Iron Mountain Inc Investor Day - Final

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Corporate Participants

* Barry A. Hytinen

Iron Mountain Incorporated - Executive VP & CFO

* Deirdre J. Evens

Iron Mountain Incorporated - Executive VP & GM of Asset Lifecycle Management

* Gillian Tiltman

Iron Mountain Incorporated - Senior VP & Head of IR

* Greg W. McIntosh

Iron Mountain Incorporated - Executive VP and GM of Global Records & Information Management

* John Tomovcsik

Iron Mountain Incorporated - Executive VP & COO

* Mark Kidd

Iron Mountain Incorporated - Executive VP & GM of Data Centers

* William L. Meaney

Iron Mountain Incorporated - President, CEO & Director

Conference Call Participants

* Alexander Eduard Maria Hess

JPMorgan Chase & Co, Research Division - Analyst

* Brendan James Lynch

Barclays Bank PLC, Research Division - Research Analyst

* Eric Thomas Luebchow

Wells Fargo Securities, LLC, Research Division - Associate Analyst

* Shlomo H. Rosenbaum

Stifel, Nicolaus & Company, Incorporated, Research Division - MD

* Mohammad Khalil

Presentation

OPERATOR: Good morning, everyone. In keeping with Iron Mountain's traditional security, we have Mohammad here from the hotel to give us a short safety briefing.

MOHAMMAD KHALIL: Good morning, everyone. Thank you very much for being here. My name is Mohammad. I'm Director of Security. Just wanted to give you a little bit about our safety procedure here at the Ritz-Carlton. We are not anticipating any fire drill. So if the alarm goes off, it's going to be a real alarm. But we -- we don't want you to leave immediately unless you see an actual smoke or fire, then definitely you want it to escape. You can have -- you can see our exit signs are marked. We will have our staff come out and direct you to the emergency stairwells and also where the assembly area is. Our assembly area is in front of the hotel where the plaza area is when you arrive you came to the Valet area, that's where our assembly area is. Our staff will be there for you to walk you towards the stairwells and also towards the emergency assembly area. If there is any other question, you can always ask one of our staff members. We will be always be there to assist you with that. And that's it. Thank you.

GILLIAN TILTMAN, SENIOR VP & HEAD OF IR, IRON MOUNTAIN INCORPORATED: Okay. Great. Thanks, everyone. Hello. My name is Gillian Tiltman. I'm the Head of Investor Relations here at Iron Mountain. Welcome to our 2022 investor event and data center site tour. We are so excited for you to be joining us today, both in person and virtually via webcast. And thank you for taking the time to get to know more about the company. And for those of you in person, thank you so much for taking the trip here to Northern Virginia. We are very much looking forward to taking you on that facility tour of our Virginia Data Center campus in Manassas later today.

And we hope that you will walk away today with a greater understanding of the company, and we are thrilled to provide access to senior leadership for you today. So just for housekeeping purposes, the full presentation will be available on the website along with the recording after the event. And I'd just like to take you through the agenda briefly. So you have an idea of what's in store for you today. So we'll start with Bill Meaney, our President and CEO, who will give you an overview of the company and strategic direction, followed by introduction to Project Matterhorn and an overview of our operating model from our CFO, Barry Hytinen, we'll then move on to Greg McIntosh, who is our Chief Commercial Officer and EVP and then round out the first part of the session with Mark Kidd, who is our EVP and GM of data centers.

We will have a break of about 15 to 20 minutes. Barry Hytinen will come back to talk a bit about asset life cycle management, followed by JT Tomovcsik, who is our EVP and COO, who will give you a flavor of operational excellence at Iron Mountain. Barry will finish out with our financial overview and outlook, which I'm sure you're anxious to hear, and we'll have some closing remarks from Bill.

Following that, we will have a Q&A session where you'll be able to ask questions both in person and via webcast. And then we will show you a safety video before we head off to the data center for those of you going. With that, before I hand over to Bill, I note that today's presentation will contain forward-looking statements regarding our expectations which are subject to risks and uncertainties. Please refer to this slide for our safe harbor language regarding forward-looking statements and non-GAAP financial measures.

And with that, it is my absolute pleasure to welcome Bill Meaney, President and CEO up here to talk to you today. Thank you.

WILLIAM L. MEANEY, PRESIDENT, CEO & DIRECTOR, IRON MOUNTAIN INCORPORATED: Thanks, Gill. Well, thanks, everyone. And just adding my thanks to Gill for those of you who made the trip to D.C. and for those tuning in on the webcast. So we do appreciate you take the time to listen to us today. So what I want to start with, I think what you're going to hear today in terms of the key messages is that we really have knitted together a synergistic group of businesses, which I think for those of you who've been watching the story over the last quarters have started to see flow through in terms of our financial results. So we'll walk you through that today through the number of speakers, which includes Barry, who is not just our CFO, but his leading Project Matterhorn, and I'll come to that in a minute as well as the business unit leaders that are really actually driving the results. So we talked about Gill said Mark Kidd will take you through on the data center side, along with Greg McIntosh in terms of the commercial engine in terms of how we sell the entire mountain and then JT will speak about what's the operating foundations that help us to deliver all that in a high quality and an efficient manner.

Additionally, Barry will talk about our asset life cycle management, which is one of our newest growth factors. Sadly is Deirdre Evens, who leads that business for us has just relocated to Singapore his part of actually driving continued growth in that business. So you'll actually see a video of Deirdre, but we hope to get her at our next Investor Day so that she can be here in person. So before I actually get into Project Matterhorn and how that's actually going to deliver a consistent 10% CAGR over the next 4 years.

I want to actually talk a little bit about Iron Mountain for those of you that are less familiar with the business. So let me touch upon 2 points about who Iron Mountain is, and then we'll go back to 2 in terms of how Project Matterhorn is going to continue in the momentum of the recent kind of mid-teens growth that you've seen over the last couple of quarters to sustain growth rates of 10% plus over the next 4 years.

So first, a little bit about Iron Mountain. So for those of you, again, that are less familiar with Iron Mountain is a company, we're in 59 countries around the globe. We have 25,000 mountaineers that support our operations around the globe and support our customers. And we have about a $16 billion market cap. So in the facilities -- it is over 1,300 facilities. So that's kind of who we are in terms of a global business, end-to-end services supported by 25,000 mountaineers. The other part that's really critical for us is to say we're going to spend most of today about what we're going to do in the new mountain that we're going to climb called Matterhorn. But it's also important that we focus on how we do it and who we are as mountaineers in terms of the values that we bring to work.

So overall, our purpose is really we want to protect and elevate the power of our customers, right? So that's kind of the underlying thing that drives us as a company. I mean a few years ago, if you had been following Iron Mountain, it would have been more about just the protect. But if you see a lot of the growth that's been coming through over the last quarters, it is about those new services that actually elevate the work or in terms of the data center in terms of the digital protection of their assets as well. But again, it's how we do that. That's the thing that really truly differentiates us and speaks to us who we are as mountaineers and his fellow colleagues.

So if you look at the values, right, it starts in the middle with the customer. First of all, is building value for our customers and doing things that actually help them execute their business and do it in a way that actually meets their requirements. That's first and foremost, the thing that drives all of us as colleagues and individuals at Iron Mountain. The other part, though, is you're going to hear from JT about how passionate he is when he thinks about the operations, about safety and security. Is it hard to be true to a customer if you're not actually true to colleagues internally In other words, if you aren't actually good to your family, how are you going to be good to a stranger that comes down the street, right?

So that's really fundamental to who we are is we have a expression internally is mates take care of mates. And as leaders, it's so important for us to make sure that our colleagues actually go home in the same physical and mental condition that they came to work. So it's not just physical safety and security but it's mental health and mental well-being is something that, as leaders we challenge ourselves every day to make sure that we're actually living our values and taking care of our colleagues. It goes without saying that we need to act with integrity, but also part of it is we need to be accountable as individuals, right? Because if we aren't accountable to individuals, then how we actually can deliver the customer value. And last but not least, is being a true mountaineer is that you not only are focused and want to climb new mountains, but it's a team sport.

And that means that you need to assemble a team, operate as a team, and you need to actually rely on each other's strengths and differences to actually give you a better result. So let's talk a little bit about the mountain that we want to climb next. So again, if you've watched the Iron Mountain over the last few years, you saw that basically at 70 years of service in our industries. We were at $4.2 billion of sales. As we finished up 2021, and we put the Summit program in place is we grew to about $4.5 billion. And if been following it this year is we've been growing kind of mid-teens in terms of top line and bottom line growth and well on track to deliver that in 2022. So what's changed.

Well, a couple of things have changed. First, Project Summit, which was led by JT, our Chief Operating Officer, has actually cleaned out a lot of, what I say, the complexity in terms of the way we organized ourselves and built solid foundations in which we can actually build future growth for the company. I'll talk about also in terms of the expansion of products and services in a few minutes. That's the actual targets that we're shooting at give us an opportunity that's much bigger than before. But the Summit program, I don't want people to miss the point that it wasn't just about taking cost out of the system. It was simplifying our organization, investing in new IT platforms that give us the actual foundations in which we can launch the growth that you've actually been seeing in the last couple of quarters. So now what Project Matterhorn is about under the leadership of Barry Hytinen, our CFO, is really about how do we actually maintain the momentum that you've all seen in the last 2 quarters.

As I said, the last couple of quarters, you've seen us show kind of mid-teen revenue growth with commensurate profit growth. And Matterhorn itself has been underway during that period of time. And today, we're actually making the commitment publicly to show you how we're actually maintaining that momentum over the next 4 years in terms of a 10% compounded annual growth rate in terms of our top line. So why can we do this? And what's our sustainable competitive advantage versus some of our competitors that would like to compete away our advantage in some of these areas.

Well, I think that first of all, the thing that really differentiates Iron Mountain, and I think you've probably heard me say this before, is 950 of the Fortune 1000, the global largest companies -- 1000 largest companies in the world are our customers and have been our customers for decades. And we have less than 2% churn or a loss of customers on an annualized basis. So these are deep, long-standing loyal commitments with some of the largest, most demanding customers in the world. So that's kind of the thread that runs through all the new products and services that I'm going to speak about in a few minutes.

So that's one of our strongest strengths. The other aspect about it is that -- for those of you that know the traditional box business or the traditional side of our business, we internally like to say, don't disrespect the box or don't dis the box. That box business, whilst it's not fast growing, and Greg will show you how that is continuing to deliver growth in terms of our top line results, it's a very cash-generative business. This is 70%-plus gross margin business that gushes cash, that allows us to take money from there and not only fuel a very strong dividend, but allows us to invest in some of these new growth areas. So some of our competitors in some of these new growth areas you see, they actually have to issue equity in order to fuel the growth in some of these adjacent businesses. And that puts -- it puts you in a vulnerable position in terms of depending on what the equity markets look like on any given day. And I think the last few days, I mean, Iron Mountain has been pretty good, thank you, but it hasn't looked good for everybody.

So we're kind of devoid of that. We don't have that requirement to actually issue equity to actually fund our growth because we have this strong stable business, which gushes cash and, by the way, is linked to those strong customer relationships. So that's just a couple of the things that are really differentiate us. The other things I want to just kind of mention before I go -- get a little bit more detail in terms of what these new products and services are about is I talked about our mountaineers that are resilient and highly focused.

