

## HOW TO OUTSOURCE YOUR EQUITY PLAN ADMINISTRATION THE RIGHT WAY

Outsourcing administration of your equity plans can greatly improve the value of those plans. With the right partner, your employees will be more engaged through improved education and easier access to managing their plans. And you'll be able to relieve yourself of unnecessary burdens so you can focus on your more strategic people priorities.

But the process of outsourcing is no small task. There are lots of moving parts, and if you don't prepare yourself BEFORE you start the outsource process, you are just setting yourself up for failure.

So before you take the plunge, read through our checklist below to find out what you need to do to set yourself up for a smooth transition from in-house to outsource of your equity plans administration.

### 1. Understand all the moving parts of your plan administration workflow.

You already know it's a complicated process. It can touch a range of internal departments including payroll, HR, legal, tax, treasury, etc. - and often carries the burden of additional responsibilities. Efforts are usually compartmentalized and uncoordinated across these business functions. The first step in figuring out whether to outsource part or all of a plan's administration is to find out exactly how all aspects of the plan are currently managed internally.

### 2. Understand who does what.

You need to know who in your company is involved and what each of them does in the process. This ensures their input is solicited and interests are met by any potential external solutions.

### 3. Ensure internal alignment.

Having your internal team on board with decisions made will make a big difference between a successful transition and a disaster. You need this team's support through every step of the process, ensuring they have a clear understanding of the goals behind outsourcing your equity plan administration. Getting your team aligned with these goals will only help as you transition from an in-house solution to outsourced administration.

### 4. Appoint your 'go-to'.

You'll need a single point of contact to be responsible for communicating, both with your internal team and your outsource partner. Situational awareness over the outsourcing process is crucial. Be sure this person can and will provide oversight, rapid adjustments, coordinated planning and efficient decision-making throughout the entire outsourcing process.

### 5. Prepare for every detail.

Nothing ruins good stock plan administration like missed filings, botched stock purchases or unhappy participants. You'll need to pay attention to every detail of the plan's workflow, so nothing falls through the cracks.

## 6. Communicate!

Share timelines, explain objectives, outline expectations, and above all, solicit honest feedback from all of your plan stakeholders. This needs to include the external vendors you choose – they can't help you if they don't know what you know, want and need.

## 7. Find out where the problems lie, and solve for those first.

There are often pain points associated with internal plan administration. Uncover them as early as possible and you will be well on your way to determining whether all or only some aspects of your plan administration should be outsourced.

## 8. Know what you need. Clearly define specifications, then find a vendor for them – not the other way around.

You'll need to clearly define specifications around your equity plan administration. Once this is done, find a vendor that can help you! Making sure your specifications are defined and working with a vendor who knows what they are up front means they are committing to truly meeting your needs. Save yourself time and money by choosing the right vendor up front. Be sure to take advantage of the expertise and technology your vendor will provide.

## 9. Assemble metrics to measure outcomes.

When defining the workflow and pain points mentioned above, establish baseline assessments of your internal plan administration. Tracking things like efficiency, labor hours spent, data errors, overall participant satisfaction, the severity and frequency of compliance issues, etc., are important when you have to report to your finance team. You'll be able to prove money well spent and, trust us, these metrics will be useful for comparisons down the road.

## 10. Start early!

There is no substitute for time when tackling something as complex and multi-faceted as stock plan administration. Be sure to budget enough time for things to go wrong. You can't afford to sacrifice the success of the project in the name of unrealistic or arbitrary deadlines.

## Ready to take the outsourcing plunge?

Computershare has been helping companies like yours transition to an outsource model for more than 40 years. You'll have access to a team of experts to help you every step of the way, from smoothly moving your plans from in-house onto our systems, to managing the day-to-day minutiae of your plans, to providing strategic advice on plan design best practices so the plans you offer stay competitive in the marketplace. You'll also have access to a wide range of communication and support tools for plan participants, including a team that provides dedicated support for your named executives. To learn more or to speak to one of our equity plans experts, visit [computershare.com/employeeplans](https://computershare.com/employeeplans).