

Case study

Hilliard Lyons improves control of enterprise e-mail, archiving, retention, surveillance and compliance with Bloomberg Vault.

## Hilliard Lyons

Hilliard Lyons is one of the most well-established financial services firms in the U.S., addressing the wealth management needs of clients since 1854. The company, based in Louisville, KY., has more than 1,200 employees in more than 70 branches across a dozen states in the South and Midwest. Hilliard Lyons provides a wide range of services as a full-service broker of retail equity and fixed income securities with related underwriting, investment banking, research, and investment advisory services.

### Overview

Overall, Hilliard Lyons produces thousands of emails and instant messages every day and, as with all companies in the highly regulated financial services industry, it is subject to very specific requirements for retaining, deleting, retrieving and producing these records. As email growth has continued to accelerate over the past several years—and as regulators have become more vigilant—the team responsible for compliance at Hilliard Lyons realized they had to address challenges with their existing and inefficient data management solution.

Wesley L. Ringo, Chief Compliance Officer at Hilliard Lyons, recalls, “We had all of our emails, even from prior systems, and nothing had ever been deleted. So when we had a request for an email, we would get all emails, even those from 10 or 12 years ago, which should have been deleted. It was also difficult to implement their retention rules. Also, the surveillance policy we wanted to implement uses lexicons and, with our former vendor, utilizing lexicons was very, very difficult.”

In fact, even attempting to implement retention rules and lexicons was nearly impossible with the old system. “We made multiple attempts, but it was so challenging we just stopped,” says Ann Wilson, Associate Compliance Director at Hilliard Lyons.

### In search of a better solution

There were other problems with the existing supplier, including customer service issues, so the team at Hilliard Lyons set about searching for a better solution. The existing solution was services-based, as opposed to on-site deployed, so Hilliard Lyons did not have a legacy hardware infrastructure to protect. After looking at and interviewing a number of service providers, Hilliard Lyons decided to go with Bloomberg Vault. Bloomberg Vault is Bloomberg’s comprehensive end-to-end information management solution for corporate message compliance, archiving and e-Discovery.

There were several immediate and obvious advantages to going with Bloomberg. For one, there was the ease of implementing retention policies and processes as well as lexicons. With Bloomberg Vault, all of Hilliard Lyons’ emails, except those saved for legal holds, are managed with a seven year retention schedule that is fully automated. The emails are also managed with a standardized process for destruction, which is critical to maintaining regulatory compliance.

“With the old system the retention policy was that they were keeping everything. There is a risk in saving it too long—once you get past the regulatory requirement for retention, we want to get rid of it,” Ringo says.

Another important factor in selecting Bloomberg Vault was the ease of integration with the Bloomberg Terminals already in use at Hilliard Lyons. This proved to be a big cost advantage in favor of choosing Bloomberg, and it also offered a significant reduction in risk.

Another cost factor in Bloomberg’s favor was the cost of storage. “Our previous vendor charged substantially more than Bloomberg, which was a big factor in our decision,” says Bill Green, Compliance Specialist at Hilliard Lyons. Since Hilliard Lyons is transferring many terabytes of historical messaging data to Bloomberg, these savings are substantial. “A big advantage,” Green says, “is that as the data is being transferred, it is also being cleaned up: Any emails more than seven-years old, except those for legal holds, are being deleted, so Hilliard Lyons expects that it may also save money on storage by reducing the capacity required.”

### A collaborative process

Hilliard Lyons made the transition to Bloomberg Vault in October 2012. The company ran the old system side by-side with Bloomberg Vault for 60 days just to be sure.

## How did the transition go?

"It was a very smooth transition," Ringo says. "Surprisingly smooth. Often when you convert from one system to another, typically vendors will come in and promise you the world, then in the middle of the game you realize the deployment is a lot harder than they promised. That was not the case with Bloomberg."

Wilson adds that it has been invaluable to Hilliard Lyons that they have worked with the same team at Bloomberg through every phase of the project. "When we have questions, we are still working with the same people who took us to implementation," Wilson says. "They understand our unique features or needs. With our other vendors, we were handed off from an implementation team to the production team. A lot was lost in the transition for understanding our setup. To still be working with the same people has been very valuable to us."

While the transition to Bloomberg has gone smoothly and the switch to Bloomberg Vault has delivered significant positive results for Hilliard Lyons, use of the B-Unit has been an issue. Bloomberg Vault requires an extra layer of security through the use of biometrics, which Hilliard Lyons hadn't required previously. This extra layer of security caused delays in rolling out the service and some log-in issues for end users. Wilson says Hilliard Lyons would have preferred having a choice in deciding whether to deploy it. Nevertheless, she notes that Bloomberg has been open to suggestions and has been very collaborative in helping to make the additional security layer work for Hilliard Lyons.

## Reaping the benefits of Bloomberg Vault

Now that the solution has been in place for more than nine months, the compliance team at Hilliard Lyons has been able to see significant improvement in email management and surveillance—including the deployment of standardized retention policies to ease concerns about catching the eye of regulators or having a potentially expensive e-discovery or litigation event.

Not catching the attention of regulators, in fact, has been a driving force in making the switch to Bloomberg. "I'd say the biggest factor has been the enthusiasm of our regulatory community in looking at email retention, archiving and retrieval policies and processes," Ringo says. "If you look, there have been some big fines assessed on firms that did not have good email surveillance systems."

Hilliard Lyons is experiencing cost savings and improved productivity with Bloomberg Vault in place. As a result, the compliance team is feeling a lot more confident that the solution is making it simpler and more cost efficient to stay compliant, while fulfilling any upcoming litigation or e-discovery requirements.

"Customer service is much better and now we can finally use Lexicons," Ringo says. "This makes reviews much more meaningful for people looking for issues. If you're looking for a specific email, using lexicon-based searches reduces the things you need to review. It saves time and enhances productivity." Although lexicon-based reviews inherently create white noise, Bloomberg's context-aware policies and fine tuning are designed to mitigate false positives. Wilson adds that having Bloomberg Vault gives the team a lot more confidence. "Bloomberg is a good name in this space, and we are confident that they have a good lexicon library that is proprietary and is covering all of the bases."

Overall, the compliance team at Hilliard Lyons has been very satisfied with the move to Bloomberg Vault. "We've had the same people from the start to now," Wilson says. "The engineering team is very good, very attentive, responsive and eager to help. We work with multiple vendors and, when we have a project, the Bloomberg team is ready to go with the best answers right away, while we are typically waiting for responses from other vendors." Adds Ringo, "To whatever extent they can, the Bloomberg people think outside of the box."

## So what's next for Hilliard Lyons and Bloomberg Vault?

At this point, Hilliard Lyons is still in what Ringo calls "the infancy stage" in rolling out its social media strategy, and that promises to be another area where there will be great benefit in partnering with Bloomberg Vault. "We've developed an interface to any communications or postings on social media sites and we have a bridge that will feed over to Bloomberg for archiving and surveillance. It will be much simpler to handle social media with a bridge to Bloomberg."

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