Now I know everyone says that about their employees. But I couldn't be more proud the way our Mountaineer showed up during COVID especially in the uncertain periods of COVID, where I was getting letters from Chairman and CEOs of major financial institutions across the globe, reminding us of our obligation to support their business no matter what the environment is. Now you can say at one level, that's actually a great company where people during a major meltdown like COVID in the early days, we're being reminded that they had to continue to service their customers. But you think from mountaineers who didn't know what they were being exposed to that were continuing to go into our clients' operations, whether financial institutions or hospitals that were caring for some of the sick that we're able to do that, and they stayed focused, they stayed resilient, and they continue to actually execute on behalf of our customers.

The other thing which speaks to the people that we have is the importance of sustainability. Now I know in the last couple of years, sustainability has become kind of in vogue. But one thing you're going to hear from Mark Kidd and I give him a lot of credit is when Mark Kidd launched the data center business a number of years ago, he made it very clear to me and others that he was going to do it in a way that actually spoke to the sustainability of the planet because data centers, as we all know, use a lot of power and energy.

And it was important for us to do the right thing. And that's actually proven to be a real differentiation and is part the reason why we're able to drive 20%-plus growth rates in our data center business is because the decision that Mark Kidd took some 9 years ago to say that he was going to do it in a way that actually consumes power. But more than offset that power consumption with the purchase of renewables in some cases, in the same grid and in other cases, in other grids to offset.

So let's talk a little bit about some of these products that we've built this differentiation for. So as I said that if you tuned in 7, 8, 9 years ago, you would have thought that Iron Mountain was a business that had a $10 billion opportunity in front of it. In other words, a total addressable market where our products and services range at about a $10 billion market. What's happened over the last 5 years, that $10 billion has gone to $130 billion. So 13x the opportunity that we had just a few short years ago. And we've been very purposeful in terms of how we diversified the business in interconnected synergistic businesses. So some of the key businesses that you're going to hear about today are the data center business with Mark Kidd.

You're going to hear about the asset life cycle management, which Barry will be pitching in for Deirdre, as I said you'll have a short clip from Deirdre in terms of her excitement and focus on that business. And then some of our digital solutions. Again, if you think about you have the physical warehouse on one end, where we're storing boxes of documents, we have the digital warehouse with the data center on the other end is more and more of our services, which are growing at some 20-plus percent year-over-year are actually helping our customers to manage that, that hybrid situation in between, which is really about elevating the value of what we store for them, whether it's in a digital form or in a physical form.

So let's talk a little bit more detail and double-click on what I mean about some of these services. So if we stay on the digital services for a second is you see on the slide, we talk about Digital Mailroom. And you could say, okay, Digital Mailroom using digital technology that's linked to labor arbitrage. That's what Digital Mailroom is for a lot of folks, for a lot of our customers, for a lot of our competitors in that space.

Iron Mountain has a different approach to what we mean by Digital Mailroom. And sometimes it takes a crisis for you to really understand both Iron Mountain as well as our customers of what we had built. So pre-2000 -- pre-2020 COVID crisis, we were the artificial intelligence machine learning partner of the year with Google, and we have built a platform with Google's assistance called InSight. And if you think about InSight, it really is what they call content services platform.

Another way of thinking about it, ECM or electronic content management platform on steroids. This is cloud-based, state-of-the-art, has artificial intelligence and machine learning built into it that allows you to actually both mine more data and accelerate their digital transformation. And it's architected in the cloud. So this is 21st century architect -- architecture rather than some of the old ECM platforms that were supposed to help you manage your data lake, but your data lakes look like data swamps, right? So we built this platform. And to a certain degree, if we're being honest, we had built a hammer looking for a nail, at least so we thought COVID happens.

So let me give you one example of what happened early on in COVID that really showed both us and our customers the power of what we build. So we had a large government customer that had a problem in April of 2020. They had record claims for ***unemployment***. These claims were coming in, in some cases, digitally mailed to them, other cases, physical documents that had to be processed. They had 850 [clients] who couldn't get access to the office because of COVID shutdowns. So they came to Iron Mountain and they said, "Can you help?" We trust you to be -- have access to our facilities. We trust you to have access to our information, is there a solution that you can provide.

We finally found that nail for that hammer. So in 10 days from handshake to execution. We processed record ***unemployment*** claims during that period of time and cheques went out. So from our standpoint, the people couldn't be happier because it was cloud-based. So people were working from home, but they felt like they were in their cubicles next to each other. From a security standpoint, they couldn't download the information onto their devices, they could operate in the cloud. So if they didn't have credentials anymore to work for the state they would be denied access to them.

But in the meantime, they were able to process and do workflow as if they were in the office and people who are really in need, who needed their cheques in record time, were able to get them so they could pay for their food or their rent. So it's just one example of what we did. Another aspect, if you think about on data governance and security, again, data center speaks for itself, right? You'll see today, this is one of our -- this is a state-of-the-art data center. It's one of our high security facilities because of the nature of the customers, some of the customers that we have there. So for those of you that go on the tour today is I think you'll see what we're talking about. But data governance is also about the soft stuff. In other words, virtually all our customers are worried about are they actually throwing away the right things. Is there still more value to be had in that document? Or if they're a regulated entity or they have certain requirements that their customers put on them, are they actually the right -- are they applying the right custodial aspects to the information that they're holding.

I mean, are they actually managing that document in the right governance standpoint? So again, with this digitization technology, when we digitize that information, we're automating the meta data extraction from that document. So we're not reliant on someone looking at a document on a screen and guessing what's in the document in tagging that with meta data. We're actually able to automate that process which in some cases, has led to more value for the customers. In some cases, has allowed faster outcome in terms of the trying to process, say, car loans and being able to take that from 10 days to 1.5 days.

In other cases, it allows them to stand up to a regulator and show them that they have a robust actually regulatory environment in terms of the way they're managing documents that fall under those auspices of the regulator. So just another aspect.

The last thing from competitive advantage, I spent a little bit on the previous slides talking about our approach to sustainability. And again, I'm not going to steal all of Mark Kidd thunder, but he will talk about the Green Power Pass, which he helped found for the data center industry. This is important because it not only says that we're being responsible. It allows companies that we can name -- we're allowed to use their name because we able to help them meet their sustainability goals like Goldman Sachs, the Boeing Company, Credit Suisse, Akamai and others.

This is important because it's not just about Iron Mountain, it's about how we can help our customers meet their sustainability goals. In addition, you'll hear from Barry and from Deirdre on the asset life cycle management. Another one of the things -- the reasons why we're so excited about going into that business, it helps make sure that our customers are not only securely handling IT assets at their end of life, in other words, to make sure all the sensitive information is removed from those devices. But it's to make sure that we're handling e-waste in a responsible way, whether it's to reuse the components and new IT devices being built or to make sure that things that are -- that need to be destroyed or scrapped are done in a responsible way.

So we talked a little bit about helping our customers deal with governance. So what are we doing internally, which has been really part and parcel, I'd like to think about some of the success that you're seeing that we're making on our growth story. And it starts with the Board of Directors. So first, we're pleased to have Al Verrecchia here, who is our -- is the independent chair of the Iron Mountain Board. And Al and I have been in partnership now for, I guess, about 9 years -- he's been stuck with me for about 9 years. So he helped select me. So he only has himself to blame. But -- but in all seriousness, Al, when I came in and Al came in, we came in about the same time. Al had joined the Board previously, but he took over the chair as I came in, is the Board made a decision to actually split the role of the Chairman and the CEO.

So we have a very strong commitment to that. And you said, "Well, how strong is the commitment?" The one thing I would say is that today, we can announce that gives you another kind of plank in that construct and that we're announcing that Pam Arway, who's been on the Board, who I think Al brought on board, I think, within the first year, his Chairmanship is going to be taking over November as the nonexecutive chair of the Board.

So why is that important? It's important, it shows the commitment to governance that we have as a company that under Al's leadership is that we're succeeding him with another split role in terms of independent Chair of the Board. And Pam, like Al has quite a bit of executive experience before she before she actually retired to do Board work. She ran American Express's operations in Asia and in addition to serving on Iron Mountain she serves on the Board of DaVita and Hershey. So deep experience.

The other thing that is worth noting in terms of our Board of Directors unders Al's leadership, is we've diversified the Board. And what I mean diversified is that we have a number of people who show up to the Board that have different, what I would call, commutes to the boardroom.

That diversity, in terms of background, both in business, but also socially is important to make sure that we're having robust and complete discussions in terms of how we're actually developing and growing the business and ultimately, the people of Iron Mountain. So again, I can't thank Al enough for his leadership in terms of building a Board that actually not only supports the business but challenges it in the right way so that we can continue and maintain our growth path.

Speaking on the growth path, it would happen without execution. So the one thing I will be the first to say, I am blessed to have a strong, committed and collegiate leadership team that I work with every day. As I said today, you'll hear from Barry wearing 2 hats is leading both Project Matterhorn as well as our Chief Financial Officer. You'll hear from Greg McIntosh, and the one thing I will embarrass Greg, is that the really great thing about Greg McIntosh, for those of you that follow Olympic swimming is that he has a 15-year-old daughter who is -- who got 4th in the Tokyo Olympics, is one of the fastest swimmers ever in her age group, and she continued to get a gold medal this year in the 200-meter butterfly, beating the Chinese woman who got the gold at the Tokyo Olympics by a full second, I believe, right?

And not to (inaudible) he has another daughter who is actually a leading international figure state that's a couple of years older. So believe me, though, he's very dedicated to Iron Mountain so he does focus on that. But I have to embarrass Greg, because Canadians are very modest. So I know he won't tell anybody that. But in addition to that, he's the only Olympic parent that we have on the management team. But in my view, is that we have a really all-star leadership team. So in addition to hearing Greg, you'll also hear from Mark Kidd about our data center business, and then JT will talk about really not just the foundations that he's built for all of us around Summit in terms of, say, that platform that's allowing us to really accelerate growth. But with growth you really have to make sure that you're maintaining the robustness of your operations, so your quality in that customer resonance that I talked about, 950 of the Global 1000 being our strongest advocates is maintained and that we're doing that in an efficient way, which is no small task. And as a Deirdre will -- actually, you'll see a video clip of her before she moved to Singapore.

So before I hand it over to Barry, I want to just introduce this thing called Matterhorn. So as I say, Matterhorn is the program that you've seen showing up in our financial results over the last couple of quarters. Some people were scratching their head, they go, we didn't know that Iron Mountain was a double-digit growth story, but they keep doing it. Well, today is really coming out and what we've done to actually do that and why we're very confident that we're going to continue to show this 10% CAGR over the next 4 years. And it's really built on the success in maintaining the momentum that you've seen over the last couple of quarters. So if you look at Project Matterhorn and it isn't lost you -- for those of you that kind of know mountains. It's -- Matterhorn isn't won and done. It's not the tallest mountain in the world.

So it's still only 4,000 meters. So there's other mountains beyond Matterhorn. But starting with Matterhorn, is that what you're going to see is the programs that we've put in place over the last few quarters that allow us to have the confidence that we're going to maintain a 10% CAGR through 2026 and beyond. And when I say 10% CAGR, that's both on the revenue and the adjusted EBITDA side. And that translates into about an 8% AFFO growth. And as you know, AFFO growth is important because on a that's what drives ultimately our dividend growth. So before I hand it over to Barry, we have a short video clip to kind of introduce Matterhorn and then Barry is going to take you through a little bit more detail of what it all means.

