IRON MOUNTAIN INC
Form 10-K
February 16, 2018
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

(Mark One)
ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2017
or
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to
Commission File Number 1-13045

IRON MOUNTAIN INCORPORATED
(Exact name of Registrant as Specified in Its Charter)

Delaware	23-2588479
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)
One Federal Street, Boston, Massachusetts	02110
(Address of principal executive offices)	(Zip Code)

617-535-4766
(Registrant's telephone number, including area code)
Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, $.01 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No o
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý
Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ý No o
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No o
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K o
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ý	Accelerated filer o
Non-accelerated filer o	Smaller reporting company o

(Do not check if a smaller reporting company)
Emerging growth company o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No ý
As of June 30, 2017, the aggregate market value of the Common Stock of the registrant held by non-affiliates of the registrant was approximately $9.0 billion based on the closing price on the New York Stock Exchange on such date.
Number of shares of the registrant's Common Stock at February 9, 2018: 285,311,549
DOCUMENTS INCORPORATED BY REFERENCE
Certain information required in Items 10, 11, 12, 13 and 14 of Part III of this Annual Report on Form 10-K (the "Annual Report") is incorporated by reference from our definitive Proxy Statement for our 2018 Annual Meeting of Stockholders (our "Proxy Statement") to be filed with the Securities and Exchange Commission (the "SEC") within 120 days after the close of the fiscal year ended December 31, 2017.

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PART IV

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References in this Annual Report to "the Company," "IMI," "Iron Mountain," "we," "us" or "our" include Iron Mountain Incorporated, a Delaware corporation, and its predecessor, as applicable, and its consolidated subsidiaries, unless the context indicates otherwise.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

We have made statements in this Annual Report that constitute "forward-looking statements" as that term is defined in the Private Securities Litigation Reform Act of 1995 and other securities laws. These forward-looking statements concern our operations, economic performance, financial condition, goals, beliefs, future growth strategies, investment objectives, plans and current expectations, such as our (1) commitment to future dividend payments, (2) expected growth of records stored with us from existing customers, (3) expected 2018 consolidated internal storage rental revenue growth rate and capital expenditures, (4) statements made in relation to our acquisition of Recall Holdings Limited ("Recall") pursuant to the Scheme Implementation Deed, as amended, with Recall (the "Recall Transaction") including the total cost to integrate the combined companies, (5) statements regarding our expectation to reduce our leverage ratio, (6) our ability to close pending acquisitions and (7) expectations regarding the impact of the recent United States tax reform legislation on our consolidated results of operations. These forward-looking statements are subject to various known and unknown risks, uncertainties and other factors. When we use words such as "believes," "expects," "anticipates," "estimates" or similar expressions, we are making forward-looking statements. Although we believe that our forward-looking statements are based on reasonable assumptions, our expected results may not be achieved, and actual results may differ materially from our expectations. In addition, important factors that could cause actual results to differ from expectations include, among others:

- our ability to remain qualified for taxation as a real estate investment trust for United States federal income tax purposes ("REIT");
- the adoption of alternative technologies and shifts by our customers to storage of data through non-paper based technologies;
- changes in customer preferences and demand for our storage and information management services;
- the cost to comply with current and future laws, regulations and customer demands relating to data security and privacy issues, as well as fire and safety standards;
- the impact of litigation or disputes that may arise in connection with incidents in which we fail to protect our customers' information;
- changes in the price for our storage and information management services relative to the cost of providing such storage and information management services;
- changes in the political and economic environments in the countries in which our international subsidiaries operate and changes in the global political climate;
- our ability or inability to manage growth, expand internationally, complete acquisitions on satisfactory terms, to close pending acquisitions and to integrate acquired companies efficiently;
- changes in the amount of our growth and maintenance capital expenditures and our ability to invest according to plan;
- our ability to comply with our existing debt obligations and restrictions in our debt instruments or to obtain additional financing to meet our working capital needs;
- the impact of service interruptions or equipment damage and the cost of power on our data center operations;
- changes in the cost of our debt;
- the impact of alternative, more attractive investments on dividends;
- the cost or potential liabilities associated with real estate necessary for our business;
- the performance of business partners upon whom we depend for technical assistance or management expertise outside the United States; and
- other trends in competitive or economic conditions affecting our financial condition or results of operations not presently contemplated.

