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A Safe Bet!

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By Bob Johnson

BACKGROUND:

Wastepaper consuming mills are paying a lot closer attention to the secure shredding industry these days and for good reason. Privacy legislation in the late 1990's like HIPAA and GLB, and recent and pending legislation to fight the Identity Theft epidemic, have led to a noticeable upward trend in the volume of shredded material they see coming into their plants. While there are no definitive numbers, mill buyers anecdotally report that anywhere from 25% to 40% of the office grade materials they receive as furnish is shredded. Some say that up to 70% of the bales have some shredded paper in them. More significant, they say, is the trend. At

the rate of increase, they are bracing for the eventuality that shredded paper in baled office paper grades will approach 100% and it is causing some concern about quality.

As reported in *The Paper Stock Report* (April 25, 2005), Fox River Fiber Co, in Wisconsin, has announced a new grade comprised of shredded paper containing pressure sensitive adhesives (PSAs or 'stickies'), which will be priced \$30 to \$40 a ton less than SOP. While Fox River's new grades specifies contamination within the fiber, other mills are reportedly looking into introducing new grades based on the fact that the paper is shredded.

Harmon Associates, the buying arm of Georgia Pacific, is considering a new grade specifically for shredded office paper. GP spokesman Robert Burns said Harmon is 'evaluating the possibility' of creating a shredded paper grade but has not finalized any details.

In fact, their concern is well founded. The reality is that, for reasons of both security and practicality, office paper that makes its way to a secure destruction waste stream is increasingly less likely to be sorted for quality. As a high-level executive from one of the biggest mill groups in the world recently commented to a group of his colleagues at an industry event, "We don't need another grade for shredded paper. However, suppliers cannot expect to continue to get paid sorted office paper prices for unsorted shredded paper. We just have to acknowledge that it is mixed and pay accordingly."

The secure shredding industry might not like to hear that kind of talk but he and his colleagues are calling the shots, and, on beyond that, they are right. The paper they receive is often completely unsorted.

This new found attention and concern over wastepaper quality is no surprise to one secure shredding industry veteran. In fact, he saw all this coming in the early 1990's and had what at the time seemed like a crazy idea. What if you had a system that could sort the material using the latest technology? And, because more and more of this shredded paper is coming from mobile trucks, what if it would be able to sort the paper after it was shredded. Since production efficiency is of growing concern, it would have to be super fast.

While most people might have thought that this was as impossible as it sounds, Sheldon Greenspan did not. Never one to be hindered by a challenge, he started looking for solutions. Greenspan has been an executive involved in the shredding industry since the early days. Greenspan built his university school project into Eco-Shred Ltd., a well respected industry leader from scratch. Eco-Shred was the first Canadian company (and second ever) to become AAA NAID Certified and Greenspan has been actively involved in NAID since its inception serving two terms as its Treasurer and on various committees, including the initial Certification Committee. Greenspan most recently served as the Chair of NAID Canada. He recently sold Eco-Shred's shredding operation to Cintas, freeing up the capital and time to focus on the rollout of his new sorting business called Turnkey Sorting Solutions Inc.

Turnkey Sorting Solutions has developed the Hanaar™ System in conjunction with Key Technology Inc. Key Technology is a 50 year old world leading manufacturer of optical food inspection technology with customers and operations around the world.

Armed with only an idea, Greenspan initially recruited a very capable engineering team to tackle the challenge. As the story goes, no one thought it was possible. Even the

WORLD DEBUT & U.S. DEBUT

COMING TO A NAID CONFERENCE
NEAR YOU: *The Hanaar™ 6000*

Turnkey Sorting Solutions Inc. will appear to promote its breakthrough publicly for the first time at the 2005 NAID-Europe Conference on October 24-25 in Frankfurt, Germany.

For those choosing not to venture to Europe this fall, the system will be featured at the 2006 NAID Conference in Phoenix, AZ, from May 14-16.

engineers were skeptical at first, but Greenspan won them over.

Greenspan is rather frank about his early limitations and failures. As he says, "we started with a blank sheet of paper. I had no idea of how this could be done. All I knew is that technology was overcoming a lot bigger production problems, and that someone, somewhere, would tackle this one. In my gut I knew the time for this would come."

And so, armed with minimal capital, a small but extremely talented engineering team, and a great idea he couldn't shake, Greenspan embarked on the quest to create a reliable, durable, high-production, automated wastepaper sorting system.

As it turned out, the more that Greenspan and his team worked on the project, the more complicated and daunting the engineering challenges became. Greenspan began to search for technology to 'plug into' his patented system he had already developed and stumbled upon Key Technology's patented optical sorting technology. Instead of reinventing the wheel, Greenspan struck a deal with Key Technology to join forces. We are very excited about the future. We have quietly been working with Key Technology for years to get the bugs out of the joint system.

According to Craig Aris, who joined the team about a year ago in a marketing role, the Hanaar™ 6000 meets or exceeds all their original expectations.

According to Aris, "the system is designed to complement a standard, in-plant document destruction production line. Additionally, by integrating it between an in-floor conveyor and a baler, it can just as effectively sort paper dumped from a mobile destruction truck."

The company's executives also say that reliability was one of the key factors during development. According to Aris, "The equipment was designed to operate 24/7 with minimal downtime for scheduled maintenance." As Aris says, "You have to remember that Sheldon comes from the industry, and he ran both mobile and plant-based equipment for over 15



Industry Innovator: Sheldon Greenspan, of Turnkey Sorting Solutions, stands by as the Hanaar 6000™ sends clean paper off in one direction as contaminants go in another direction.

years. He knows first hand that this equipment has to operate in some pretty brutal conditions, and he also knows first hand the painful cost of unscheduled downtime and repairs. We beefed up and over-engineered every crucial operating component.”

Of course, even if you appreciate the technology, engineering and concept, two important questions remain. Does it work and how much does it cost?

Greenspan’s unique financing model is designed to provide the users of his Hanaar™ technology an instant payback. Greenspan’s model is built on charging usage fees versus expending of capital upfront. Greenspan claims that users will net a commodity yield benefit of at least \$40 USD per ton based on current market conditions. Greenspan’s system also eliminates the manual sorting labor costs and the associated liabilities, headaches and security issues that go along with managing a manual paper sorting operation. Not to mention that Greenspan’s system can run 24/7 without taking a break and the mills like the fact that the quality on the inside of his bales is the same as what’s on the outside. Greenspan believes that over time, mills will demand, and pay a premium for his Hanaar™ sorted shredded paper.

As to whether or not it works, one wastepaper professional who wished to remain anonymous puts it this way, “I was as skeptical as they come but ‘seeing is believing.’” One stream of commingled shredded paper went in one end and two streams emerged at the other end – one clean white paper and another smaller stream of mixed. It really is incredible technology that is poised to change the industry.”

Of course, everyone involved knows that nothing is guaranteed. But, if Greenspan’s dedication to marketing success is anywhere near as strong as his dedication to developing it in the first place, the success of the Hanaar™ 6000 is a pretty safe bet indeed.

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