(presentation)

BARRY A. HYTINEN, EXECUTIVE VP & CFO, IRON MOUNTAIN INCORPORATED: Thank you, Bill, and good morning, everyone. Let me join Bill and his welcome to everyone both in person and virtually. It is wonderful to see so many faces here in person in our nation's capital. My name is Barry Hytinen. For those of you who I haven't met yet, I'm the CFO of the company. I joined the business in January of 2020, just before the start of the pandemic, interesting time to join the company. And prior, I was the CFO of Hanesbrands. Before that, I spent 12.5 years at Tempur Sealy International and variety of capacities, ultimately the CFO of that company as well. Even before I joined the company, I was struck by the durability in a highly cash-generative nature of this business, particularly in the core as well as the strength and duration of the long-term client relationships that Bill talked about.

And perhaps most important for me was the humongous growth opportunity that was already present here in terms of where the team had been investing to have the strategic growth focus areas, central of which that Bill talked about. I'm thrilled to be here today to talk to you about our strong execution, our financial model and to start off with Project Matterhorn, which is all about our ambitions to deliver higher levels of growth over a sustained amount of time. As Bill mentioned, we're introducing Project Matterhorn, which is a transformational effort to establish a platform upon which to grow at an accelerated pace.

We internally kicked off Matterhorn at the beginning of this year. And I think, as Bill mentioned, the first half results that we've generated show a level of measure of benefit from the project already. and we're in the early stages. We aim to deliver profitable growth, resulting in very robust shareholder returns continuously. Our plan is to do this through transforming the business, including our operating model, which will include a global commercial organization, very much focused on selling the entire mountain to our large established client base, and a distinct global operations function to serve our customers.

Greg and JT will speak more about that in some detail shortly. With Project Matterhorn, we're focused on investing to capture greater levels of market share in that very large total addressable market that Bill touched on. We expect to deploy about $4 billion of growth capital between 2023 and 2026. That's about 16% of revenue over that period and represents a ramping up of growth capital as we go after those very large addressable markets and execute on our strategy. So we're putting in place a structure goals, incentives to reach our Matterhorn goals.

In terms of incentives, in particular, we're aligning our metrics with Matterhorn including our long-term incentive compensation plan, which now includes what we call the advanced revenue plan. That plan includes metrics to align performance incentives with the high levels of sustained growth over a multiyear period that we're committing to as part of our Matterhorn journey.

For me, fundamentally, Project Matterhorn is about building a strong platform that transforms our company to drive growth and shareholder return.

Let me dive a little bit deeper into our operating model that Bill mentioned briefly. And it's an important part of our strategy is, in fact, that transforming the operating model and putting that in place as part of Matterhorn. The structure is a significant evolution in terms of how we operate, how we show up for our customers, how we serve them, and I'll highlight a few points around that. First, we're starting with a global commercial operation in terms of Greg and his teams being singularly focused on selling everything we have. And there's a distinct cross-sell opportunity in our business and Greg will speak more about that. It will be establishing global account teams that are both organized within specific industries as well as distinct commercial regions. And as I've said before, they're going to be very singularly focused.

Next, the operating model is around getting into a specific business unit focus. So Global RIM, which includes our core as well as digital solutions and growing very quickly for multiple years. Our data center business, which Mark has been leading for some time. And our new asset life cycle management business. This will enable those teams to be laser-focused on distinct value-creating solutions for our customers as well as cross-selling across through Greg's organization. And we're establishing a truly global operations function which is critical to our overall success of the company. It will be dedicated to delivering world-class service to our clients, supporting all aspects of our company through a shared service model that delivers operational excellence.

With that, I want to turn it over to Greg, our Chief Commercial Officer, who leads both commercial as well as he'll touch on an overview of our Global RIM business. And with that, Greg?

GREG W. MCINTOSH, EXECUTIVE VP AND GM OF GLOBAL RECORDS & INFORMATION MANAGEMENT, IRON MOUNTAIN INCORPORATED: Thank you, Barry, and good morning, everybody. Nice to see you all in the room and also on the webcast. My name is Greg McIntosh, I'm the Chief Commercial Officer here at Iron Mountain. I am based in Toronto. When I joined the organization in 2014 as the leader of the Canadian business. And since then, I've held a bunch of positions in product management and innovation and in various different sales capacities. I'm a CPA by background, but I've held technology growth roles and various organizations over the last 20 years.

I'm really pleased to be here today to share a couple of things. I want to share some thoughts around how we're going to continue to grow our Global RIM business but also talk about the progress we made and the continued plans we have to build out the global commercial platform that Barry mentioned. The bottom line in terms of our Global RIM business, we feel very confident in our ability to continue to grow this business at 5% plus throughout -- from now through 2026, off of its $4 billion base.

Let me tell you why. This business has some important structural advantages that we will leverage in order to engage that growth. First of all, we're quite unique in our ability and Bill touched on this, we're quite unique in our ability to handle both the digital and the physical aspects of our customers' needs. And this is becoming more and more important as they try and drive paper out of their processes and increase the level of automation that they have. And so this will become more important. Of course, we're going to leverage the global footprint that we have with our existing customers. We have relationships with 95% of the Fortune 1000. We have 225,000 customer relationships worldwide across 59 countries. And that enterprise experience is going to really serve us well and opens up doors and access to decision-makers within the customer base that most organizations would kill for. And it's also important to remember that we know that every year, 98% of our customers are going to renew their business with us. So we have an incredibly stable base and to off which to build. Bill talked about our core storage business. And in terms of vectors for growth, our core service business will continue to grow. It is an amazing, durable, very recurring business, and we'll continue to grow through a combination of flat to slightly up volume and a proven revenue management strategy that aligns the revenue that we receive from our customer with that's commenced making sure that, that is commensurate with the value that we provide.

We're going to continue to see growth in our core services as customers continue to ask for and need help managing their information that they have -- that we have in our custody. And when you combine that with our digital solutions, we're really starting to change the conversation with our customers. The one way that we do the -- one metric that I use to assess whether or not we're actually really having transformational conversations with our customer is around our $1 million and up pipeline. So the number of deals that we have in our pipeline, the value of the deals in our pipeline that are over $1 million.

And I'm happy to share that today, we have over $1.2 billion of pipeline for deals that are over $1 million. That number represents a 5x increase of where it was at the beginning of '21 and double from where it was at the beginning of this year. But there's still plenty of opportunity left because I was recently in a customer meeting in Singapore. And as keen as this customer wants to hear about how we could help them drive paper out of their business processes and automate their workflows. At the end of the presentation, they kind of said something that we hear a little bit too often here in Iron Mountain and it was, "Wow, we didn't know Iron Mountain did that." And this commercial transformation is designed to change that. The focus will be on the key 3 -- the 3 key themes that our customers are dealing with that Bill talked about digital transformation and workplace transformation around data and IT security and around helping our customers achieve their sustainability goals.

And to do that, we're going to bring to bear the entire capability set that we have to help our customers achieve those objectives around whether it's part of our core businesses and our core services, part of our digital services, part of our asset life cycle management solutions and data center as well. And what we're seeing is that customers really appreciate having a single account team that knows how they want to buy and how to -- and having very simple contracting mechanisms for them to be able to quickly acquire services from somebody that they know and that they trust.

At the highest level, you can segment our business is really into 2 big segments. We have our global industries and our regional accounts. Our global industries is where we cover our largest and most global accounts, we're really focused on 3 key verticals there: banking, insurance, and healthcare life sciences. We also have our regions, and they're focused on the thousands of enterprise customers that exist within the regions, the local small business segment as well as the domestic public sector market.

In each case, those segments are supported by a very mature and robust revenue management function that is ensuring that we continue to deliver value across the entire portfolio base and maintain a very high retention rates in our core business.

So let's talk a little bit about Global Industries. Here, we have 328 of our most global accounts. I mentioned the emphasis on the 3 verticals, but it is not exclusive to them. We also have customers from large B2B service providers from large technology firms as well as large energy firms as well. We're building this on top of a model that we've already proven works. We started our global account program in 2020, and the first 150 accounts that went through our first cohort, saw the bookings production double over the first 2 years.

The vertical -- the combination of verticalization and a global approach, really, there's 2 important things for us. One, it allows us to quickly scale innovative solutions that address a vertical problem across the entire accounts within that vertical. And secondly, it allows us to quickly scale solutions that a customer wants to buy in country A, across all of their global footprint very quickly by working with their local customer teams. And this approach has really started to pay off. We've started to see since the beginning of this year, our global industries accounts across the 328 have seen an increase in the new sales pipeline that's been created has grown by over 130% year-over-year. A great example of this is a multinational financial institution that we recently helped with their digital transformation. This is a global player. And unlike -- or I like a lot of their folks in their industry, they're dealing with a real desire to digitize and provide a digital experience for their customer, but are challenged by the amount of paper and manual process that still exists within the branches. We're able to accelerate their digital transformation by creating a single content repository and we're able to patriate 50 terabytes of data from their internal systems and 10 million images from microfilm and microfiche onto one content repository for access for their users.

We were able to eliminate paper by using our secure logistics to sweep paper out of 1,300 of their branches. While we were there, we were also able to pick up their IT assets that were at end of life and secure and destroy those assets for that customer. And the icing on the cake on this one was that we were able to pick up 1 million cubic feet of records that were stored with another vendor to help them manage their information more robustly.

And while our integrated physical and digital services certainly helped here, and the trust that we built with this customer over the years was a contributing factor. The game changer was our global accounts program. We were just able to infuse a new way of thinking about digital transformation and engage the customer at another level. And that's what really paid off for us. This contract includes $2 million of annual recurring revenue across both the physical and the digital side of the house. We have another $4 million of annual revenue in the pipeline with the same customer for other countries that want the exact same solution and we're now starting to take this solution to the other 95 banks that are within our global accounts program to see if they resonates with them as well.

So we think this is a really pointing example of how Global Industries is going to really accelerate our commercial transformation. So now let's turn our minds to the regions. I talked about the segments that they're focused on in terms of the enterprise, small business and public sector. And the key here is being to really -- is being able to really understand how a customer wants to buy and meeting them where they are. A lot of times, that is a customer wants a partner and a supplier that understands their local operating environment. Our teams are able to tailor their solution, our solutions and sometimes innovate new ones in order to meet the customer need. And now we have, in terms of an operating model, we have dedicated people to get up every day, 100% focused on grow from reps to country managers to the regional leaders that are focused 100% of the time on growing the commercial footprint.

This is a relatively new phenomenon for Iron Mountain, and it's paying dividends are the same metric that I mentioned for GI, pipeline generation year-over-year in this business or in this -- in the region is up 66% year-over-year.

We could have chosen a lot of examples within the regions to share in terms of a case study. We chose -- I chose one around the public sector in the United States because it represents a real exemplary for us. It's what we want to do in other jurisdictions around the world. In this case, just to be clear, this is a different example that Bill mentioned. This is a federal level instead of the state level. This large federal agency was an existing customer of ours on the records management side, and they had a backlog of tens of thousands of applicants for their services. They are hampered by a very highly manual process that was very late was -- laden with paper, and they were increasingly challenged by their adjudicators being unable to access these documents because they were working from home.