Other risks may adversely impact us, as described more fully under "Item 1A. Risk Factors" of this Annual Report.

You should not rely upon forward-looking statements except as statements of our present intentions and of our present expectations, which may or may not occur. You should read these cautionary statements as being applicable to all forward-looking statements wherever they appear. Except as required by law, we undertake no obligation to release publicly the result of any revision to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or otherwise. Readers are also urged to carefully review and consider the various disclosures we have made in this document, as well as our other periodic reports filed with the SEC.

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Item 1. Business.

Business Overview

We store records, primarily physical records and data backup media, provide colocation and wholesale data center space, and provide information management and data center solutions that help organizations around the world protect their information, lower storage rental costs, comply with regulations, facilitate corporate disaster recovery, and better use their information and information technology ("IT") infrastructure for business advantages, regardless of its format, location or life cycle stage. We offer comprehensive records and information management services and data management services, along with the expertise and experience to address complex storage and information management challenges such as rising storage rental costs, and increased litigation, regulatory compliance and disaster recovery requirements. We provide data center facilities to protect digital information and ensure the continued operation of our customers' IT infrastructures, with secure and reliable colocation and wholesale options. Founded in an underground facility near Hudson, New York in 1951, Iron Mountain Incorporated, a Delaware corporation, has more than 225,000 customers in a variety of industries in 53 countries around the world as of December 31, 2017. We currently serve customers across an array of market verticals - commercial, legal, financial, healthcare, insurance, life sciences, energy, business services, entertainment and government organizations, including approximately 95% of the Fortune 1000. As of December 31, 2017, we employed more than 24,000 people.

Now in our 67th year, we have experienced tremendous growth, particularly since successfully completing the initial public offering of our common stock in February 1996, at which time we operated fewer than 85 facilities (6 million square feet) with limited storage and information management service offerings and annual revenues of approximately $104.0 million. We are now a global enterprise providing storage, data center space and a broad range of related records and information management and data center solutions, as well as entertainment, arts and media storage and services, to customers in markets around the world with over 1,400 facilities (87.5 million square feet) and total revenues of more than $3.8 billion for the year ended December 31, 2017. We are listed on the New York Stock Exchange (the "NYSE") and on the Australian Stock Exchange ("ASX"). We are a constituent of the Standard & Poor's 500 Index and the MSCI REIT index and, as of December 31, 2017, we were number 729 on the Fortune 1000. We have been organized and have operated as a REIT beginning with our taxable year ended December 31, 2014. Our financial model is based on the recurring nature of our storage rental revenues and resulting storage net operating income. Supported by consistent and predictable storage rental revenues, we generate durable, low-volatility growth.

Recall Acquisition

On May 2, 2016 (Sydney, Australia time), we completed the Recall Transaction. We purchased Recall, a multi-national records and information management company for approximately $2.2 billion, comprising of $331.8 million in cash and approximately 50.2 million shares of our common stock based on the closing price of our common stock as of April 29, 2016 (the last day of trading on the NYSE prior to the closing of the Recall Transaction) of $36.53 per share.

The Durability of Our Business

A significant amount of activity generated in the information management industry is the result of legislative requirements. To varying degrees across the world, organizations are required by law to create certain records and to retain them for a specified period of time. These laws may also impose more stringent requirements on personal information regarded as being sensitive, such as financial and medical information. As a third party provider, we assist customers to improve data security and establish programs to ensure compliance with their regulatory obligations. Storage of information can be performed in-house by businesses or governments (unvended) or it can be outsourced, in whole or in part, to a third party provider (vended). We believe the in-house portion still represents a majority of the total global information management market, offering a substantial unvended opportunity even in developed geographic markets with lower rates of economic growth.

