



## Microsoft Exchange Hosted Services Customer Solution Case Study



INVESTMENT BANKING

### Overview

**Country or Region:** United States

**Industry:** Financial Services

### Customer Profile

California-based and privately held Montgomery & Co. provides investment advisory services ranging from mergers and acquisitions to business development analysis and equity underwriting.

### Business Situation

The company's message management solution had reached the end of its life cycle and suffered from poor technical support. A more efficient method of filtering and archiving e-mail messages was needed.

### Solution

Montgomery & Co. adopted Microsoft® Exchange Hosted Filtering service and Microsoft Exchange Hosted Archive service to complement Microsoft Exchange Server and to manage its e-mail.

### Benefits

- Huge savings in bandwidth, hardware, and software
- Effective spam and virus filtering
- Simpler IT administration
- Reliable disaster protection
- Effortless security and regulatory compliance

## Investment Banking Firm Saves \$100,000 a Year with Microsoft Exchange Hosted Services

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*Adam Bresson, Corporate IT Manager, Montgomery & Co.*

Headquartered in Santa Monica, California, Montgomery & Co. is a privately held investment banking firm serving growth companies in technology, life sciences, and media vertical markets. Years ago, the company implemented an open-source archiving and filtering solution to safeguard its existing Microsoft® Exchange Server enterprise messaging system. By late 2004, the open-source solution had reached the end of its product life cycle, suffered from poor technical support, and needed to be replaced. After examining several products, the company switched to the Microsoft Exchange Hosted Filtering service and the Microsoft Exchange Hosted Archive service for comprehensive antispam, antivirus, archiving, disaster protection, and regulatory compliance services. Now, the company saves money on bandwidth, hardware, and software, and it benefits from much simpler IT administration.

**Microsoft®**

## Situation

Founded in 1986, privately held Montgomery & Co. is an investment banking firm that provides wide-ranging services to the business community. Offerings include mergers and acquisitions, private placements (equity and debt securities), business development analysis, locating funding sources, and value-added services arising from deep expertise in focused vertical markets. The company takes special pride in its technically adept execution of complex financial transactions. Headquartered in Santa Monica, California, Montgomery & Co. has 90 employees in four West Coast offices and one office in Florida. The company extends its reach globally through strategic international relationships. Montgomery & Co. also benefits from significant investments from Mitsubishi Securities and Tudor Investments.

For several years, Montgomery & Co. has been using Microsoft® Exchange Server, the communication and collaboration server that enables companies to send and receive electronic mail and other communications, as the company's enterprise messaging solution. The company runs Exchange Server on the Microsoft Windows Server™ 2003 operating system, the foundation of Microsoft Windows Server System™ integrated server software. After adopting Exchange Server, Montgomery & Co. added to it an open-source Java-based solution for enhanced e-mail management, including archiving, monitoring, and screening for spam and viruses.

By late 2004, however, the open-source solution was reaching the end of its life cycle, and its product support had become very poor. "We found out through channel partners that the product was being discontinued," says Adam Bresson, Corporate IT Manager at Montgomery & Co. "The company that makes it didn't even tell us—

didn't give us any warning at all. Plus, if I encountered a problem with the product or had to figure out a procedure, no one at that company would return my technical support calls."

Montgomery & Co. decided that it needed to adopt a new message management solution, so Bresson researched several products, including both installable software that would be managed in-house and hosted services that provide management externally. "I already had experience with several solutions," says Bresson. "I wanted to narrow the field down to just a few good choices and present them to my supervisor and CEO."

Based on a client's recommendation and on information he received at a technical conference, Bresson included on his short list of candidates Microsoft Exchange Hosted Filtering service and Microsoft Exchange Hosted Archive service—then FrontBridge services, now part of Microsoft. Initially, Montgomery & Co. managers had concerns about using any hosted system. "My bosses wondered if we should store our e-mail on another company's server computers," explains Bresson. "What guarantees would we have about security there? What about the reliability of the service? And would it work for our SEC and NASD compliance requirements?" Montgomery & Co. decided that experimenting with free trials of the different products would be the best way to answer management's questions and to put the candidate solutions to a real-world test.

In February 2005, Bresson evaluated several solutions. The results were striking. "With one product, every day I would have to review the queue of messages flagged as potential spam or viruses," says Bresson. "Frustratingly, 80 percent of those messages were clean, so they were both causing me a lot of work and getting to their recipients late. Another product was horrible in terms of

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administrative work, trapping e-mail at all hours; I couldn't set it to release e-mail on a provisional basis. We also had a problem with e-mail messages that had huge attachments getting into our system, even if they were spam.”