So this is not just about a backlog of applications. It was also about helping our customer find new ways of working. They knew about our ability to scale -- to image at scale through our work with other departments and agencies. And they had confidence in our ability to have both the digital and physical side because it was a little bit more complicated in this case because we had to consolidate all of these paper records from the field into 2 locations, one of ours, and one of theirs. But what really convinced them to move forward with us in this case was our technology. We were able to convince this customer that we could save them 1/3 of the cost of their program by using our AI/ML-enabled technology to auto extract meta-data from the applications and route those applications to the right person, the right adjudicator at the right time. So we are working with them now to digitize 100 million images over the next year, and we're already in conversations with them to deal with the 1 billion images that they need to deal with over the next decade. We're not stopping there. We also took that same solution to another agency within the federal government and just recently picked up a $5 million mandate for something very similar.

So I think we've really made tremendous progress very quickly in building a commercial platform that is going to continue to fuel the 5% growth in our Global RIM business as well as our -- and contribute to the growth of our asset life cycle management and data center businesses. And with that, speaking of data center, I'm going to turn it over now to Mark Kidd, who will -- our EVP and GM of data centers, to share with you a little bit about data center excellence. Mark?

MARK KIDD, EXECUTIVE VP & GM OF DATA CENTERS, IRON MOUNTAIN INCORPORATED: Thank you, Greg. Good morning. It's nice to see everybody today, and it's great to have folks joining us on the webcast as well. For those that don't know me, my name is Mark Kidd. I run global data center business here at Iron Mountain, and I've been with the company for a little over 19 years now. My roles have stretched from initially in the finance area to corporate development to strategy. And then about 9 years ago, I was given the good fortune of being challenged and asked, or potentially even challenging internally, the opportunity to create something new and to see where that can take us and where we can build it.

As we think about the business today and we go through the presentation, there's really a few points that I think it's important that we get and take away. First, we've been very deliberate and careful in our capital allocation in the last several years to build out a multinational by quite global data center platform with significant capacity to expand.

Second, the data center market overall, I think as most of us know, have enormous tailwinds behind it and in the segments that we're competing in, we're very well positioned to continue to win as we have been for the last few years. And finally, when we put that together, as Barry alluded to, and we'll hear more about later, we're very confident in our ability to continue to drive 20%-plus growth in this business over time and continue to be able to deliver on the margin. And so with that, let me talk a bit more about the business today and get into it.

The data center business today here at Iron Mountain is a platform. We have of 26 locations and 18 markets across 3 contents. We have over 1,300 customers. We have over 16,000 cross-connects, keeping the connectivity high for our customers overall. And when we think about the platform today in terms of operational megawatts, we can quadruple that number with the land and power that we already have under control. We'll talk a bit more about that shortly. In addition to those things, as Bill alluded to earlier, the data center platform has been 100% green powered since 2017. It is something that we take very seriously, and it's part of a broader portfolio of sustainability initiatives that we've had in the business.

As we think about the portfolio and where it's headed, we really can think about growth along 2 primary vectors. One is the market segments within the market that we choose to play in. And then 2 is the geographies that we want to participate in and that we want to compete in and both matter a lot as we think about building the business and capital allocation. For us, the market segments that we choose to really focus on are the colocation market, really focused on carrier neutral, enterprise and other connectivity service provider type business. And then also the hyperscale segment in the market. And we'll talk about how those have been built up what's important when we think about those market segments is that they really have a very important role in driving the physical footprint.

The demand in the hyperscale segment is so big that it drives scale in operations and construction whereas you often get a higher return from a price perspective on the retail colocation business. So if you're able to bring these together in the same campus format, it gives you the ability to have slightly higher enhanced returns, which for us, as we think about capital allocation is a really important part of the overall strategy and approach. The data center footprint itself, we historically have been focused on predominantly Tier 1 markets.

When we think about Tier 1 markets, there's a few different ways to define it in the industry. But generally, the way that we approach it is to sort of say that's the top 25 markets in the world in terms of demand. The thing about the Tier 1 markets is they do have very, very predictable demand. We'll go to see the data center today, we all know that Northern Virginia is the most demanded market in the world, and these are a very good line of sight to that. But it's true in a lot of the big markets.

However, as we know over the last few years, though, kind of in the last year, it's changed a bit, it's brought in a lot of competition, and it's done some yield compression. So these markets are great. It's a great demand pipeline. You can go after them, and this is where we've really built out growth of the business, evolving more so the Tier 2 and Tier 3 markets, which we can call maybe the next 30 or 40 markets in the world after that first Tier 1 list. They have a number of different attributes. In total aggregate, their demand is much smaller than the Tier 1 markets and will be at least for the next 5 years.

What's interesting, though, is in some cases, we might start to call these, depending on which definition we're using, edge markets. What's great about them is that there's generally less competition in these markets. There are higher barriers to entry in terms of power access, permitting, ability to get there. And so the question becomes is sort of how can you get into those markets and what's the opportunity related to them. And then lastly, the phenomenon that we've seen develop really in the last 2 to 3 years at scale is we've seen hyperscalers looking for enormous power and land capability to bank for their 5- and 10-year future growth.

This could be in Tier 1 or kind of what we call Tier 2 markets today. But generally, they're actually looking for places that don't exist yet. And so when you think about the next 10 years of data center growth and the market, do you really actually have to create some new markets that don't exist today to be able to fill this demand. It's not clear that it will be good for retail business, but there's definitely an opportunity.

When we look across these 3, our near-term growth as we think about the market, will continue to come from those Tier 1 markets. That's where we have our footprint today. That's what we're driving against. We will continue to be very judicious and thoughtful about looking at opportunities in these other areas from a capital allocation perspective in terms of how we think about growing out the platform. Regarding capital allocation, as Barry mentioned, the data center plan is fully funded within the capital through the 2026 plan in terms of the growth, delivered that 20-plus percent number that we're driving for.

So that's fully funded in the plan. As we have in the past with the JVs that we did both in Virginia and in Frankfurt, there are times that we will think about using third-party capital, whether that be to enhance returns or extend reach. But again, that's additive in terms of how we think about what we're doing here. That's not required to go deliver on the 20% that we have deep confidence in.

Thinking about the business and the acceleration, the megawatts under contract have scaled up dramatically over the last few years. But before we get into sort of the aggregate number of megawatts and what that means for where we are today, I think it's important to look at the 2 periods on the chart. As Bill alluded to, we started on this journey almost 9 years ago. So pre-2018, what were we doing and why were we going slowly and kind of why is it small, right? We knew that this was a very capital-intensive business. And where we started and why we chose to enter the way that we did was that we believe that our best point of entry was to sell to enterprise.

Iron Mountain in its data management business had over 30,000 tape backup customers just in the United States, in North America back in 2013 and 2014. These are all IT infrastructure buyers. At that point in time, we wanted to prove to ourselves that the cross-sell is effective. If we go back and look at that, it took time to do that. We wanted to make sure that it worked. And when we got conviction 2017 going into 2018, that's when we took a fundamentally different approach to capital allocation and attacking the market that we saw. So we significantly increased our spending, both in terms of some selective M&A to get us into some growing and important markets. And we also, at that time, get some very important site acquisition and land acquisition for those coming on the tour later today that's when Northern Virginia started to come out of the ground and other markets as we thought about it. And that really created the foundation that's propelled us forward. Equally, before 2019, really end of 2018, beginning of 2019, we had never called on a hyperscale client with a focused effort. It wasn't part of our strategy.

We were very focused on the enterprise and that part of the business. Understanding that the economics of construction were changing, we intentionally decided to start calling on these customers and accelerating the growth. And that's where you see the significant leasing momentum that started over the last few years being driven -- yes, with the continued focus on enterprise, but even more so with that acceleration that's coming out of the hyperscale addition to the business. Today, when we have sort of the 320, 323 megawatts under control under lease already. They aren't all operational. So 147 of those are in pre-leased status. Let's look a bit more at the overall platform. So today, I mentioned in my opening that we could almost quadruple the operational megawatts that we have under management. The platform today has about 665 megawatts of land and power that are fully secured and under control. That's inclusive of about 50 megawatts that we've added since the end of Q2 in locations particularly in Phoenix and Mumbai.

So we're continuing to add to this number to make sure that we have capacity on a go-forward basis. When we look at what's not sold yet, the 340 megawatts of capacity to sell. What gives us a high degree of conviction around the growth is that we have a very strong capacity pipeline sitting in what are very desirable markets as we look forward. Northern Virginia, largest demand market in the world. Phoenix, a strong market where we've been a very strong player in that market for a number of years, places like Amsterdam, Mumbai, Chicago and a number of other locations. And so that's really what -- it's that pipeline of land and power inventory, combined with what's already been sold that's sitting in the backlog, that gives us that clear visibility to be able to grow the business and take it from where it is today.

Talking about the business, we've been very focused sort of internally on what we have and where the data center business is today. If we just take a step back and look at the market for a second, sometimes it's easy to forget just how fast the overall data center industry is growing. It's expected to grow by over $40 billion between now and 2026, becoming over a $100 billion market at that point in time. There isn't a region of the globe that's not growing. No region left behind. It's very strong. And so the question isn't are there good places to go. The question is, how do you think about this big, big, big set of capital choices and where to go into that? We've chosen our efforts, like I mentioned earlier, to really focus on the hyperscale segment and on the carrier-neutral colocation segment.

In aggregate, those segments of the market are growing roughly 15% a year. The market overall is probably about 10% as there's parts of the market that we choose not to participate in. And so there's really good growth behind them. If we break those down and we think about the data center market over the next 5 years, the hyperscale segment is growing over 20%. Continued growth there is evident as we think about Infrastructure as-a-Service, Software as-a-Service, Platform as-a-Service, AWS, Azure, Google Cloud, all these businesses are growing over 30% year-over-year.

And you see that growth directly translating into their data center footprint in terms of what they're outsourcing. Obviously, they're sourcing some as well. So that just flows right through. When you think about the colocation segment and the opportunity there, it's nearly 10% growth. The enterprise side of the colocation segment continues to be driven by hybrid IT, where there's some element that has to be kept sort of incorporate control, which still sits in outsourced facility most of the time these days, and then a lot that continues to go to public cloud.

Also, you see segments with sort of in that colocation business segments within the colocation, things like content, gaming, connectivity or do they either need proximity benefits or scale benefits that might not achieve in public cloud. So (inaudible) that also drives that near 10% growth. So if the markets are growing well, and we know where we're playing, the question becomes, how do we make sure we win in the segments that we choose to operate in. So I want to take you through 2 case studies to talk about that in a bit more detail.

First up, hyperscale client. And so we probably could have chosen any of the hyperscale clients because the pattern is somewhat the same. In this particular case, this hyperscale client has been with Iron Mountain and its other service areas for over a decade. We provide them global services around tape vaulting and have for a very, very long period of time. And they're also quite a large ALM customer, especially with the recent acquisition of IT renew. The relationship and the foundation makes it easier to get in and get the conversation started with a hyperscaler. Is it required? No, but does it accelerate it? Yes. And the good news is Iron Mountain already has these relationships because as hyperscaler is looking to expand, they need somebody that they can trust that will deliver on time, especially in times like this.

