

# Bridge Over Troubled Waters

Easing the Turmoil of Stock Plan Transitions

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# Agenda

## Key Issues, Stages/Milestones and On-Time / Under budget tips for Change Events

- Case Study 1 – Changing Software
- Case Study 2 – Acquisition
- Case Study 3 – New Plan Rollout
- Q&A

## Case Study 1 **Changing Software**

### Scenario Description

- Joe is frustrated with his current stock plan administration software. Reports run slowly, he can't produce the right set of information AND his IT Dept is always busy so he wants an internet based model. Joe wants to move to Software 2 right away as he heard good things about it at last week's NASPP meeting.

## Case Study 1 **Changing Software**

### Key Issues

- What is/isn't working?
  - Fixing may be easier than starting over
- Identify **MUST** haves versus nice to haves
  - Write a clear list and prioritize
- Make sure other internal players are aligned
  - Human Resources
  - Finance / Accounting
  - IT
  - External Vendor(s)

## Case Study 1 **Changing Software**

### Key Issues (continued)

- Timing
  - Best time based on other company events
  - Data clean-up, conversion and audit
  - Discovery – Ins and outs of all plans
  - Resource availability
- Process
  - Delegation
  - Determine project management timeline
  - Use of automated tools (data-feeds, ongoing and one-time)

## Case Study 1 **Changing Software**

### Steps / Milestones

- Identify best-fit solution
- Contract process / Discovery
- Data / software preparation
- Convert and audit data
- Ongoing data interface
- Employee communications
- Update processes and procedures

## Case Study 1 **Changing Software**

### On-Time / Under Budget Checklist

- Build wiggle room into each step for unknowns
- Identify data field mapping & data translation early
- Clear communication process with all players
- Terms of current software license
- Clearly understand all vendors' fixed / variable fees

## Case Study 2 -Acquisition

### Scenario Description

- Joe's company, ABC Corp, just announced that it is making an acquisition of TUV Corp. He knows there is a lot that needs to happen, but he's not sure where to start.

## Case Study 2 - **Acquisition**

### Key Issues

- Timing of acquisition
  - The earlier the notice, the more time to plan
  - Regular communication
- Stock admin software at acquired company
  - Keep old software for historical records?
  - Familiarity with the other software
- Plan types to be acquired
  - Process changes
- New locations to add
  - States? Countries?

## Case Study 2 - **Acquisition**

### Key Issues (continued)

- Accounting Implications
- Decide whether historical data will be moved to acquiring company's database
- Identify employee ID for new employees
- Determine numbering logic for acquired grants/awards/units
- Know who is doing what and communicate

## Case Study 2 - **Acquisition**

### Scenario Steps / Milestones

- Know impact of acquisition on outstanding equity plans
  - Acceleration
  - Ratios and rounding: shares and prices
- Map the movement of data being integrated into acquiring company's database
- Pre-audit and clean-up of acquired database
- Move data
- Audit
- Communicate – vendors, employees, internal partners
- Update processes and procedures

## Case Study 2 - **Acquisition**

### On-Time / Under Budget Checklist

- Integrate yourself as early as possible
- Understand all commitments made
- Identify Data field mapping & data translation early
- Test data integration plan before actual run
- Plan carefully and determine how much you can do yourself versus hiring help
- Automate as much as possible

## Case Study 3 – New Plan Rollout

### Scenario Description

- ABC Corp granted RSUs, for the first time, about 10 months ago. The first set of units will release in two months. What does she need to be prepared for?

## Case Study 3 – **New Plan Rollout**

### Key Issues

- Terms of the RSU Plan
  - Tax payment choices
  - Multi-grant vesting
- Vendor Preparation
  - TA
  - Broker
  - Third parties
- Stock Administrator preparation
  - How to process in stock admin software
  - Payroll process
- International Complexities

## Case Study 3 – **New Plan Rollout**

### Scenario Steps / Milestones

- Participant Communications
  - Release process
  - Taxation impact and payment methods
- Test process in software
- Payroll notification
- Tax collection
- Actual release in software
- Participant confirmation

## Case Study 3 – **New Plan Rollout**

### On-Time / Under Budget Checklist

- Prepare your Payroll/Finance Teams for the tax hit upon release
- Learn all you can about the new equity type and the plan specifics
- Test run the process in your software
- Create timeline to keep all players on track
- Automate as much as you can

# Contact Information



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