the increasing number and complexity of data protection regulations (be sure to read Bob Johnson's article in this issue for more on this), this industry is not going to evaporate any time soon!

When I started my career with Allegheny 20 years ago, there was not really a shredding industry. Our customers were hospitals, banks, corporations – we sold to the end users. Now our customers are the contract shredders who do the shredding for these clients – it's an industry now. I still have a few clients who are still in business who started in the early- to mid-80s, a testament to continued industry growth.

A while back, both NAID and I were saying that maybe we'll have another five years out of this industry... we've gone way beyond that mark now, and there's no end to the growing security needs for businesses.

The nature of the industry is changing, though. The product, e-scrap and hard drive markets are definitely exploding, and paper destruction's not going away, either. My crystal ball tells me that we won't have a paperless society anytime soon – maybe my grandson Jaybird will see a paperless society, but not me. But products and e-scrap are a growing area of concern, because you can't put them in a landfill, and we absolutely cannot be sending them to China. There's going to be even more of a need to destroy that locally, and we're already seeing more and more of that – phones, PDAs, there's so much sensitive information on these today.

So contract shredders are aggressively adapting to these new markets, if they want their business to survive and grow. Their customers will say, "You destroy my paper, can't you take my hard drives? My electronic scrap?" You never want to tell the client, "No, we can't." I've also seen some regional expansion of the stronger contract shredders into nearby cities, as a way to increase their footprint.

So the way the industry is thriving, I'll put out a wager. I've seen lots of our customers

See **SHREDDER MOM** on page 7



Evelyn Jefferson, "Shredder Mom" posing in front of the Trevi Fountain in Rome

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to customers as well as the janitorial service,” Cole said. “I knew paper had a value to it, so I saw the opportunity to expand our services while generating revenue that could fund our employment initiatives.”

So Cole researched the shredding industry, and learned of an opportunity to shred for state agencies. Unfortunately, he didn’t have the money to purchase a shredder. When the opportunity came up again at a NISH (a national non-profit providing employment for the severely disabled) conference, he was told that NISH had interest-free financing if Austin Task would take on the job. NISH had a contract with Allegheny, and purchased a 40 Hp shredder with 5/16” shred cut for Cole to get started. “Five years ago, we began shredding in Austin,” Cole said. “Now we’re up to 34 employees.”

Austin Task acquired a second machine for Austin two years ago, and last year added a 75 Hp for a new plant in Houston (15 employees). Just last month, he bought another 75 Hp for a branch in Norcross, GA (outside of Atlanta), where recruitment is underway.

The company recruits employees through local non-profit service agencies. The hired workers have a range of mental and physical handicaps, accompanied sometimes by behaviors which make it hard to assimilate into society. “Our model is a collective workplace, where we work together and depend on one another,” Cole said. “We’re a very specialized company, building long-term relationships with our customers. In Austin, a typical contract is for 10 years.”

One of the absolute requirements for success is to have safe equipment that these employees can operate. “I can’t say enough about our Allegheny equipment,” Cole said. “It’s incredibly durable, rugged and reliable. We need dependable equipment to get the job done for our customers, while meeting their security requirements. In addition, it’s engineered to protect our workers. It’s very important to tell the families we work with that we have a safe work environment. That’s built into the equipment at Allegheny.”

Cole admits that “We probably push our machines well past what they’re designed to do. Our workers are hard on the equipment. Repair people will tell us, ‘It was never intended to be used this way,’ but our machines have held on. We’ve experienced very little down-



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time. If we encounter a problem, we call Allegheny’s service department and we’re back up and running in a couple of hours. From the sales force down to production workers, they respond to our needs quickly.”

In addition to paper, Austin Task destroys hard drives, data storage components, and various products. One unusual product is an 8-liner machine, similar to a slot machine, which was declared illegal in Texas and requires destruction.

Responsiveness is another factor for which Cole gives Allegheny a top rating. “Not only does Allegheny build a great piece of equipment, but they adapt to our particular workforce and the challenges it presents. They’ve modified equipment to incorporate changes for us that they’ve then been able to pass on to other customers. For example, we asked for a longer tipper table so that our employees could experience less impact on their bodies, and they came up with one. Another modification was adding screening around tippers, and modification of the heat exchange when using the shredders over long periods of time. If American

Allegheny 30-500C Shredding System in Austin Task’s Norcross, Georgia facility

car companies were as responsive to people as Allegheny Shredders is, they wouldn’t be in the situation they find themselves in today,” he noted.

“We look for successful companies like Allegheny to model our own company after,” Cole added. “It’s the company that’s responsive to the marketplace that will be successful.”

For Cole, satisfying a shredding customer is important, but the best part of his job is seeing people regain their dignity and their lives. “I recently had a 24-year-old employee with Asperger’s syndrome whose parents were quite protective. We wanted to encourage him to be more independent – he wanted to take the bus to work. With support from his friends at work, he did it. He’s also begun paying a portion of his paycheck to his parents for rent, working toward being on his own. His mother can’t believe the progress he’s made.”

Allegheny is playing an important role in these transformations. “Our relationship with Allegheny goes far beyond purchasing shredders, just as we’re hoping to give these workers more than just a job. Their paychecks help pay rent – but they’re also a symbol of restored dignity, of a new life.”