They need people that have the ability to view with them in multiple markets, and the ability to be flexible and work with them. Not everything is the same. And so in this case, as we think about how you build that trust, how you deliver that solution value over time, there's always a bit of a land-and-expand concept with the hyperscaler where you want to sort of get in, build that trust, build velocity, and you can continue to take advantage of it. Here, this follows that template.

Our first contract was in the Eastern U.S. They were launching a new product service type. It was a particularly high density requirement, and we were able to offer them a modular solution to accommodate that. That's not particularly standard, but there are those moments where they have a need, and you're able to step into it and offer them something that maybe someone else couldn't. We do have a huge amount of modularity capability, though it's not what we focus on day to day.

The second contract in this particular case was an entire building -- build-to-suit in Europe. It became a framework agreement for them where they actually had not done an entire build-to-suit building new floor anywhere in the world. and actually use the template in terms that were developed as part of this contract with others and with us in the future as well, kind of extending that reach.

So again, a second product type. And then most recently, as we announced in Q2, we had another deal with this particular customer, where they actually launched and initiated a new availability zone in 2 of our facilities in the

Western United States. And so here, in this case, you can see a series of transactions where we have, albeit relatively small 35 megawatts with them today, growing quickly, strong pipeline, good solution and product variety in terms of 3 different product offerings, 4 different locations across multiple continents. So for them, it's been a great win. We see that flexibility delivering. And again, this is a model we are and can repeat with the hyperscalers as well in terms of a repeatable way to build trust.

Flipping then to out of the hyperscale and into the enterprise. This is a different cell. It's a different process. And so how this gets sold and bought though it's sort of at the end of the day, the same product on the ground, it's actually very different in terms of how we execute and get it done, which is important for how we win it. This particular case example is a global multinational financial services company. Again, a very long time Iron Mountain customer over a decade, very large, both records management and data management customer. And so the relationship is very strong.

Most importantly, in this case, this is one of the accounts that Greg alluded to being in the global account management global sales coverage program that we recently launched. And so though this opportunity did not come from the data center sales team. It actually came directly from the global account team because they had the relationship and they heard about the need. And in this particular case, the need was that there were geopolitical considerations in Asia that are causing them to think about how they were changing their footprint and where they were going to put it in Asia. And so we were able to get into the conversation directly through that global account manager.

We had the relationship strength to do it, and we're able to execute and turn around very quickly to deliver a contract to them. Now being in Asia, in a particular market, they were heavily regulated by the local monetary authority. We had already gone through the compliance process to have full certification, which is unique in that market, but on behalf of the monetary authority.

So we were already positioned well there. our security posture was particularly strong. And this client as with many global banks had very strong internal ESG goals, and we were able to offer them what Bill alluded to earlier, was the Green Power Pass, which is a fully auditable zero-carbon approach to being able to offer them power, which they can take and go publicly talk about. And so in this case, we were able to stitch together a solution that no one else could in the market. Both on the security and compliance side, but also in terms of being able to offer them that auditable solution.

It's a great, great example of how we kind of win in these accounts. But more importantly, when we think about scaling that winning. We know what attributes it is, but we have another 300 account plus accounts, as Greg mentioned, in the global account program, and then we have the remaining 225,000 accounts that we can continue to sell into. And so a lot of the growth may be coming from hyperscale, but on the flip side, we still see a lot of opportunity to continue to drive this retail colocation business through the rest of the business. So it really is a great example of how we do this.

Taking a step back. One, I would just -- I am super excited for everybody that's coming on the tour today. This is an awesome facility. It's one of the most fun for people to tour. So definitely super excited about that. Equally, I'm super excited about the abilities to talk about this business and the growth that we have in it. We have an amazing team that's been pushing really hard, similar to the rest of Iron Mountain. And as we kind of step away from this, is really kind of going back to those 3 points at the beginning. We've been very, very deliberate in our capital allocation to build the platform that we have today.

It's taken time, but we've built a global platform that's highly scalable, and we have reached with today. The large macro market dynamics are very much in the industry favor. We see those continuing. And in our particular segments, we see the ability to compete and win in a repeatable fashion. And when we bring that all together, it's what gives us very, very high confidence in the ability to continue to grow and execute the business as we have it today. So with that, thank you all very much. And now we're going to go to a 10 -- I think 15- to 20-minute -- 15- to 20-minute break. So thank you all.

(Break)

BARRY A. HYTINEN: Okay. We're going to get started in just a moment. So for those of you in the room, if you can please take your seats again, that would be great.

Well, welcome back. I hope you found our event so far informative, and we're trying to make sure you have a better understanding of our strategy and our business, hope that you'll leave today with a much better understanding of how all of our business units work together. And up next, we'll highlight our asset life cycle management business led by Deirdre Evens, who -- as Bill mentioned, she just relocated to Singapore and couldn't be here in person.

So I'll pinch hit for her. I'm excited to tell the story and highlight its strategic fit within our portfolio and really the highly complementary nature of the services and offerings we have for customers and how it fits into our broader portfolio and the large opportunity we have to drive considerable market share in what's a really large and growing market.

After these remarks, I'll roll a video from Deirdre, you can hear directly from her perspective on the market, her passion and vision for this part of our business. So with that, asset life cycle management, our business at a glance. We're at the forefront of the asset life cycle industry. Iron Mountain has a significant amount of structural advantages and growth vectors in what is this really big category. We have a global footprint. We've got deep relationships with over 225,000 clients. So we provide -- which both provide an excellent foundation for this business.

We're able to offer our customers a best-in-class data security chain of custody, which in today's world is exceptionally important to them. And from a client perspective, in the corporate end user market, we have been growing quickly and consistently over several years. Bill and the team started working on asset life cycle management 5, 6 years ago, and we've seen strength to strength in that area for some time.

And with our recent acquisition of IT renew earlier this year, we've cemented our position as a leading player in the hyperscale segment. And consistent with client needs, we offer complete solutions, including remote wiping, storage and logistics, decommissioning and what is, frankly, a truly circular model and I think a very compelling element of the story for our customers is that circular nature of our asset life cycle management business. Taking a look at the asset life cycle management market, it is a very large, fragmented and secular growing sector of the economy.

In total, today, we estimate the market to be $30 billion made up of corporate end user, hyperscale and corporate data center segments. We principally -- while we address all segments of that, we are particularly focused on hyperscale and corporate end user devices where not only do we have very significant synergies with the rest of our business, but we're also exposed to the fastest-growing segments of broader asset life cycle management. We estimate those 2 segments alone will grow double digits over the next several years continuously.

We feel -- we see very significant growth coming out of data center asset life cycle management as well as corporate end user. And as a global leader in the market, we have broad reach covering dozens of countries already with our asset life cycle management solutions. And that's a unique selling point in what is a fragmented market. Also noteworthy are our key strengths with respect to trust, chain of custody, consistent standards and processes, which differentiate us, I think, quite significantly from a lot of the smaller point players that are active in the sector.

We're continuing to broaden our offerings and reach and will -- we think will drive significant growth for years to come in light of our market -- the market as well as our presence in it. Now I'd like to take a look at a couple of case studies. In this case, this is a large ALM relationship in the hyperscale portion of the market. In this specific example, we work with one of the largest cloud hyperscalers and in the world. In light of their very large and growing data center fleet, they have considerable ALM needs, including an almost continuous flow of decommissioning and gear refreshment in their data center fleet. As is so often the case, privacy and data ratio, asset visibility, value recovery and circular solutions are critical to them.

Iron Mountain was able to partner with this customer to provide an ongoing solution to meet all of their needs. And as a result, we provide services to their fleet of data centers ongoing, including remarketing of the gear that's coming out of it, which creates a very significant recurring revenue stream for us. And it is a good representation of the sort of relationships we have in the hyperscale data center side within asset life cycle management already and that are continuing to grow and develop with other hyperscalers.

When we look at the hyperscale industry, we see that their fleets almost without exception, have been growing quite substantially year after year. And when you think about the refresh cycles of the gear that's in those data centers, averaging between 3.5 and 5 or 6 years in terms of refresh cycle depending upon the hyperscaler, there's really an embedded latent demand that kind of continues to build year-by-year that we're addressing quite significantly. Turning to an example within our corporate end user. This is an example of a corporate client, one which we've been doing business with for years throughout our business, and they use us for numerous products and services. It's a large U.S. bank in this specific customer as example, and they needed a strategic partner to address overhangs from a recent acquisition. They had acquired a competitor. And they had, as a result, several redundant and costly data centers. Iron Mountain delivered a decommissioning workflow process tailored to the bank's risk mitigation policies as well as brought together on-site technicians to efficiently carry out several supplementary activities that were a requirement of their needs.

As a result, we removed 13,000 hard drives. We processed over 1,300 servers across 15 data centers, all in compliance where they're exacting standards and within their time frame that they needed. Our ability to create solutions for clients within their own compliance requirements, I think, differentiates us quite significantly in the market. And it's one that will likely continue to benefit us for years to come as things like this build in the economy that we're seeing clients consistently needing activities of this sort. And so with that brief overview of ALM, why don't we turn so that you can hear directly from Deirdre in terms of how she sees asset life cycle management. And if the team would please roll the video, I'd appreciate it.

(presentation)

DEIRDRE J. EVENS, EXECUTIVE VP & GM OF ASSET LIFECYCLE MANAGEMENT, IRON MOUNTAIN INCORPORATED: When asset life cycle management, everything is exciting about the growth opportunity there. It is a huge market. It's a $15 billion market. It's going to be a $30 billion market in the next few years. Our customers, 950 of the Fortune 1000 customers are increasingly seeking these services. Our brand and our value proposition is second to none when it comes to secure chain of custody, data protection, and there's every reason to believe that Iron Mountain will become the global leader in IT asset life cycle management in the next 5 years. This is going to create so much opportunity in the company, not just for people who sell our solutions because it's a huge cross-sell opportunity for our customers, but also for our own employees. This work requires facilities. It requires transportation. It requires processing capabilities. It requires selling and remarketing capabilities. So there's huge opportunity not just for our customers but for -- and for our company, but for the growth and development of our employees as well. Who wouldn't want to be part of a movement that will have -- can have a material impact on what we can do to help our environment in a significant way.

I think for the company as a whole, I think the word that comes to mind for me is potential. And this is reaching the companies, the brands are reaching our full potential as a business, but also from a talent perspective, being able to reach our potential in terms of our growth. If I think about asset life cycle management. The word that comes to mind is billions.

BARRY A. HYTINEN: Phenomenal leader, a great peer and she and her team are working very hard to build our asset life cycle management business, and I think you get a sense from her passion there for what we have and what we're building. And with that, it's my pleasure to welcome JT up to talk about our global operational function and all the great work and operational excellence that he and the team have been driving. JT?

JOHN TOMOVCSIK, EXECUTIVE VP & COO, IRON MOUNTAIN INCORPORATED: Chief Operating Officer at Iron Mountain. By way of my background, I started with Iron Mountain in 1986 as a driver in our Baltimore data management business. For the past 36 years at our company, I have primarily led operations, commercial and P&Ls, working up to becoming our North American COO in 2007 and our Global Chief Operating Officer in 2018. I have really enjoyed a dynamic and rewarding career with a company that I have seen grow 10x over the last 2 decades. But I am even more excited about what I know we can accomplish in growth over the next 5 years and beyond through Matterhorn. I really appreciate all of you being here today, and I would like to use my time with you to convey 3 things: first, how we set the foundation with Project Summit to build and scale enterprise capabilities for higher growth; second, our continued strategic investments in key areas to further enable highly effective cross management; and third, our leadership mindset driving continuous improvement and excellence to our customers.

