

# Challenges to the Profession

## 2004 CEPI Symposium

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# Agenda

- DISCUSSION – audience participation encouraged!
- Sarbannes Oxley (SOX)
- Outsourcing vs. In-House
- Expensing
- Career Challenges
- Q&A

# Sarbanes-Oxley (aka “SOX”)

- Documentation process
  - Where to start
  - Who creates?
  - Who approves?
  - Common risk areas?
- SEC Form 4 Filing changes
- Edgar
- Involves more than stock administration
  - Accounting
  - Legal
  - Finance
  - Biotech - regulatory
- Stock Administration’s role

# SOX

- Identify Exposure/Risk Areas
  - Misstatement of financials
  - Issue shares in error
- Review Process - Improve
- Document Process
- Internal and External Testing

# Outsource - Database administered by third-party with data supplied by company

## Options, ESPP or both?

### Pros

- Strategic Focus
- Greater Technical Support
- Compliance Issues (FASB, SOX-internal controls)

### Cons

- Cost (estimated \$40-75K+/Year)
- Less Control & Flexibility – Dependant on external source
- Data lag
- Responsiveness
- Still need knowledgeable point person at company

# Outsourcing Success

- Be involved in the analysis and decision
- Depends on which company you outsource with
  - What will you get? What costs extra?
  - Hours of operation
  - Who is the person you'll work with
  - How is information transmitted?
- Does outsourcing make sense for your company?

# In-House Stock Administration

## Pros

- Cost Saving (estimated \$20-40K/Year)
- Control & Flexibility – Real time data, Ad hoc scenarios, Data management
- Personal Employee Contact
- Greater Responsiveness

## Cons

- Internal Resources
- Potential SOX control issues

# Expensing

- Yes, no, yes, no, yes .....
- Who is expensing?
- Preparing for expensing
- Where to get information about expensing
- Lattice Method
- Alternative equity compensation

# Career Development

- Title
- Department
- Reporting Structure
- How can we raise the bar on the profession?
- What has CEP done for me?
- What can CEP do for you?
- Times have changed since 1999!

# Where do I go.....

- to keep up with all the changes?
  - Prof assoc meetings/conferences
  - Product user groups/conferences
  - Updating CEP references
  - News
  - SEC website
  - FASB website
  - Networking

# Challenges to the Profession

QUESTIONS

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ANSWERS

ANSWERS

ANSWERS

DISCUSSION