

## **Data destruction helps foil dumpster divers**

### **Identity theft, paper addiction drive growing industry**

By [Laura Severs](#) - Business Edge

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Identity theft and privacy concerns are driving high growth levels in Canada's document-destruction sector.

Couple that with a business community that is even more addicted to paper than it has ever been and the proper destruction of confidential data has grown into an industry valued at more than \$1 billion in North America.

In Canada, document destruction or the secure shredding of confidential information is getting bigger, says the Canadian chapter of the National Association for Information Destruction (NAID), which represents some of the companies that specialize in providing this service.

"Every organization has information that requires secure destruction," said Dave Carey, chair of NAID Canada's executive committee, noting that material includes a wide variety of documents ranging from customer lists, financial and payroll records, personnel files, invoices, credit-card receipts, and even correspondence and memos. "Employees and customers have the legal right to have this information protected."

That legal right arises from privacy legislation enacted by the federal government as well as information protection acts from British Columbia, Alberta, Ontario and Quebec, which cover how a variety of organizations collect, use and disclose personal information, as well as the need to dispose properly of this data.

But it's not just the legislation that's behind more paper being shredded at Canada's big three national players - Shred-it, Iron Mountain and Recall - and smaller companies across the country. Concerns about identity theft are also a factor.

In 2006, losses from identity theft cost Canadians \$16.28 million, according to calls that PhoneBusters, the Canadian anti-fraud call centre, received.

NAID Canada's Carey said identity theft and information-based crimes are among the fastest growing and that's because of improper destruction and disposal practices, pointing to dumpster diving and garbage receptacles as easy places for criminals to access business data.

That point was echoed by Greg Brophy, president and CEO of Oakville-based Securit, of which Shred-it is a part.

"Identity theft has increased more than 600 per cent since the year 2000," said Brophy. "There are people, they're your competitors or there are fraud artists that are going to try and get into your garbage - and this happens all the time - and that material can easily endanger the well-being of your company." Add in the burgeoning use of paper and you have a perfect storm that's working to the sector's advantage.

"The volume of (8.5 x 11) paper just keeps increasing. It's increasing by 16 per cent to 18 per cent a year in North America," said Brophy.

"Think of how many more printers there are in offices today, and whenever people introduce e-mail usage that increases paper use in a company - they print the e-mails. The information age we exist in now means information flows around so quickly and more people have access to it so they print out more material."

Combine these factors and that's why the document-destruction sector in North America has grown to an industry valued at \$3 billion, said Brophy, citing figures from Morgan Stanley Equity Research.

Shredding companies will either offer clients one or both services: Onsite shredding using a mobile truck equipped with document-destruction equipment, or offsite, where it's taken to be shredded at a company or third-party facility. More and more are also offering services that will shred CDs, DVDs and in some cases plastic identity cards. The national players, meanwhile, are more likely to offer additional services such as records management and data-protection services.

While financial-, medical- and insurance-sector clients have been a cornerstone of document-destruction companies, today's customers come from all sectors of the economy.

"This industry is past its infancy. Somewhere around 60 per cent to 70 per cent of the material that needs to be shredded is being shredded," said Brophy, noting that the ones who aren't doing it may be just too busy with other duties or don't realize that the material in question needs to be destroyed.

"Rarely is there an intent to do wrong, it's generally a lack of education," said Brophy.

"It may be someone throwing out old documents and they don't realize it includes credit-card information and that this should be shredded."

At Vancouver-based Silver Bullet Shredding, a smaller company serving the metro Vancouver region, owner Bailey Jung is also seeing a growing market for document-destruction services.

"I'm finding more and more now that people are more open to the idea of implementing a shredding program for their office. I can definitely see a difference - even from three years ago when it was more of a challenge to convince them of the need to shred," said Jung. "I think the other thing is that consumers are being more demanding in that their privacy and personal information should be protected."

Another item Jung has noticed is a shift in corporate attitudes.

"It wasn't that long ago when shredding was frowned upon. If a company was shredding, they were trying to hide something," he said. "Now shredding is being seen as the corporately responsible thing to do."

While Jung, Brophy and others find some companies reluctant to outsource their internal shredding programs to a third party, they both point out that there are benefits to doing this.

"I basically help them understand that shredding in-house exposes a company to a number of risks. For example, poorly trained employees throwing documents out that contain sensitive business information. When you have lower-level employees, which are typically the ones doing the shredding, they have access to the information and dishonest employees can steal such information and sell it for profit," said Jung.

In addition, he noted that when a company shreds in-house there may not be any records indicating the shredding was done should a privacy breach arise.

"When you're using a professional document-destruction contractor, there is a paper trail that shows you're shredding this on a regular ongoing basis," said Jung.

Further, having your staff resources diverted to using in-house shredders is not a cost-effective use of their time, added Brophy.

## **Shred and Save**

While some companies choose to recycle paper, the Canadian chapter of the National Association for

Information Destruction (NAID) advocates a destroy-all-paper solution. This, says NAID, takes away decision-making from the employee and eliminates any chance of a security breach. Further, most document-destruction companies will have the paper recycled after it's shredded.

According to Shred-it, a Canadian-based document-destruction company, on an annual basis it will shred and recycle more than 520,000 tons of paper from its worldwide customer base. This means that annually, Shred-it saves approximately:

- \* 3.6 billion gallons of water that would have been needed for new paper production.
- \* 9.4 million trees that will be able to keep growing.
- \* 1.4 million tons of carbon dioxide and 31 million pounds of general air pollution from being released into the atmosphere from landfills and waste-treatment centres.
- \* 522,000 cubic metres of landfill space.

(Laura Severs can be reached at [laura@businessedge.ca](mailto:laura@businessedge.ca))