Based on the test results, Bresson preferred Microsoft Exchange Hosted Services. However, before deciding, managers also had to consider costs. “Ultimately, like all of our IT initiatives, this was an investment decision,” says Bresson. “The expense of importing our 75 gigabytes of historical data into the Microsoft Exchange Hosted Archive service was an early sticking point. But from a technical perspective, nothing else was close. In terms of infrastructure and hardware and knowing how the hosting services are organized on the backend, the Microsoft offering was clearly the number one choice. And I know this because I looked at so many others.”

By working out the price structure with FrontBridge and conducting a more detailed cost analysis, Montgomery & Co. found that the hosted solution was much more cost-effective than it had previously thought. After that, the company was ready to make its decision.

### Solution

In April 2005, Montgomery & Co. selected the Microsoft Exchange Hosted Filtering service to provide externally hosted spam and virus filtering and policy enforcement for the company's Exchange Server-based messaging system. The company also selected the Microsoft Exchange Hosted Archive service for externally hosted archiving, compliance monitoring, and emergency (uninterrupted) e-mail access. Together, these services offer comprehensive security before e-mail reaches the firewall and server computers of Montgomery and Co.

Over the next couple of weeks, Montgomery & Co. prepared to switch entirely to the Microsoft hosted services. First, Bresson provided Microsoft with a list of e-mail addresses, accounts for filtering, and accounts for archiving, and he set up Exchange Server with the appropriate permissions to connect to the hosting services. “After that, it was like flipping a light switch. Within 24 hours of changing our MX [mail exchange] record, all of our e-mail was routed through the hosted services and was being captured.”

Actual installation and deployment was indeed light-switch simple except for a minor problem with envelope journaling. “To solve this glitch, my salesperson reached out to Microsoft, and I spoke to someone from the Exchange Server group,” says Bresson. “He gave me the missing piece of the puzzle, which was very simple.” With that problem resolved, the hosted services silently guarded the Montgomery & Co. messaging system. By May 2, the Microsoft hosted services solution was fully up and running, just in time to safeguard against a disaster that came only three days later.

“The power went out on May 5 for four hours over a three-block area,” recalls Bresson. “I set up a wireless connection through a nearby hotel where the power was still on so that people could access their e-mail through the Microsoft Hosted Archive service. Unfortunately, since the new system was only three days old, I hadn't had time to show many people how to do it.” But many employees were able to access their e-mail anyway because the service was so easy to use. And immediately after that incident, Bresson developed in-house training so that the rest of the employees could find their e-mail during any future emergencies. The training came in very handy: Santa Monica had seven more power outages that year.

## Benefits

The new Microsoft hosted services offer Montgomery & Co. several benefits, including significantly lower costs. They effectively filter spam and viruses from the company's incoming e-mail and require little administration from the IT department. The company also has reliable disaster protection and can more easily comply with government regulations for monitoring and archiving messages.

### **Huge Savings in Bandwidth, Hardware, and Software**

The new solution offers substantial cost savings by reducing the company's expenditures for network bandwidth and for hardware and software that the company would otherwise require.

First, with the hosted services, the company can use its network bandwidth more efficiently. "Bandwidth is precious because we have to pay for it," explains Bresson. "By filtering spam, viruses, and oversized attachments before they arrive at our network, we estimate that we're freeing one-third of our bandwidth. That improves performance and saves thousands of dollars a year."

Second, although Montgomery & Co. pays for the Microsoft hosted services, those services avoid the need to buy message management software or hardware appliances from another vendor, capital expenditures that would require internal administration. "For the features we're getting with the Microsoft hosted services, I estimate we would pay U.S.\$50,000 to \$75,000 per year for a comparable in-house software package," says Bresson.

Third, now that e-mail is stored on externally hosted server computers, Montgomery & Co. avoids large expenditures for new hardware and maintenance costs. "As our e-mail

volume grows, Microsoft is responsible for increasing the storage space in its data centers, so we don't have to do it here," says Bresson. "Without this solution, we would be looking at \$20,000 to \$30,000 a year for storage capacity plus the cost of software and hardware that goes with it."

Together, these three avoided expenses represent a substantial portion of the company's IT budget. "Overall, I would say we're easily saving more than \$100,000 a year," says Bresson.

### **Effective Spam and Virus Filtering**

The Microsoft solution removes unwanted spam and harmful viruses before Montgomery & Co. receives any e-mail. "The great thing about Microsoft hosted services is that 'bad' e-mail doesn't come to us," says Bresson. "It stops at the perimeter of the Microsoft data center."