In 2019, Bill Meaney asked me to lead our Project Summit transformation journey, which I did from Q4 of that year through the end of 2021. The success of Project Summit led to 3 outcomes. First, optimizing our overhead and cost of sales; second, integrating and improving key enterprise technology platforms; and third, investing to fortify our commercial ecosystem in preparation for higher growth. I am greatly appreciative of all of our teams and their performance during Summit. Our company essentially executed the majority of our Summit initiatives during the start of and through the most difficult periods of the COVID pandemic, while still managing the business to successful outcomes.

Most notably, I must recognize our frontline workforce, their commitment during COVID in servicing our customer base, including hospitals, the government accounts, and other essential industries was profound. I am extremely proud of our frontline teams across the entire world. And now our semi success led us to enabling Matterhorn operationally for the next phase of growth, focused on 3 elements: first, broadening our commercial offerings; second, further increasing productivity and optimizing the business; and third, driving our commitments to both quality and safety.

Through our disciplined work during Summit, I am very confident in our operational ability to drive continuous improvement throughout Matterhorn that will lead to enabling higher growth and further productivity. As an example of our continuous improvement during Matterhorn, we will continue to be laser-focused on driving operational improvements. Since 2019, we have achieved a 650 basis point improvement in service margin by implementing 4 things: First, investing in global data capture and activity tracking to enable standardization of global activity reporting and worked hours reporting; second, engineering specific work targets based on key attributes such as activity types and facility types; third, implementing a standard transport routing system, enabling teams to create transportation plans and targets; and fourth, by implementing an active labor management system designed to teach leaders how to use these tools and effectively manage our workforce.

Finally, I do not want to overlook a very, very important fact. We achieved this success while continuing the trend of making Iron Mountain a safe place to work both physically and mentally. In fact, year-over-year through Q2, we have decreased our global incident rate by 7%. I am extremely proud of our teams for taking care of each other and for their dedication to safety. As we transition further into Matterhorn, we will continue to invest in our information technology and back-office functions.

Another example, allowing us to enable significant optimization and improvements in our back office functions was the creation of our first global business services or GBS, we formally created our GBS in October of 2020. This team is transformation-oriented and today includes multiple consolidated enterprise-level functions such as agreement to cash, HR operations, customer care and commercial shared services, just to name a few. In addition, we have enhanced and in some cases, built global centers of excellence for continuous improvement, reporting and analytics and enterprise program management.

Together, these teams are building enterprise capabilities critical for the next phase of our growth ambitions. We are also targeting improvements in service levels for our customers and, of course, reducing G&A costs across our business, in which we have achieved 170 basis points reduction between 2019 and year-to-date 2022.

So in summary, I strongly feel our global operations teams are set up effectively to drive quality and optimization based continuous improvement for both cost of sales and SG&A and to continue building our enterprise-level capabilities that will help us improve service to our valued customers and ultimately drive higher growth. Back over to Barry now.

BARRY A. HYTINEN: Thanks, JT. Great job. I'd like to wrap up the day before our Q&A and wrap up the presentation by summarizing how all of the strategic initiatives you've been hearing about, what they mean to our financial perspective and how they pull together in terms of our targets and our goals. And certainly, my goal for this portion of the presentation is to help you better understand the business model how the growth will accelerate over time and drive significant long-term shareholder value as we meet customer needs. A few callouts just to start.

One is, I think it's fairly clear that we're leading from a position of strength. We've got very large long-term client relationships. We've got businesses that go together quite well. There's a lot of synergy in terms of how Greg and the team are cross-selling now going forward and whether it be in our global records and information management business unit, our asset life cycle management team or in data centers, we're very focused on growing and growing quite profitably going forward.

Second, I think it's reasonable to say that we have a very unique, very durable business model, which is at its core, based on those client relationships and being customer-centric with respect to our solutions. And over the last few years, I think we've clearly developed a financial track record that shows significant operational improvement, significant operating excellence spanning multiple geographies as JT just touched on with a significant drive on continuous improvement with a mindset to climb on, as Bill talked about.

And we are going to use our capital allocation strategy to further drive even more shareholder value going forward. And lastly, as Bill talked about at the beginning and as we weave through the presentations today, we are very focused on strategic initiatives that will drive considerable growth sustained over time.

And so with that, let's dive in a little bit. So here's a slide that takes you through our operating performance over the last several years. It's a track record, I think, of consistent execution across key metrics. And as you can see from the chart, while we saw a modest dip in revenues in 2020 in light of COVID, we managed to grow profits and margin during that period of time, which I think is a strong testament to the durability of our business model.

And in fact, if you go back to, say, the second quarter of 2020 at the depths of the pandemic, our team has been increasingly driving significant improvement in performance with better results really quarter-by-quarter ever since. 2022 is the first year of our Project Matterhorn, only halfway through the first year of that effort, our efforts are already bearing fruit. As you can see, the growth that we've been driving is certainly is aided by our Project Matterhorn efforts.

In fact, let me zoom in on the current year. This is our financial guidance, and we're very pleased to be here today to reaffirm our full year 2022 guidance ranges. We're on track for a very strong year with mid-teens revenue growth, double-digit growth in EBITDA. As we've mentioned on our last earnings call, that performance is despite several significant headwinds such as the strengthening U.S. dollar, COVID shutdowns in China. Both of which I'll not have continued to persist.

Even still, we feel very good about our performance through the first half. We feel very well positioned for the full year and are confident in our guidance. With that, I want to take a moment to -- a couple of moments to go through our capital allocation priorities, specifically around investing to accelerate growth and capital return and then the use of prudent leverage. So on investing to accelerate growth, as I touched on earlier in the presentation, we are going to be ramping our growth capital. Most of our businesses are capital light. For example, in our core business, time to time, we'll add racks as we need that to deal with incremental storage that's coming in, but that has a very high return in light of the incremental margins we have in that business in our digital solutions and our asset life cycle management businesses, those are relatively limited growth capital requirements to build out those businesses.

So they're -- they have very strong returns. And so from a growth capital expenditure perspective over the next 4 years, we are planning to deploy about $4 billion with the vast majority of that earmarked for Mark's business in data center. Importantly, as he noted, that fully funds our growth plan, including nearly quadrupling our data center operating portfolio during that time.

And in light of the pre-lease that he's talked about as well as the strong pipeline that we have we are well on track and will be building continuously going forward.

Turning to Project Matterhorn, to support our transformation, we'll incur approximately $150 million annually of onetime kind of cash cost from 2023 to 2025. And in the fourth quarter, we'll be approaching something on that order of that run rate as we ramp the project's priorities and drive the transformation. This will help support the transformation of our operating model, establishing the global operations platform that JT talked about and furthering the transformation of the total company.

In terms of capital return, dividends, as you know, has been an important part of our total return commitment for a long time. And as you probably know, we have a long-standing dividend policy, whereby we target AFFO payout ratio of low to mid-60s.

As you can see from the chart, this ratio has been improving over the past few years as strengthened EBITDA has fueled growth in AFFO. I'll note that during this time frame, we've held the dividend constant as we've been operating outside of the target range. But as we get into the target payout ratio range, dividend growth will kind of naturally have to follow with the growth in AFFO. So that's how we're thinking about our business model going forward. In terms of leverage, just to round out our capital allocation priorities, we have a long-term target here as well of 4.5 to 5.5x on a net lease adjusted leverage ratio. As you can see, with our strong operating performance as well as increased investment because we've been investing more year-by-year in our business, we are operating now within our target range, and that's where we aim to be going forward. And in fact, as we move through the remainder of this year, we expect to end the year at levels consistent with the first half, even though we're going to continue to invest at a higher level here in the back half in the business.

I'll note that that's a modest improvement from the last time we spoke in light of both the cash-generative nature of our business and what we're seeing in our pipeline. It's worth calling out a few other points First of all, in light of the macro environment, I'll just point out that we have no near-term maturities. In fact, we don't really have anything of size until 2027.

In addition, the vast majority of our debt is fixed, as most of you probably already know and we have considerable capacity on our revolver as our team recently reworked our credit facility and gave us both better terms as well as more capacity there.

So in summary, we have strong confidence in our capital allocation priorities will continue to drive meaningful shareholder returns going forward. And with that, let's turn to our financial targets. Bill spoke about this slide earlier, where we're introducing both our expectation for growth rates over the next several years as well as our 2026 targets. In terms of revenue, we expect sustainable growth across all of our businesses, driven by a combination of commercial and operational excellence to achieve a CAGR of 10% revenue growth over that period of time. With that, we've conservatively positioned to grow EBITDA in line with revenue, and we expect AFFO to CAGR at about an 8% rate.

Overall, we're executing a clear strategy and strong financial performance, we think, together with continuing to invest will optimize us for very significant profitable growth. And with that, let's dive a little bit deeper, starting with revenue. What this slide is endeavoring to demonstrate is how we're thinking about our 10% CAGR over the next several years by business. We expect our Global RIM business to post revenue growth of approximately 5% and I'll say that is fairly conservative when you consider what the team has been driving in that area for the last several quarters. And it's underpinned by a low to mid-single-digit expectation on revenue management. And modest improvement in total volume, together with continued strong growth from digital solutions.

I know that many of you are aware, we -- the team has been driving considerable growth in our digital solutions business for quite a few years now, strength to strength, teens, 20% type growth rates. And we see the opportunity in digital solutions to continue to grow and augment that 5%. So we feel very comfortable with our Global RIM CAGR.

In terms of data center, Mark did a great job earlier today, highlighting the very significant growth we have, the teams in putting up big numbers in that area. And we have both the capacity and the capability that conservatively grow in the low 20s percentage range for a sustained period of time. I think Mark touched on some of our recent signings, the pre-lease activity we've had the pipeline that he mentioned as well as a trajectory, which will really support the favorable outlook we have for our data center business unit to grow meaningfully over this period.

And in the fragmented asset life cycle management area, we are projecting for the business to grow considerably in terms of dollars, call it, $800 million over the period driven by both hyperscale relationships. As I mentioned earlier, where index is some of the largest hyperscalers in the world and will grow with them together with our ability to cross-sell into our large client base. I'll note that from 2021 to 2026, it's also benefited by the recent acquisition of IT renewal, which was in the 2021 numbers naturally.

With that, turning to EBITDA. We have a target of a CAGR of 10% growth, which results in about $2.5 billion of EBITDA in 2026. And to help put some context around that, let's discuss how we're thinking about the individual targets by business unit. For Global RIM, here, again, we're, I think, being pretty conservative with respect to our margins, consistent with recent history, we're modeling them to be at this level or just slightly up which, in light of revenue management and volume being partially offset by growth in services including digital solutions, we feel very, very good and very well positioned in our global room CAGR as well as profit goals here.

For our data center business, we're modeling the business to modestly improve on margin over the time frame as we generate some continued scale efficiencies as we further develop capacity. And we feel very good about the ability for that business to further enhance margin even beyond this planning period as we build out even more capacity in that business model.