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We believe that the creation of document-based information will be sustained, as "paperless" technologies have prompted the creation of hard copies and have also led to increased demand for electronic records storage and services, such as the storage and off-site rotation of computer backup media. In addition, we believe that the proliferation of digital information technologies and distributed data networks has created a growing need for efficient, cost-effective, high quality technology solutions for electronic data protection and the management of electronic documents. We expect that the volume of stored physical and electronic records will continue to increase on a global basis for a number of reasons, including: (1) regulatory requirements; (2) requirements to support current and possible future litigation and the resulting increases in volume and holding periods of records; (3) the continued growth in data as a result of enhanced data processing technologies; (4) inexpensive document producing technologies; (5) the high cost of reviewing records and deciding whether to retain or destroy them; (6) the failure of many entities to adopt or follow policies on records destruction; (7) the need to keep backup copies of certain records in off-site locations for business continuity purposes in the event of disaster; and (8) the opportunity for companies to monetize the value that may reside in stored data and information for new commercial purposes.

Business Strategy

Overview

We have transitioned from a growth strategy driven primarily by organic growth and acquisitions of storage and information management services companies to a strategy that targets multiple sources of revenue growth. Our growth strategy is focused on: (1) increasing revenues in developed markets such as the United States, Canada, Australia and western Europe, primarily through improved sales and marketing efforts and attractive fold-in acquisitions; (2) establishing and enhancing leadership positions in high-growth emerging markets such as central and eastern Europe, Latin America, Africa and Asia, primarily through acquisitions; and (3) continuing to identify, incubate and scale adjacent business opportunities ("ABOs") to support our long-term growth objectives and drive solid returns on invested capital. In our developed markets, we expect continuous improvement initiatives will generate modest profit growth. In our existing emerging markets, we expect profits will grow as the local businesses scale, and we will look to reinvest a portion of that improvement to support the growth of these businesses. We have made significant progress through acquisitions and organic growth in scaling our data center business, which began as an ABO but now has achieved such a size that we no longer consider it an ABO. In addition, we continue to pursue other businesses adjacent to our core such as entertainment, fine art and consumer storage and services.

Storage rental is the key driver of our economics and allows us to expand our relationships with our customers through value-added services that flow from storage rental. Consistent with our overall strategy, we are focused on increasing incoming volumes on a global basis. There are multiple sources of new volumes available to us, and these sources inform our growth investment strategy. Our investments in sales and marketing support sales to new customers that do not currently outsource some or all of their storage and information management needs, as well as increased volumes from existing customers. We also expect to invest in acquisitions of customer relationships and storage and information management services businesses. In our developed markets, we expect that these acquisitions will primarily be fold-in acquisitions designed to optimize the utilization of existing assets, expand our presence and better serve customers. We also expect to use acquisitions to expand our presence in attractive, higher growth emerging markets. Finally, we continue to pursue new rental streams through data centers and ABOs.

We offer our customers an integrated value proposition by providing them with secure storage and comprehensive service offerings, including records and information management services, data management services and archival cloud storage for digital records. We have the expertise and experience to address complex storage and information management challenges, such as rising storage rental costs, increased litigation, regulatory compliance and disaster recovery requirements. Our objective is to continue to capitalize on our brand, our expertise in the storage and information management industry and our global network to enhance our customers' experience, thereby maintaining our strong customer retention rates and attracting new customers. Our overall growth strategy will focus on growing our business organically, making strategic customer acquisitions, pursuing acquisitions of storage and information management businesses, developing adjacent businesses (organically and through acquisitions) and optimizing our real estate portfolio. We continue to expand our portfolio of products and services, based on our customers' evolving requirements. Adding new products and services allows us to strengthen our existing customer relationships and attract new customers in previously untapped markets.

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Growth from Existing and New Customers

Our existing customers' storage of physical records contributes to the growth of storage rental and certain records and information management services revenues because, on average, our existing customers generate additional records at a faster rate than old records are destroyed or permanently removed. We seek to maintain high levels of customer retention by providing premium customer service and a variety of services tied to records management and information governance. While the rate of growth of new physical records from existing customers in our more mature markets has been declining, we seek to maintain revenue growth from existing customers through sales of services, further penetration of unvended customers in the mid-market and United States federal government vertical market segments and revenue management programs.