And the system is extremely effective. "Up to 99.9 percent of all e-mail reaching our Exchange servers is 'good' e-mail," adds Bresson. "We haven't gotten a single e-mail virus or worm since implementing the hosted services. Also, in our original tests of the Microsoft Exchange Hosted Filtering service, we didn't observe a single case of the system incorrectly blocking a 'good' e-mail attachment because the system thought it was spam or potentially infected."

### **Simpler IT Administration**

The Microsoft hosted services remove several administrative burdens from the Montgomery & Co. IT department. "There's nothing to install and nothing to update," explains Bresson. "The Microsoft hosted services are 'organic' in the sense that they are part of a system that works easily and effectively. It is a very natural product to implement. And when new viral threats emerge, I don't have to download new virus signature files."

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Bresson also doesn't have to worry about many software compatibility issues with the hosted services. “Software updates are much easier now,” says Bresson. “If Microsoft introduces a new service pack for Exchange Server, for example, I can install it and get all the new security, speed, and stability benefits without wondering if it will break an in-house message-management solution.”

#### **Reliable Security in Case of Disaster**

As the power outage example demonstrates, the Microsoft hosted services offer ongoing e-mail availability, storage, and security even when some local systems are not functioning. “It's ideal for emergencies,” says Bresson. “The disaster recovery element has been essential to our business. In all those power outages, I could just say to our employees, go to your archive, and you will receive your e-mail. It was very comforting to know that our e-mail was still flowing into the Microsoft hosted archive.”

#### **Effortless Security and Regulatory Compliance**

As an investment banking firm, Montgomery & Co. must comply with SEC and NASD regulations that require maintaining secure, unchangeable e-mail records. “Obviously, we can't alter the data when it is captured immediately by another company and then stored on its server computers,” explains Bresson. The regulations also require randomly sampling internal e-mail messages that meet certain criteria to make sure that employees are not engaging in insider trading or other proscribed activities. “Random sampling is an easy process because it's built into the hosted service's interface,” adds Bresson. “As a result, we can easily meet compliance requirements. It's elegantly simple.”

Montgomery & Co. also wants to ensure that its data is safeguarded from intrusion. “We can access the e-mail archive only through a

secure socket layer,” says Bresson. “That's very important because remote workers do not always have encrypted virtual private network connections. It's also an example of what I see as a commitment to security from Microsoft as it develops new products and services.”

Montgomery & Co. has so fully embraced the new Microsoft hosted solution that workers can no longer imagine life without it. “If I were to suggest that we go back to an in-house software solution, many of our employees would say, ‘No, we love the way it works now!’ The Microsoft hosted solution has great functionality. It's always working, always reliable, and always there. It's now a foundation service and an essential tool for our business.”

## For More Information

For more information about Microsoft products and services, call the Microsoft Sales Information Center at (800) 426-9400. In Canada, call the Microsoft Canada Information Centre at (877) 568-2495. Customers who are deaf or hard-of-hearing can reach Microsoft text telephone (TTY/TDD) services at (800) 892-5234 in the United States or (905) 568-9641 in Canada. Outside the 50 United States and Canada, please contact your local Microsoft subsidiary. To access information using the World Wide Web, go to: [www.microsoft.com](http://www.microsoft.com)

For more information about Montgomery & Co. services, call (310) 260-6006 or visit the Web site at: [www.monty.com](http://www.monty.com)

## Microsoft Exchange Hosted Services

Microsoft Exchange Hosted Services (formerly FrontBridge Technologies) offer an easy-to-use way for enterprises to actively ensure the security and availability of their e-mail environment, while instilling confidence that their e-mail processes satisfy internal policy and regulatory compliance requirements. A seamless extension of Microsoft Exchange Server that operates at the Internet-level, the complete line of services includes hosted filtering for active spam and virus protection; hosted archiving to satisfy compliance requirements and internal policies; hosted encryption to preserve e-mail confidentiality; and, hosted continuity for ongoing access to e-mail during and after disasters. Microsoft Exchange Hosted Services provide value to corporate customers by requiring no upfront capital investment, minimizing IT management overhead, and removing incoming e-mail threats before they reach the corporate firewall.

For more information, visit [www.microsoft.com/exchange](http://www.microsoft.com/exchange)

### Software and Services

- Microsoft Windows Server System
  - Microsoft Exchange Server 2003 Standard Edition
  - Microsoft Windows Server 2003 Standard Edition

### ■ Services

- Microsoft Exchange Hosted Archive
- Microsoft Exchange Hosted Filtering