

FREQUENTLY ASKED QUESTIONS - the SOS-TEAM Approach

What is TEAM and the SOS-TEAM Approach? How / when are other areas of SOS' equity expertise utilized?

TEAM is **T**otal **E**quity **A**dministration & **M**anagement, and it represents the first complete answer for companies looking to outsource some or all of the daily tasks and ongoing management of their equity compensation plans. TEAM is different than traditional outsourcing in that we apply a shared services model to customize delivery of a solution suited specifically to your needs.

The SOS-TEAM approach is a new way to do business with all of SOS rather than one area of expertise. We make it easier to have immediate access to the area of support you need.

All areas of expertise can be utilized quite easily when TEAM is the point place for the daily administration and management of your equity programs. The Lead Consultant assigned to your program works with you to pull in additional expertise when needed, leaving you with the assurance that when you need additional support it will be swiftly provided.

Who would be on our TEAM? What are the backgrounds of the consultants managing our programs?

Your TEAM would consist of a core group of SOS consultants, including a Lead Consultant, Logistics Manager, Support Staff, and a Client Relationship Manager. Our TEAM Director oversees these groups, and ensures that the highest standards are being met.

Our consultants average eleven years in the equity administration profession, and SOS has the highest percentage of Certified Equity Professionals (CEP) of any firm in existence. Supporting the core group of consultants managing your operations would be a range of subject matter experts in areas including: Equity Accounting, Guidance and Advisory services, Policies & Procedures, Technology solutions, Participant and Educational programs.

How does TEAM differ from traditional outsourcing services?

Traditional outsourcers are focused primarily on easing the transactional activity responsibility and not necessarily focused on the program's strategic direction, or the company's long term goals. TEAM is a comprehensive solution which takes a hands-on approach to knowing your company & culture, working as integral member of your internal team, and tackling any data issues. TEAM is designed to bridge any service gaps you may have.

We prefer to keep our data and the management of our programs in-house. How does the TEAM approach allow us to do this more effectively?

One of the top reasons companies prefer to retain administration in-house is the reluctance to give up control of their data. By retaining that control, they are making an explicit commitment that the management of that information is a top priority. TEAM allows you to retain complete control of your data, and, through our “Best Practices” approach to stock plan management, institutes industry-leading quality control measures, eliminates inefficiencies and bottlenecks, and advances technological and strategic solutions to establish the level of precision and professionalism required of a modern stock plan.

How long does it take to implement TEAM? What is the process?

TEAM requires an approximate two-week implementation period. However, depending on each client’s unique service needs, that time may be shorter (or longer). During that implementation, a Lead Consultant will work closely with those responsible for the success of the department and provide: a detailed project plan, implementation guidebook, sign-off checklist, a set of documents detailing key process flows, a summary of key issues uncovered noting areas of concern, and a data review with summary of beginning balances.

If we have the staff that capably handle the day-to-day operations of the department but have limited experience in planning strategically, can TEAM help us?

Absolutely! Not only is TEAM scalable to the tremendous and varying resource demands of a department throughout the year, it can also be structured to assist key personnel already in place. Just as TEAM seeks to seamlessly integrate into the operations of your department and company, so too do we look to leverage your existing expertise and staff and integrate their skill sets into our overall, all-encompassing solution.

Can TEAM be onsite, remote or some combination, and are we bound by this set up?

TEAM’s cost-effectiveness arises from the ability to utilize a flexible staffing and management structure. This structure ensures that when we are working for (and billing) you, we are actually working for you. There is no down-time built into our “on-demand” structure. We are only able to accomplish this type of efficiency by handling most of our responsibilities through remote connection. That being said, onsite and face-to-face interactions are essential to optimizing this type of relationship, and TEAM is no exception. Our structure allows for regularly-scheduled visits to our clients for strategic planning, maintenance, and other activities best undertaken in person. If at any point along the way, a new arrangement is desired, we will work with you to establish the best solution for all parties.

We have established, SOX-compliant processes and procedures in place. Would we be required to rewrite these based on your procedures?

No. We will implement the same procedures that are tested and approved. If we find areas where there could be more controls around existing processes we will recommend as such, however nothing will change without your approval. We will provide an addendum if necessary that provides insight to auditors and describes our role in the process, but in most cases, the SOX documentation can be strictly adhered to with TEAM.

What do you mean by a “Best Practices” approach to stock plan management?

Whenever and wherever possible we apply industry known best practices to equity plan administration and management. This means that if there is a better way, one that is cost effective, more efficient and ensures better data integrity we will recommend that approach. If this impacts the tested and approved SOX compliant methodology, then TEAM will highlight these areas and assist with updating the current documentation if implemented.

Do your services include SOS equity tracking/reporting software?

No. While we have developed specialized proprietary technology available to our clients, TEAM is really about providing all the expertise, experience, resources, and guidance necessary to manage a stock plan. Many of our partners in the industry have done a fine job developing the software and technology that are a component of successful program, so we have decided to stay within our core-competency, package that in a way that deals with all the remaining components, and make that available to our Clients.

How does strategic and stock plan-related technological planning fit in the TEAM approach?

The technology that our clients (and we) require to manage a long term incentive program is always changing. From a strategic standpoint, so are the myriad inputs that go into determining where a company is headed with respect to their equity compensation, and how they plan to get there. In both circumstances, it is essential that you have the knowledge to weigh the cost & benefits, and understand the overall effects these industry innovations and challenges will have on your department and employees. Your Lead Consultant, as well as a variety of subject matter experts, will be integral in helping you make the choices you need to make in order to maximize the effectiveness of your program.

What type of communication structure and internal controls would be established between TEAM members and our own management group?

Like everything else with TEAM, the communications structure and internal controls will be unique to you, and dictated by your specific company and management requirements. At the very least, you will receive detailed weekly updates around the activities of your TEAM. For many companies, monthly conference calls between key stakeholders in your plan and your Lead Consultant may be what it takes, while with others, these types of quarterly “health checks” may be all you’d require. In planning for, and updating your management team on, the short, medium, and long term strategic and operational goals of the department, we will also work with you to establish touch points and meetings throughout the year.

Why do companies use TEAM?

There is not a single person in the world who knows how to make a pencil. The expertise of lumberjacks is needed to get you the wood, the skills of a miner to get you the graphite, the farmer to get you the rubber, and the logistical savvy of dozens of others to bring those elements, and many others, together to make that pencil.

Some would say, likewise; there is not a single person that can manage and administer every aspect there is for an equity compensation plan. A healthy stock plan requires knowledge and expertise in several different areas, including legal & regulatory areas, technology, equity accounting, payroll & taxes, employee education, industry best practices, and the ability to interface efficiently with outside vendors including outsourcers, transfer agents and brokers.

By utilizing TEAM, you are getting all the expertise you need, and you are getting it within your company. The members of your TEAM involved in your day-to-day operations and management are just the beginning of what you will get by engaging SOS. At the next level, a number of our experts in stock plan infrastructure and development have already invested significant time and effort in designing the structure under which your plan will be managed. Our subject matter experts run the gamut of every skill you’ll need to maintain a well-designed and well-managed program, while our unprecedented network of industry partners ensures that you will always have the latest knowledge and more access to the highest level of support services than you can find anywhere else.