And for asset life cycle management, we're modeling a level of margin expansion over the next few years as we drive scale through the business, somewhat counterbalanced by remarketing, and we feel we have penciled a reasonable amount of margin expansion in light of the volume that we'll be driving through our ALM. And as JT highlighted, our focus on scale and shared services will help continue to drive G&A efficiencies across our business and enhance our profitability going forward.

From a standpoint of AFFO, as I mentioned earlier, we have an 8% CAGR target. That's about $1.5 billion of AFFO in 2026. Naturally, of course, EBITDA is the primary driver of AFFO growth in our plan. And we've conservatively planned for cash interest and cash taxes just in light of the macro environment that we're all operating in. And we assume that our recurring capital expenditures will grow modestly over the next several years, consistent with the relatively capital-light areas of our business.

Before handing back to Bill, let me just touch on a few last points. I think it's -- I hope you can see what we do, which is that we are in a very advantaged position. We've got a strong business that has the wherewithal to grow. Our team is well aligned. We've got very durable business that has multiple levers for growth. And I think the team's track record demonstrates that I'm very confident that as we execute the plan, put that together with our capital allocation priorities, it will generate very considerable shareholder returns going forward. And with that, I'd like to hand it back to Bill for a few closing comments just before we take questions from both the live audience here as well as the webcast. Thank you all.

WILLIAM L. MEANEY: Thanks, Barry. So thanks, Barry, and thanks, everyone, for your attention. And so before we go to Q&A, just a couple of things to kind of summarize, and then Barry and I will handle your questions and then we'll get ready for the data center tour for those of you that are here physically and are going to go to the tour. So hopefully, what you heard today is that over the last 5 years, we really have been stitching together a number of businesses that are synergistic. And I think you heard in a number of the business unit cases where the cross-selling opportunities have been very strong. And again, one of the core strengths of Iron Mountain is that 950 of the Fortune 1000 that have trusted us in our traditional side of the business for decades.

I think that the team, I think, has done a very good job both identifying what those markets were in making sure that we now have a business system or an operating model by having a sell the whole mountain under Greg as well as business unit leaders that are laser focused, whether it be market and data center or Deirdre in Singapore in terms of the new ALM business that are -- building both the product and expertise and the sales enablement muscles that we need that allow Greg to actually hit the success that he's been hitting over the last months. And then across the bottom of you, so to speak, in terms of extending the lessons we learned from Summit that gave us the robustness to actually weather that storm.

And Barry pointed out that while sales dropped during COVID is profitability was flat, slightly up during that period of time. And that really is a testament to really JT and his team in terms of reengineering our operating model and it's that same reengineering and continuous improvement that's going to give us the continued foundation strength to do the growth. So if we kind of take a step back, our view is that the reason why we wanted to discuss this today, obviously, Matterhorn has been launched internally since the beginning of the year. And you could see that in Q1 and Q2, driving that high, well, in this case, mid-teens revenue growth. And what we're committing is based on those foundations that we've built, the momentum that we have in the sales pipeline, together with the expanded total addressable market that's 13x bigger than it was when we started this journey 5 years ago, is that we're very comfortable in terms of being able to continue that growth rate out in the future under Project Matterhorn and that's what we're discussing with you today is really how does that train keep going.

So from an investor standpoint, if we take a step back, what does that mean? If you think that we're a bit of 0.9%, 1%, something like that, and you're trying to solve for a, say, 7% to 10% TSR is that we can basically get that deliver that TSR just on the earnings growth that we have today. And as Barry said, we have a healthy dividend that goes on top of that, that as we approach that AFFO payout ratio of kind of low 60s to mid-60s which we're approaching quite quickly is then, obviously, that becomes a forcing function for dividend growth in the future as it grows in line with AFFO. So that's kind of the financial backdrop or the investor backdrop that this leaves us with. So with that, Barry, you want to join me and we'll -- and I don't know how much time we have for questions before we have to head out to.

BARRY A. HYTINEN: Gill is She's going to tell us when we got to stop.

WILLIAM L. MEANEY: Okay. So Gill is going to be the disciplinarian.

Questions and Answers

GILLIAN TILTMAN: Okay. Great. So if you have a question, put your hand up and I'll come around to you. And we're just going to start with a question from the webcast to make it nice and fair. This question is specifically for Bill. "Can you give us some color on revenue management and your ability to drive price?"

WILLIAM L. MEANEY: Okay. Thank you for that. Look, we're blessed with both a set of businesses and a customer relationships that people really value what we do for them. And so we're more of a price giver than a price taker, so if you see what's happened over the past -- in not just the past couple of quarters where we've had ***inflation*** running at fairly rapid rates is we're able to price ahead of ***inflation***, and people understand that because if you think about on the traditional side of our business is it's a logistics business, right? And people are seeing what FedEx, UPS and others are having to do to actually manage their business and pass on that ***inflation***. So we virtually don't have any customer pushback. And in fact, you see that in terms of the retention rates that we've had in the business is that we have seen an uptick at all in the retention rates as we've been asking customers to pay more of their fair share in terms of the value that we present.

So we feel very comfortable that we've been on this revenue management journey for quite some time. Our customers actually understand the value that we deliver to them. It's not just the quality and reliability of the service is that level of trust, and they're very conscious of the fact that, especially in the logistics side of the business that our costs are going up. Now the other aspect about it, it just so happens because we have a very high gross margin business, that becomes actually margin expansion rather than contraction because generally, we're increasing rates of ***inflation*** associated with the -- what we're charging a customer, and a lot of that does -- obviously covers our increased costs, but with a high gross margin business, a lot of that flows down to the bottom line. So it's a long way of saying we don't take advantage of our customers. We have a trusting relationship for a reason because they feel that we're fair dealers. But in the current environment, they understand why we have to increase our pricing, and we're able to do that in a way that actually is slightly margin expansion.

GILLIAN TILTMAN: Okay. Great. We can take our next one in the room.

SHLOMO H. ROSENBAUM, MD, STIFEL, NICOLAUS & COMPANY, INCORPORATED, RESEARCH DIVISION: This one, I'm going to ask to Barry. Barry, a lot of investors get concerned about leverage levels and capital intensity. And as you move up the capital intensity for the growth in the data centers from 12% to 16%. At the same time, you're going to be increasing the dividends, how are you going to fund all this? How is that going to happen? Is the leverage going to start spiking up, what should the investors think of in terms of pacing? And then I mean, you're talking about also you've got fixed debt going until 2026. But if you lever up a lot, I mean, are you going to hit a wall if all of a sudden, the rates keep going up, and all of a sudden, you've got a lot to start refinancing.

BARRY A. HYTINEN: Okay. Shlomo, thank you. There's a lot in there. So let me work through that some. Thank you for the question. It's an important one. First up, this is a fully funded kind of internal plan in our thinking. So you shouldn't be anticipating that, a, we'd be using equity for this. And similarly, we will be operating inside our leverage target range. When you -- after you've had a chance to digest the model and go through it, I think what you'll find is you'll be able to work through our leverage calculation such that we're within that 4.5 to 5.5x target range. And while I never say never to being outside of it, this plan is predicated on being inside at the whole time, number one. Number two, in terms of how you should be expecting the pace of capital, as you know, we've been ramping up capital investment in data center this year, we'll do in total CapEx, over $900 million. We'll ramp that up some more next year and going forward. But you should really -- and the reason I showed it as a percent of revenue is assume that it's going to continue to grow with revenue generation and EBITDA, which is part and parcel of how we'll stay inside the leverage range.

You shouldn't expect some big dramatic ramp in CapEx like next year from us. It's fairly paced through the periods. And then as it relates to leverage and debt, we don't have any near-term maturities until 2027, actually. You've mentioned 2026, but until 2027. And the way that we've modeled our use of cash interest in the model, Shlomo, is I've -- and I think this is conservative. We've assumed borrowing in the future on, let's say, bonds at meaningfully higher than where we would issue at today.

And I think that's probably a reasonable position. Now as you get out in terms of the planning period because 5 years is a fairly long time. And if you look at what the broader markets are expecting, we similarly have assumed a very modest gradual decline in cost of debt in the '24 and beyond '25 time frame, but we've moved it up appreciably in our model to be compensating for what's going on in the market. I think that's just prudent. And again, I've -- like I say, I've modeled it beyond what we would be issuing at if we wanted to today. But as I said earlier in the prepared remarks, we've got a lot of capacity on our revolver. We're in a very good position, and we appreciate all the support from our commercial banking relationships as well as the bond market in light of their support for the company over many years.

And I expect that we'll continue to have very good access going forward in basically any economic activity in light of the durability of our business. Bill, anything you want to add?

WILLIAM L. MEANEY: No, I think that covers it.

BARRY A. HYTINEN: Shlomo, did I get everything there.

SHLOMO H. ROSENBAUM: (inaudible).

BARRY A. HYTINEN: That's another way of saying it.

ALEXANDER EDUARD MARIA HESS, ANALYST, JPMORGAN CHASE & CO, RESEARCH DIVISION: Alex Hess on for Andrew Steinerman from JPMorgan. I just want to talk a bit through some of the volume dynamics in the core records business as well as some of the pricing dynamics there. Sort of glacial pace in the core records business on the volume side. Can you maybe explain to us a bit more what's going on with the gross incoming volume, gross outgoing volume, whether it's perms, terms, destructions. And then on the pricing side, how much of revenue management benefits that you're getting really come from this inflationary environment, what gives you confidence that will continue maybe as we lap high CPI prints.

BARRY A. HYTINEN: Meaney you want to start?

WILLIAM L. MEANEY: I start with the ***inflation*** because that ties to the -- that question revenue management (inaudible) but you talked about the volume -- on the ***inflation*** side, and thanks for the question on that is on the ***inflation*** side, we're not concerned because we've actually have been -- I think what I want to say it was 2014, 2015, that we started in North America really ramping up our revenue management and that was in low inflationary environment. And then we took that global in kind of the 2016-2017 period.

So even if you go back in terms of what we've been doing in terms of pricing and revenue management, we've been getting north of 200 basis points of price increase during the 0 inflationary period. And of course, now we've been able to take that up quite significantly. And I think if I recall correctly, even when we were introducing the revenue management program back about 6 years ago. So yes, I guess you have more than 6 years ago, more like 7, 8 years ago, is I used -- I wish I didn't do it, but I said I was doing my ***inflation*** dance praying for ***inflation*** because actually, pricing for us is actually slightly accretive on the margin just because of the nature of our underlying businesses.

Personally, I wish I didn't do such a good dance. But anyway, but that's more on a personal basis than on a business model. But if you go back in time, you'll see that we've been able to get significant price increases even in a 0 inflationary period.

BARRY A. HYTINEN: And Alex, on the point around volume, a couple of thoughts, and I'll make this a little broader in light of the audience may have various degrees of understanding of the company. So in total, if you look at our volume, it's been growing. And our expectation is for our total volume, physical volume that is to grow something like consistent to slightly up. So let's say that's 0% to 1% going forward. And that's a fairly conservative, I think, perspective in light of the fact that the team has been developing considerable incremental avenues for volume growth in our business, whether that be in the form of other forms of business service volume, consumer, fine art, what have you. you specifically, Alex, were asking, I think, about the core records volume. And in that case, what you've been seeing from our business over the last several periods is that our core has, on an organic basis, been flat to slightly down. So something on the order of slightly down, maybe not even quite 1%.