Our sales coverage model is designed to identify and capitalize on incremental revenue opportunities by strategically allocating our sales resources to our customer base and selling additional storage, records and information management services and products in new and existing markets. Our sales force is dedicated to three primary objectives: (1) establishing new customer account relationships; (2) generating additional revenue by expanding existing customer relationships globally; and (3) expanding new and existing customer relationships by effectively selling a wide array of related service and product offerings. In order to accomplish these objectives, our sales forces draw on our United States and international marketing organizations and senior management. We have developed tailored marketing strategies to target customers in the healthcare, financial, insurance, legal, life sciences, energy, business services and United States federal government vertical market segments.

Growth through Acquisitions in our Core Business

The storage and information management services industry is highly fragmented with thousands of competitors in North America and around the world. Between 1995 and 2004 there was significant consolidation in the industry. Acquisitions were a fast and efficient way to achieve scale, expand geographically and broaden service offerings. After 2004, our acquisition activity was reduced as we focused on integrating those transactions and diversifying the business. Beginning again in 2012, we saw opportunities for attractive acquisitions in emerging markets and consolidation opportunities in more developed markets, and resumed acquisition activity. We believe this ongoing acquisition activity is due to opportunities for large providers to achieve economies of scale and meet customer demands for sophisticated, technology-based solutions. Attractive acquisition opportunities, in North America and internationally, continue to exist, and we expect to continue to pursue acquisitions of businesses we believe present good returns and good opportunities to create value for our stockholders. Lastly, we have a successful record of acquiring and integrating these businesses.

We have acquired, and we continue to seek to acquire, storage and information management services businesses in developed markets including the United States, Canada, Australia and western Europe. Given the relatively small size of most attractive acquisition targets in these markets, future acquisitions are expected to be less significant to our overall revenue growth in these markets than in the past.

On May 2, 2016, we completed the acquisition of Recall for approximately $2,166.9 million. In connection with the Recall Transaction, we acquired the entirety of Recall's global operations, including all facilities, vehicles, employees and customer assets (excluding certain operations of Recall that we were required to divest subsequent to the closing of the Recall Transaction in accordance with agreements with regulatory authorities in the United States, Canada and the United Kingdom). We believe the acquisition of Recall accelerates our growth strategy. After the Recall Transaction, with our broader footprint, stronger infrastructure, increased exposure to high growth emerging markets and small to mid-size enterprise customers, and increased economies of scale, we believe we are well suited to address unmet document storage and information management needs around the globe.

We expect to continue to make acquisitions and investments in storage and information management services businesses in targeted emerging markets outside the United States, Canada, Australia and western Europe. We have acquired and invested in, and seek to acquire and invest in, storage and information management services companies in certain countries, and, more specifically, certain markets within such countries, where we believe there is potential for significant growth. We expect that future acquisitions and investments in our emerging markets will focus primarily on expanding priority markets in central and eastern Europe, Latin America and Asia.

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The experience, depth and strength of local management are particularly important to our emerging markets acquisition strategy. Since beginning our international expansion program in January 1999, we have, directly and through joint ventures, expanded our operations such that, as of December 31, 2017, we operated in 53 countries. These transactions have taken, and may continue to take, the form of acquisitions of an entire business or controlling or minority investments generally with a long-term goal of full ownership. We believe a joint venture strategy, rather than an outright acquisition, may, in certain markets, better position us to expand the existing business. Our local partners benefit from our expertise in the storage and information management services industry, our multinational customer relationships, our access to capital and our technology, while we benefit from our local partners' knowledge of the market, relationships with their local customers and their presence in the community. In addition to the criteria we use to evaluate developed market acquisition candidates, when looking at an emerging market acquisition, we also evaluate risks uniquely associated with an international investment, including those risks described below. Our long-term goal is generally to acquire full ownership of each business in which we make a joint venture investment. We own more than 98% of our international operations, measured as a percentage of consolidated revenues.

Our emerging market investments are subject to risks and uncertainties relating to the indigenous political, social, regulatory, tax and economic structures of other countries, as well as fluctuations in currency valuation, exchange controls, expropriation and governmental policies limiting returns to foreign investors.

