

Hardy Reed is an independent, SEC Registered Investment Advisor and a fiduciary consulting and retirement plan services firm with offices in Tupelo and Oxford, Mississippi.

SECURITY, REGULATION AND MOBILITY DRIVE A DECISION POINT

In 2013, Hardy Reed began to consider cloud services as an option for the firm's IT needs. They had previously maintained all client data on an in-house server, where users could access almost every application, file directory and documents — including sensitive client data. Remote access was slow and cumbersome. User configurations and other server and application maintenance activities were performed by an IT consultant.

Hardy Reed wanted to look at alternate options to simply replacing the in-house server. Two factors were particularly important: Heightened security concerns for protecting client information and the need to enable advisors and staff to serve clients while on the road.

Hardy Reed chose to partner with External IT for a cloud-based platform to host the firm's applications and data. "We don't want to be a technology firm, so we outsource everything that's not related to our advisory role," says Ken Mathis, Chief Operating Officer for Hardy Reed. A primary reason Hardy Reed chose External IT is a deep focus on the security of client information, with security and compliance features

Hardy Reed, LLC

- 11 employees serving clients throughout the United States.
- One of the first firms to earn the **Center for Fiduciary Excellence (CEFEX)** certification.
- CEFEX expanded its advisor certification in 2015 to address the industry's heightened cybersecurity threats.

built into the External IT platform. Additionally, External IT serves as a partner to Hardy Reed, providing expertise and guidance to help ensure the firm's technology is ahead of the curve and in compliance with ever-changing regulations.

IN THE CLIENTS' BEST INTEREST

Strong cybersecurity for protecting sensitive client data is a critical capability for any RIA firm. Reflecting the industry's heightened awareness of cybersecurity threats, in 2015 the **Center for Fiduciary Excellence (CEFEX)** expanded its advisor certification test to include more data security questions.

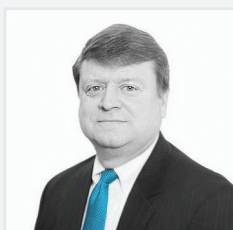


Hardy Reed was one of the first firms globally to earn **CEFEX** certification for adhering to fiduciary best practices and the firm received annual recertification for the fifth year in 2015. As part of this recertification process, Hardy Reed turned to External IT compliance and security specialists to provide needed security expertise. External IT's chief governance officer worked with Hardy Reed and an outside compliance consultant to gather the necessary documentation and ensure processes were in place to support the questions asked by **CEFEX** and to support compliance with SEC regulations, the OCIE Cybersecurity Risk Alert published in April 2014 and the OCIE's 2015 Cybersecurity Examination Initiative.

A PLATFORM WITH SECURITY BUILT-IN

Of particular value to Hardy Reed is the multilayer, "defense in depth" External IT security design as well as capabilities for data encryption and configurable restrictions on data access. The firm also benefits from secure features such as two-factor authentication for user logins and the ability to lock files so they can't be copied or moved.

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Ken Mathis
Chief Operating Officer
Hardy Reed

The firm's 11 employees use a web browser with a single sign-on for all of their email, customer information and applications through the secure Cloud Desktop workspace on the External IT platform. This simplicity means employees can easily work from a desktop or laptop computer, smartphone or tablet without putting their clients' information at risk. Users see only relevant data and applications, which can be restricted according to the employee's job role, client base or other factors. Logs track user actions, allowing the firm to monitor compliance with regulatory requirements and internal policies.

MORE THAN JUST SECURITY

The External IT platform offers more security and flexibility as well as simpler management than the previous in-house server. Hardy Reed also reduced its need for IT consulting services because External IT offers full user and technical support. "Using the External IT platform enables us to be a better firm, with fewer problems, more efficiency, higher profitability and the ability to deliver better service to clients," says Mathis.

Improved employee mobility and customer service.

Hardy Reed advisors travel frequently to meet with clients, meaning mobile access to data and applications is increasingly important for their work. "Our employees have found the Cloud Desktop portal to be very easy to use, even on their mobile devices," says Mathis. With the ability to work anywhere, advisors can spend more time with clients and be more responsive to their needs.



Disaster recovery. Previously, the firm identified potential cities where it could move advisors if the Hardy Reed offices were not available. Now, employees will just need to find a place with Internet access so they can login to their Cloud Desktop and continue doing business.

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Ken Mathis
Chief Operating Officer
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AN EASY TRANSITION

Mathis worked with External IT staff to develop a plan for the transition to the secure workspace solution, which was made during the quiet time of mid-quarter in order to mitigate any potential impact. The migration process was smooth for the most part. The only issue was latency in one of the firm’s two Internet connections; External IT technical support staff helped to identify the problem source so that Mathis could resolve it with the Internet provider.

For the future, Hardy Reed expects continued benefit from the External IT cloud platform, which has the flexibility to adapt to industry and regulatory changes. “We found that with other IT solutions, they don’t know the investment business, so they don’t deliver features in a way that’s useful,” says Mathis. “External IT continues to think about our business in its design of their platform and that’s important to us.”

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