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E-Structors Crunches, Grinds Way to Success

By Mark R. Smith, EDITOR-IN-CHIEF

Though they often do their fair share of complaining about it, most people buy into the forward march of technology. It makes their lives easier.

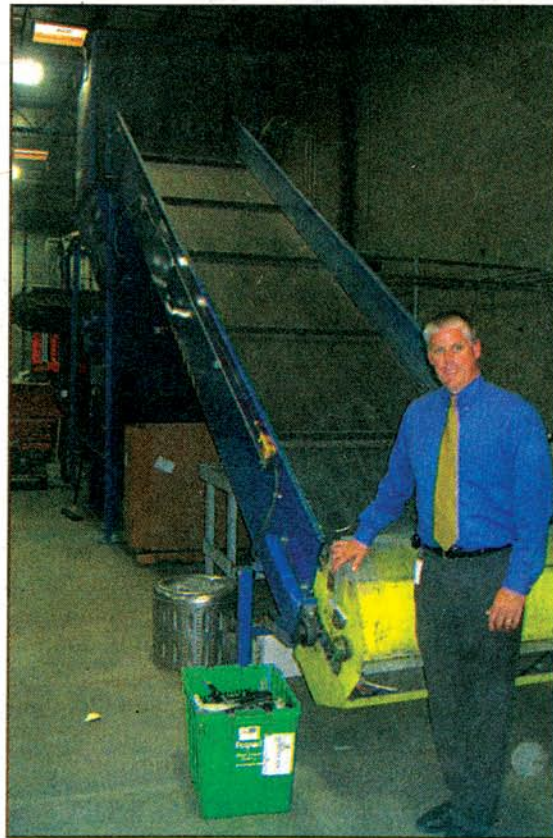
That's true most of the time, anyway.

Mike Keough likes it for the same reason. But he also likes it because he's found a way to make money by taking apart, crushing and selling an ever-growing amount of used electronics, helping to prevent security issues while promoting a clean environment in the process.

Keough is president of E-Structors, a 5-year-old company in Elkridge. Founded by Keough with one employee, the company now employs 60 workers and targets a market of plenty — of junk, sometimes toxic junk.

So great is market demand that E-Structors just moved from a 20,000-square-foot building to its new 96,000-square-foot facility off of Route 1 near Kit Kat Road, allowing it to crush about 1.5 million pounds of e-scrap per month.

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E-Structors President Mike Keough stands in front of the company's \$3 million shredder. He hopes to invest an additional \$1 million in equipment by the end of the year.

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Keough said that the company might expand by an additional 50,000 square feet if its annual revenues, which were in excess of \$3 million in 2008, keep rising.

Dispose of Properly

E-Structors has built its business via the private and public sectors with clients who acquire e-scrap from various sources and provide bulk tonnage.

"We concentrate on environmental security," Keough said, noting that there are only about a dozen similar companies in the market. "We offer a variety of services, but we're primarily an information destruction company. We shred media," with "media" serving as a broad term in this case, encompassing items like old hard drives, TVs, stereos, CDs and data tapes.

"You name it," Keough said, "and it makes more sense today to simply destroy media" that may contain sensitive information.

"People used to try to wipe their hard drive clean and then resell it, but even in that case there is software available from

major computer retailers that can reformat and recapture information of hard drives that had crashed," he said, pointing out that such a positive step also opens the door to parties who want to steal information.

He calls E-Structor's propriety \$3 million e-shredder "a shredder on steroids" that ensures destruction of media into small one-inch (or so) bits. Also under roof are electronics destruction and glass processing lines for CRTs (like TV monitors) and many large bins of materials to recycle.

"Then we take the materials and sell them to appropriate manufacturers that use them to make new products," Keough said.

The company that spawned E-Structors, Integrated Waste Analysis, offers waste stream management and recycling solutions and also relocated to the new location. "We've been helping companies go green since 1996, and we had a very elaborate business plan when we wanted to open the new company in 2003," he said, adding, "It was the result of a few years of planning and trying to acquire more than \$2 million in capital to get the company up and running."

What a Dump

Howard County has had an electronics recycling program since 1999 and Alan

Wilcom, chief of the recycling division with the Howard County Alpha Ridge Landfill in Marriottsville, said E-Structors' services dovetail nicely with the needs of the facility.

"They charge us about five cents a pound for what we collect," said Wilcom, adding that residents are bringing more and more used electronics to the landfill now, as much as 50 tons per month.

"It was only five tons when we started and just a year ago, that figure stood at about 40 tons," he said.

The increase has much to do with the public's increasing awareness of some of the toxins that are in the equipment, like lead in the monitors, and cadmium and mercury in the batteries that are normally found in computers.

Mike Painter is the manager of Terrapin Trader in College Park, a surplus property reseller for the University System of Maryland and its clients. He echoed the point about how important it is to dispose of hazardous materials "that can trickle down into the water in a timely fashion," he said.

The University of Maryland has been using E-Structors because it feels that its e-scrap is being disposed of in the correct way "as far as environmental guidelines and personal information are concerned," Painter said.

He pointed to the security issues that come to the fore at such a large institution that pertain to the requirements of the Health Insurance Portability and Accountability Act and Family Educational Rights and Privacy Act laws, for instance.

"The university has a huge amount of research information on its computers. Financial information for its students and departments, grades, health records — and all of that information, if not safeguarded, could lead to identity theft," Painter said, adding, "We also want to safeguard what goes into

the landfills."

Painter said Terrapin Trader has been using E-Structors for about five years. The university generated 241,500 pounds of e-scrap during fiscal 2008 and his office was able to compensate the departments for what they passed along.

More Power

While E-Structors has some national clients, Keough said 95% of its work is garnered within the region. That works out fine for Keough, though he was considering moving out of the county (and possibly to West Virginia) before the Howard County Economic Development Authority (HCEDA) stepped in to help find the new location.

What the company offers is "a fairly heavy industrial activity, but a key part of the technology market as well," said Dick Story, CEO of the HCEDA.

"We convinced them that Howard County is the center of the universe and worked out a deal to get them to stay, with an economic development embrace," Story said, noting that County Executive Ken Ulman also met with E-Structors' executives to help convince them to stay local.

Next on the company's agenda is to "make a big push" for more federal work and to invest about \$1 million for additional shredding and sorting equipment by the end of the year, Keough said.

As if crushing millions more pounds of obsolete e-scrap wouldn't be fun enough, he has something else on his "to do" list: That's to start a "Hall of Fame" in the office to "showcase" (if you will) some of interesting artifacts that occasionally surfaced within the day's deliveries.

"Since we moved in, we've already found a 45 RPM turntable, an old manual typewriter, a Commodore 64 computer and the second edition of Atari [a mere one step above "Pong"]" Keough said, with a laugh.