Growth of our Data Center Business

With the rapid acceleration of growth in digital data and use of cloud storage, highly regulated companies and public sector organizations are selecting third-party providers such as us to host their data center infrastructure. The primary benefits of outsourcing include the ability to make more efficient use of real estate and the benefits of professional management. In addition, data center outsourcing provides improved connectivity, increased operational efficiency, predictable cost structure, consumption-based pricing, and flexibility with access to seamless expansion.

We have been providing customers, primarily in highly regulated industries, with colocation and wholesale data center space and solutions for more than 15 years. We seek to differentiate ourselves from the competition due to our experience with highly regulated industries, chief compliance officers and customers who are particularly focused on data security and mitigating risk. Our commitment to and reputation for highly secure operations was a major driver behind our agreement announced in October 2017 to acquire two data centers from Credit Suisse in London and Singapore for an aggregate cash purchase price of approximately $100.0 million (see Note 6 to Notes to Financial Consolidated Statements included in this Annual Report). We intend to continue to expand our data center capabilities to service customers in multiple geographies, focused on the top 20 global data center markets based on space absorption. We expect to grow through organic expansion within our existing footprint, greenfield development in the largest United States markets such as our campus in Manassas, Virginia, and targeted acquisitions of properties with customer profiles that closely mirror our own, such as the acquisition of Fortrust, a Denver based data center provider, in September 2017 for a total aggregate purchase price of approximately $137.5 million.

On December 11, 2017, we entered into a purchase agreement to acquire the United States operations of IO Data Centers, LLC (“IODC”), a leading data center colocation space and solutions provider based in Phoenix, Arizona, including the land and buildings associated with four state-of-the-art data centers in Phoenix and Scottsdale, Arizona, Edison, New Jersey, and Columbus, Ohio, for an aggregate cash purchase price of $1,315.0 million (the “Initial IODC Consideration”), plus up to $60.0 million of additional proceeds (including (i) $25.0 million of contingent consideration (the “IODC Contingent Consideration”) and (ii) $35.0 million of contingent payments associated with the execution of future customer contracts), subject to certain adjustments as set forth in the purchase agreement (the “IODC Transaction”).

On January 10, 2018, we completed the IODC Transaction. At the closing of the IODC Transaction, we paid approximately $1,340.0 million of total consideration, consisting of the Initial IODC Consideration and the full amount of the IODC Contingent Consideration. We financed the consideration for the IODC Transaction with the proceeds from the Equity Offering, the Over-Allotment Option and the issuance of the 5¼% Notes (each as defined in Notes 4 and 13 to Notes to Consolidated Financial Statements included in this Annual Report). The existing data center space in the four owned facilities totals 728,000 square feet, providing 62 megawatts ("MW") of capacity with expansion potential of an additional 77 MW in Arizona and New Jersey. This acquisition marks a transformative step toward addressing our customers' data center needs by dramatically expanding our platform and capabilities. It positions us as a leading data center company with an expanded platform and ability to offer colocation space in certain leading markets. With this transaction and following the closing of the aforementioned Credit Suisse acquisition expected in early 2018, our data center portfolio will total more than 90 MW of existing capacity, with an additional 26 MW of capacity currently under construction and planned and future expansion potential of another 135 MW.

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Growth through ABOs

ABOs, which currently primarily consist of our entertainment and fine art storage and services businesses, include business lines that we consider investing in to grow and diversify our business. We are seeking businesses with long-term, recurring revenues, preferably with storage rental attributes, which are consistent with, and will enhance, our REIT structure. A dedicated team is focused on identifying and evaluating these opportunities. If we are able to demonstrate success and meet return thresholds, we may acquire businesses to further accelerate our growth in the relevant ABO. Importantly, the ABO process includes financial hurdles and decision gates to help us evaluate whether we scale or discontinue investments in these opportunities, consistent with our disciplined approach to capital allocation.

