



Microsoft Exchange Hosted Services Customer Solution Case Study

Investment Banking Firm Easily Passes Audits with Comprehensive Hosted Archiving

Overview

Country or Region: United States

Industry: Financial Services

Customer Profile

RSM EquiCo Capital Markets, a wholly owned subsidiary of H&R Block, is an investment company that specializes in mergers and acquisitions worldwide.

Business Situation

Faced with an upcoming audit, RSM EquiCo Capital Markets realized its e-mail archiving solution did not meet all regulatory requirements and sought a comprehensive solution that it could implement quickly.

Solution

RSM EquiCo Capital Markets subscribed to the Microsoft® Exchange Hosted Archive service.

Benefits

- Gained a comprehensive e-mail archiving solution
- Simplified NASD and SEC audit processes
- Reduced message-retrieval and management costs

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John Dal Poggetto, Chief Compliance Officer, RSM EquiCo Capital Markets

As a global investment banking company, RSM EquiCo Capital Markets must follow many regulatory requirements for the monitoring, retention, and retrieval of e-mail messages. Although it had a rudimentary archiving solution in place, the company was unsure it could meet all legal requirements. When the firm learned it was to undergo an audit by the National Association of Security Dealers (NASD), it had to find a better solution quickly. RSM EquiCo Capital Markets subscribed to the Microsoft® Exchange Hosted Archive service and easily passed two audits within three months—the NASD audit and a surprise audit by the Securities and Exchange Commission. Later, when the firm needed to retrieve e-mail messages for a legal suit, the process was smooth and painless. The company has also enthusiastically endorsed Exchange Hosted Archive for reducing the administrative burden of e-mail management.

“Exchange Hosted Archive provides benefits beyond those required by regulatory agencies. We’ve used the tool to search and manage our e-mail store, locating crucial messages required for legal purposes.”

John Dal Poggetto, Chief Compliance Officer,
RSM EquiCo Capital Markets

Situation

RSM EquiCo Capital Markets is a global investment banking firm, specializing in mergers and acquisitions, divestitures, and corporate finance for private middle-market businesses. The firm is a wholly owned subsidiary of H&R Block, Inc. Primarily serving companies with annual revenues of U.S.\$3 million to \$500 million, RSM EquiCo Capital Markets helps North American business owners in a broad range of industries evaluate, improve, grow, and sell their companies.

Based in Costa Mesa, California, RSM EquiCo Capital Markets has additional offices in Chicago, New York, and London. The company employs more than 400 professionals and support staff.

In October 2003, RSM EquiCo Capital Markets had reached a critical juncture. Its officers had received notice that the National Association of Securities Dealers (NASD) would be arriving in early 2004 for an annual process-and-procedures audit. E-mail retention and monitoring were high on the list of items for review.

John Dal Poggetto, Chief Compliance Officer of RSM EquiCo Capital Markets, had implemented a rudimentary system of archiving e-mail based on some simple features within the Microsoft® Office Outlook® messaging and collaboration client, but he knew his solution would not meet the NASD’s stringent requirements for supervising, monitoring, retaining, and reporting on e-mail.

“We realized quickly that we had to bring in an expert if we were going to pass the NASD’s audit requirements,” says Dal Poggetto. “Our in-house solution allowed us to retain e-mail messages, but providing immediate access to e-mail for supervision and monitoring was beyond our system’s capabilities. We needed

a partner to come in and implement a system that wasn’t time-consuming and required no significant capital outlay.”

The audit was approaching fast, so Dal Poggetto immediately sought out a service-based message archiving system. An outsourced solution would not require additional hardware or software to manage on-premise, transferring the burden of application support to the service provider, and resulting in lower costs and more-efficient use of the company’s precious IT resources.

Solution

Dal Poggetto chose to take a closer look at the Microsoft Exchange Hosted Archive service. Initially, his management team had concerns over the potential security issues of using a service provider, but they were immediately put at ease after viewing the secure data center network.

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RSM EquiCo Capital Markets needed an e-mail archiving solution that provided flexibility and a completely tamper-proof message store. It also had to include a supervisory system for regular review of incoming and outgoing messages, based on statistical sampling. Finally, it needed the complete reporting functions required by the SEC and NASD.

Benefits

With Exchange Hosted Archive, RSM EquiCo Capital Markets has gained a comprehensive e-mail compliance service. Messages aimed

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at RSM EquiCo Capital Markets's 50 broker/dealers are intercepted and stored in a secure archive. Demonstrating compliance to auditors has become a painless process because of the system's set of predefined custom reports. And because the archive is accessible by each employee, the administrative burden of recovering past messages has been reduced.

“Rarely do you find a company that delivers a solution that does exactly what it claims. We put the e-mail archiving solution through some rigorous testing and in all instances the service proved its merit,” says Dal Poggetto. “Exchange Hosted Archive service provided all the tools required for off-site message retention and recovery,” says Dal Poggetto. “It also offered a one-stop shop for all of our message archival requirements.”

Passed Audits Easily

In January 2004, the NASD scrutinized how the young company was storing, reviewing, and supervising its company's messaging. With all his reports in order, Dal Poggetto demonstrated an effective process for supervising and retaining messaging with the Exchange Hosted Archive service.

What was expected to be an extensive and overwhelming process became a relatively short, organized exercise. The auditor was presented with a set of usage reports outlining supervisory practices, sample messages, and alert systems. Dal Poggetto used the service's predefined NASD 3010 evidentiary reports to show that the broker/dealer communication with clients was in accordance with the stated rules. With Exchange Hosted Archive in place, the auditors experienced a painless process when sampling, flagging, and reviewing messages based on key words.

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were confident that the messaging system met strict criteria, and they quickly moved onto other critical areas of the review,” says Dal Poggetto.

Within two months of passing its NASD audit, RSM EquiCo Capital Markets was audited again by the Securities and Exchange Commission (SEC) with similar impressive results. The SEC made a surprise visit to audit the investment banking firm to conduct comprehensive systems audits. Because Exchange Hosted Archive was in place, RSM EquiCo Capital Markets quickly produced supervision, retention, and monitoring reports.

One of the auditors' requests was to provide the last 90 days of e-mail messages from several targeted broker/dealers. Without the Microsoft automated system, the task would have required many hours to restore the contents of the servers from the backup tapes to obtain the needed information. Exchange Hosted Archive streamlined the auditing process and provided all the requested e-mail messages in one hour.

Achieved Efficient Message Recovery

As litigation has become part of doing business in the United States, e-mail messages have increasingly been called into evidence in several legal cases. When RSM EquiCo Capital Markets faced a situation that required its e-mail messages to be produced as case evidence, it used the Exchange Hosted Archive service. Using the service, the company easily located the e-mail messages requested by the courts. Without the system in place, the organization would have had to assess allocations where the e-mail messages might exist by digging through backup tapes, file cabinets, desktop computers, and offline media.

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agencies,” says Dal Poggetto. “We’ve used the tool to search and manage our e-mail store, locating crucial messages required for legal purposes.”

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

For more information about RSM EquiCo products and services, call or visit the Web site at: www.rsmequico.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 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/services

Services

- Microsoft Exchange Hosted Archive