Andy Cole is President of Austin Task, Inc. in Austin, Texas. He can be reached at (512) 389-3333. E-mail: austask@msn.com

If you would like to have your company featured in our newsletter, contact Evelyn at ejefferson@alleghenyshredders.com



President Tom Simpson and his son, Chris, cut the ribbon to celebrate 25 year

Acquired in 1994 by Tom Simpson with one truck and a handful of customers, the business grew by word of mouth. In 1996 CSC built a state of the art facility, acquired new shredding equipment, and added to its fleet. Today CSC clientele includes highly regulated industries such as financial, medical, and insurance, as well as government, manufacturing and various other industries throughout Illinois.

As a charter member of the National Association for Information Destruction (NAID), CSC earned the honor of leading

the industry as the first certified shredding company in the United States. CSC boasts of another first as the first stand alone shredding company to receive ISO Registration.

To learn more about AAA Certified Confidential Security Corporation or the National Association for Information Destruction, please visit their website at www.confidentiaalsecurity.com.

SHREDDER MOM from page 5

start a shredding business, grow it, then sell it to a national company and wait out their non-compete time and then come back into the industry for a second time. The industry still has room for people to do this. I always tell them, "When I see you back the third time, I'm really going to retire." So keep on going!

As for me, I'll be getting my knee replaced in December, so I can keep on going! As one of my wonderful clients in Ireland says, "Your health is your wealth."

So take care of yourselves, have a wonderful holiday season and see you in March in Las Vegas, where I will be skipping rope!

*xoxoxo,
Shredder Mom*

Evelyn Jefferson is the sales manager at Allegheny Shredders. She can be reached at (800) 245-2497. E-mail: ejefferson@alleghenyshredders.com

If you re already doing paper shredding for your customer, why not offer them hard drive and product destruction as well? This is a rapidly growing market. Many of these electronic products have been shipped overseas for destruction, but health problems are cropping up from burning of the various electronic components. Why not just destroy them here?

I like to think big, and I overbuild. In fact, right now I'm working on a machine that has an 11-foot-wide cutting assembly driven by two 20-ton gear boxes, and weighs over 150 tons. It will have 7,000,000 inch pounds of torque, capable of shredding a collapsed automobile. We call it "drive-thru shredding"!

If you're already doing paper shredding for your customer, why not offer them hard drive and product destruction as well? This is a rapidly growing market. Many of these electronic products have been shipped overseas for destruction, but health problems are cropping up from burning of the various electronic components. Why not just destroy them here?

As always, Allegheny will follow the market wherever it goes. And every new machine we build, for whatever application, will have the same customized manufacturing excellence we have always maintained.

So bring on the heavy metal!

One final note: In our area, sorted office paper is currently going for \$140 a ton, laser CPO is going for \$235 a ton and OCC is running \$70 a ton (as of late September). Prices are on the rise, but will it last? Are you a gambler? If you want to take a chance and you have the space, you may want to hold on to your paper a bit and take advantage of higher prices over the next few months.

John Wagner is President and Founder of Allegheny Shredders in Delmont, Pennsylvania. He can be reached at (800) 245-2497. E-mail: solutions@alleghenyshredders.com

FOR IMMEDIATE RELEASE

Delmont, PA – Allegheny Shredders is proud to announce the Allegheny Hard Drive Shredder, designed to safely and effectively destroy computer hard drives, optical media, and other electronic devices (cell phones, handheld devices, etc.). The **Allegheny Hard Drive Shredder** offers reliable, cost-effective destruction of obsolete electronic devices that pose a threat to data security and tax our landfills.

Physical destruction is the most effective and desirable solution for unwanted or obsolete data storage devices. Shredding offers maximum protection, eliminating any possibility of reconstruction and retrieval. With its 7 HP motor and high-torque drive train, the **Allegheny Hard Drive Shredder** can thoroughly destroy more than 25-35 hard drives per minute with virtually no noise or vibration.

The Allegheny hard drive shredder is ideal for e-scrap recyclers, data centers, and contract shredding services that need to destroy sensitive data information.

Features of the rugged, high-capacity **Allegheny Hard Drive Shredder**:

- Angled in-feed chute (8"W x 2"H) for ease in manual feeding
- Individual, 1½" wide, precision-ground sawtooth, hooked cutters that easily shred computer hard drives, optical media, and electronic devices such as cell phones, handheld devices, etc. into unusable and unidentifiable pieces
- Mounted on casters for smooth mobility
- Equipped with an output conveyor for transfer of shredded material into a dumpster or other container



Allegheny Shredders is once again at the forefront of a rapidly evolving industry.

“The time is here for efficient, secure destruction of hard drives and electronic devices, and we have the most reliable equipment to do it. After 40 years of manufacturing destruction equipment, we’re eager to offer the **Allegheny Hard Drive Shredder** to solve the problem of security risk posed by growing amounts of discarded sensitive electronic waste.”

– John Wagner, President of Allegheny Shredders

For more information on Allegheny Shredders’ full line of 100% American-made destruction equipment, contact:

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Recent photo of Allegheny headquarters, with new R&D offices (lining front of building)