We have been in the entertainment storage and services business for a number of years, providing storage and solutions to entertainment and media companies in North America. Entertainment and media companies around the globe require specialized storage facilities and solutions for protecting and preserving their intellectual property ("IP") while maintaining accessibility with changing technology and uses. Essential to those needs are secure, climate-controlled vaults for physical media preservation (art, film and audio/video tape) as well as a digital environment capable of protecting that IP from hackers and data loss. Having a single provider - the physical and digital storage, as well as the capabilities to transform content to new media formats for monetization and longer-term preservation - provides chain-of-custody for these companies. We are well positioned to meet these customer needs.

On December 1, 2015 we completed the acquisition of Crozier Fine Arts ("Crozier"), a storage, logistics and transportation business for high-value paintings, photographs and other types of art belonging to individual collectors, galleries and art museums. Crozier is a leader in art storage and an industry advocate for worldwide standards. This acquisition builds upon our expertise in storing, protecting and managing high-value items and supports our strategy to leverage our real estate network to accelerate growth. In addition, since our acquisition of Crozier, we have expanded our fine arts storage business by acquiring the assets of two art storage and handling companies in the United States: Fairfield Fine Arts in Ridgefield, Connecticut and Cirkers Brooklyn in Brooklyn, New York.

We believe the fine art storage industry is a growing, but fragmented, industry marked by increasing international interest and changes in purchasing habits by collectors and museums. We believe the increase in contemporary art as a focus for collectors has caused a spike in storage needs, while the increase in auction “turnover” - the rate at which catalogs, collections and individual pieces are made available for auction - has heightened the need for transportation, shipping, and related services. Taken together, we believe these factors will result in continued growth of the fine art storage industry.

On September 29, 2017, we completed the acquisition of Bonded Services of America, Inc. and Bonded Services Acquisition, Ltd. (together, "Bonded"), providers of media asset storage and management services for global entertainment and media companies, for approximately 62.0 million British pounds sterling (or approximately $83.0 million, based upon the exchange rate between the British pound sterling and the United States dollar on the closing date of the acquisition of Bonded), subject to customary adjustments. Bonded provides storage and services for media content preservation, management and distribution, including fine art vaults and shipping; logistics and distribution; supply chain; and related services for high value physical and digital assets, including works of art, film, audio and video. Bonded managed more than 10 million of these assets for its 2,000 clients worldwide, with offices in the United States, Canada, the United Kingdom, France, the Netherlands and Hong Kong, capable of providing in-house digital services that help media and entertainment companies extend their content across digital platforms. This acquisition scales our existing entertainment storage and services business and broadens our geographic footprint.

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Business Characteristics

We generate our revenues by renting storage space to a large and diverse customer base around the globe and providing an expanding menu of related and ancillary products and services. Providing outsourced storage is the mainstay of our customer relationships and serves as the foundation for the majority of our revenue growth. Services are a complementary part of a comprehensive records management program and consist primarily of the handling and transportation of stored records and information, shredding, the scanning, imaging and document conversion services of active and inactive records ("Information Governance and Digital Solutions"), data restoration projects, the storage, assembly, reporting and delivery of customer marketing literature, or fulfillment services ("Fulfillment Services"), consulting services, product sales (including specially designed storage containers and related supplies), technology escrow services, and recurring project revenues.

Secure Storage

Our storage operations, our largest source of revenue, consist of providing non-dedicated storage rental space to our customers. Non-dedicated space allows our customers to increase or decrease the volume of their physical storage over the life of the contract based on their storage needs, while also reducing their risk of loss in the event of natural disaster. Given this non-dedicated space dynamic, the large portfolio of customer contracts, and the fact that no customer accounted for more than 1% of our consolidated revenues for the year ended December 31, 2017, we assess the performance of our storage rental business predominantly by analyzing trends in segment-level storage rental volume and storage rental revenue. Additionally, our storage operations include technology escrow services.

Records storage consists primarily of the archival storage of records for long periods of time according to applicable laws, regulations and industry best practices. The secure off-site storage of data backup media is a key component of a company's disaster recovery and business continuity programs. Storage rental charges are generally billed monthly on a per storage unit basis and include the provision of space, racking systems, computerized inventory and activity tracking, and physical security.

Physical Records Storage