And that's, of course, a balance of both the incoming and the outgoing. And Greg -- I mean, an important part that maybe didn't come out as strongly as Greg's team is doing a great job bringing in new record volume in the form of winning business from existing clients that may be occasionally, they're still out there using a competitor in nature and one of the markets that's out there or we may, frankly, bring in source more volume from clients that have been storing things on their own. And that results in our ability to kind of continue to offset what is a relatively large book of business.

I'll just point out that we've never been storing more volume than we are today. We have a our total volumes are at all-time records and growing. So we feel very good when you put that together with the kind of construct that Bill talked about from a revenue management standpoint that our Global RIM business can CAGR at the 5% level.

In fact, really, I would say that I'll just underscore what I mentioned. I think that's a fairly conservative view as it relates to the CAGR on that business. When you couple that -- those 2 points together with the fact that our digital solutions business continues to be strength to strength. So thank you for the question, Alex.

BRENDAN JAMES LYNCH, RESEARCH ANALYST, BARCLAYS BANK PLC, RESEARCH DIVISION: This is Brendan Lynch from Barclays. First, do you plan on separating the ALM business out into a separate segment so that we can monitor your progress versus your targets? And secondly, you have a corporate and hyperscale focus. Is there also an opportunity to expand the scope of the ALM business to adjacent related services.

BARRY A. HYTINEN: I will take the first one, you take the second. Okay. Hey, Brendan, thanks for coming, and thanks for the questions. On the first point, we do envision that in the future, our ALM segment -- our ALM business will be broken out more specifically. As the business continues to scale, I think it will have certainly in the sort of scenario that we just showed. It will have the heft and the wherewithal. And frankly, I think in light of the capital that we put in place in that business together with our plans for the future, it's -- it would be absolutely appropriate to be doing that. And we haven't done that at this point just in light of the facts and circumstances around the elements of the accounting rules there. But you can see, I think, from our presentation that we are putting together the structure under Dierdre's leadership and you should be anticipating it in the near future that we will likely be breaking it out so that there can be good visibility to the investment community Bill and I tend to spend a fair amount of time on the investor calls each quarter already, giving you as much giving you pretty considerable visibility to the business. But I agree with the fundamental point that more in that area is a good thing because, frankly, I think it will be demonstrating for investors what is a big growth opportunity for us going forward.

WILLIAM L. MEANEY: Yes. And following on your other question about further adjacencies in the ALM business. First, we're pretty pleased with the $30 billion opportunity if we look at data centers, whether it's hyperscale or corporate data centers and then, of course, the end user devices. But to your point, I mean, it is interesting. I would say we're in early days exploring the adjacent, but adjacencies. I think it was back in -- I think it was in May, it was in India, meeting with an industrial group that actually manufactures automobiles. And it was clear that over time, there's going to be an area is an opportunity now, especially with EVs, but even prior to EVs, the amount of electronics they're going into cars that they're already very conscious of the ability to both recycle and make sure that they're disclosing of e-waste correctly. So I think you're spot on. I think there are a number of areas. Right now, I don't want -- I haven't -- I'm a great one for distracting the team and I get excited when I find new opportunities. But on this one, obviously, I'm trying to keep them focused on the $30 billion prize initially. But I think you're right, I think electronics are touching more and more aspects of our lives, which is an opportunity for us.

GILLIAN TILTMAN: Okay. The next question from the webcast, "with CapEx of $4 billion over 4 years, how much of that is Iron Mountain share? And what's the funding outlook for that CapEx given that long-term AFFO guidance excludes per share calculations."

BARRY A. HYTINEN: Okay. I'll take that one. It's a little bit where Shlomo, I think, was going in part of his question. Again, we're not anticipating the use, Bill and I can both do this one. We're not anticipating the use of equity in this plan. So this is -- you should be anticipating that we'll be operating within our leverage target range. And while I guess I'd never say never as it relates to equity, we're not anticipating that in the plan. So we'll be operating and funding this through both the growth of EBITDA, which as you've seen in the presentation, is quite substantial and catering continuously over time together with that. So that's the way thinking about.

Frankly, I should probably put a big call out here that our business is very cash generative. That core that we've been talking about that Greg and JT are helping us drive significant growth through. It just gushes of cash. And so with that together with growth in EBITDA, we feel very confident about being able to support what Mark and the team are building out in data center, and I'm looking forward to showing you that in a little bit.

ERIC THOMAS LUEBCHOW, ASSOCIATE ANALYST, WELLS FARGO SECURITIES, LLC, RESEARCH DIVISION: Eric Luebchow from Wells Fargo. So maybe you could talk about any capital recycling initiatives you still have underway in the plan. You've recycled a lot of your industrial real estate at very attractive valuations. But is that something you can continue to do in your outlook? And then also just in general, I'd be curious about the inorganic opportunities in your business. I know you've mentioned in ALM. It's a little, a highly fragmented market. It seems like there could be a roll-up opportunity there longer term? So how do you think about balancing potential inorganic initiatives with obviously a pretty full CapEx plan as well?

BARRY A. HYTINEN: Okay. Thank you, Eric, for the questions. I'll start, and if Bill wants to add on, if anything there. On -- I think you were specifically asking the first question about industrial sale leasebacks that we've been doing over the last several years. And our model assumes that we'll continue to do something on the order of about $100 million a year. So not a meaningful amount of capacity coming from that in this model. I'll say that we could do more if we wanted to. The market continues to be quite good, notwithstanding what's going on in the macro environment. We -- whenever we've put out an asset or a portfolio for a bid, we've received many bids, including recently.

And the appetite there, it seems like from investors is high. I'll note that we like that as a means for supplementing our capital allocation strategy because, one, we're able to do sale leasebacks at cap rates that are, we think, fairly attractive. In many cases, we've been hitting like 4, 4.5, even sub-4 in some cases, depending, of course, on the nature of the asset that's out there.

In these cases, I'll just note that these are generally speaking, facilities record centers that will be in for a long period of time, so 20, 30, 40 years. And so we are typically using sale-leaseback transactions in this form of recycling. And the nice thing about where the market has been and where it is, is generally, we're putting out a form lease that indicates what terms and conditions will do business under, including escalators and renewal options at our option, et cetera, duration. And it's been a bit of a very positive response and then we've generally used multiple rounds of bidding to drive the cap rate.

So we feel good about that, but I will say, we put in just a relatively modest amount of capital there in terms of -- as a source. In terms of ALM, it is a really fragmented market. I made that point a couple of times in the presentation, and there's a lot of small players in that -- I mean to kind of point players.

Generally speaking, what we see is business that might have a meaningful client relationship in one specific geography or with one specific client, maybe they have a couple and then they've got some smaller relationships built around them. But it's a very long tail I mean when I look at the ALM market broadly, when there's us and a couple of other players that are in the kind of low hundreds of millions of dollars of revenue from our estimates. And then after that, it's $100 million or less. And you're talking like $30 million, $40 million, $50 million revenue businesses.

So it does, in some ways, look like the early days of the records business in that this business had done a fair amount of both organic growth as well as supplementing that through smaller tuck-ins. I'll say this, Eric, our business plan, what you've just seen here today is predicated on the ability to grow organically. And so to the extent we do some smaller one-offs that would be helpful to the plan, but that's not a requirement of our ability to achieve the CAGRs that we're looking at.

WILLIAM L. MEANEY: No, I think that's. I think we're really happy with the platforms that we've built across our businesses now. So we don't -- we think we have platform plays in each of the businesses. So that kind of takes large acquisitions of table. It doesn't mean that we wouldn't do small tuck-ins if it makes sense. But I think the large ones, we feel pretty comfortable with (inaudible).

BARRY A. HYTINEN: Yes. And I would say that the multiples that we kind of -- I will add at this point as one of the big -- one of the leaders in the space we do see a lot of activity. I mean there's a lot of opportunities out there of smaller businesses that are -- would entertain options or are entertaining options and the general view, I would say, for multiples of EBITDA are kind of like single-digit type of situations, and they would probably synergize down relatively quickly in some cases.

So again, it's not predicated in our plan, but I think that there is, to Bill's point, opportunities for tuck-ins. Thanks, Eric.

GILLIAN TILTMAN: Okay. The next question comes from the webcast. For Bill, "how do you feel about the ability to execute in a choppy macro environment?"

WILLIAM L. MEANEY: No, thanks. It's a good question in the current environment because it sure is choppy. Look, I think the thing we're blessed on 2 different fronts. I think one is that we have a set of businesses which by historical standards, a pretty recession I know every recession is different, so I don't want to say that what we're headed for is going to be the same as in the past. But it's generally being a B2B company that does essential services where during the depths of COVID, we get letters from Chairman and Chief Executives and governments reminding us of our obligations to serve them contractually is a pretty good thing, right?

So I think that we're kind of embedded in the base layer of most people's operations, which is not discretionary. So I think that really blesses -- and that's pretty much across the board of our businesses. I think the other thing which you do worry about is I worry about our mountaineers, right?

I mean the -- we were talking about our ability to price but -- which we do with our customers, but people are experiencing high levels of uncertainty, high levels of ***inflation*** in their day-to-day lives. That being said, I go back to the mountaineer resiliency. I mean I didn't coin the phrase. It was my process of Richard Reese that came up with calling ourselves internally mountaineers, and it's when you go through a crisis like COVID, you realize how (inaudible) that is. We talked about how folks showed up during COVID. So just to give you anecdote of how resilient and strong our folks are. And I really do think I know every CEO says that about their people, but I do think it's especially true at Iron Mountain is at the beginning of July 2020, I went to New York City to see our folks, and I was a little bit concerned because I wasn't sure what I was going to find when I spent some time with our frontline couriers because I know they've really been up against it. And the funny thing is, I left the series of meetings visit 3 or 4 of our facilities. And they actually gave me energy rather than me feeling like I had to boost them up. And I remember, but it wasn't because it was easy. So be careful what you wish for. In February of early February of 2020, we won a large contract for a major healthcare provider in New York City. And you can probably guess which one this was, but this is where their more was overrunning. They were actually sadly having to put deceased patients into refrigerated trucks. And you can imagine the hospital was in chaos. Our people started servicing that client in February. And when I spoke to them about it, it was rough and a number of them would come home because they weren't sure how scary the virus was. So they come home and use a garden hose and their garage to kind of wash themselves down and lead their clothes in the garage because they just didn't want to take the chance of bringing the virus in. I mean that's kind of what our folks are made of. So I do think that our ability to be resilient through it, I'm not complacent about it. We're laser-focused on people's not just physical safety, but they're mental well-being. But I couldn't be more proud in terms of the way the folks have actually gone through that crisis. So I think from a business model standpoint, I think we're well positioned, but every -- I agree every recession is different. And from the speed of core of our mountaineers and the people that come to work every day, I couldn't be more proud to be associated with them.

GILLIAN TILTMAN: Okay. Great. I'm afraid we're going to have to wrap up Q&A there because we have to show you a safety video for the data center tour, which we now will do. And after that, we'll depart.

WILLIAM L. MEANEY: Okay. Well, thanks, everyone. And for those tuning in, thank you for tuning in. And then for those of you that are going to join us at data center, I'll see you at the data center. Thank you.

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